

NEW ISSUE



**\$616,465,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**NEW YORK UNIVERSITY**  
**REVENUE BONDS, SERIES 2008**

<b>\$280,250,000</b>	<b>\$226,705,000</b>	<b>\$98,805,000</b>	<b>\$10,705,000</b>
<b>New York University</b>	<b>New York University</b>	<b>New York University</b>	<b>New York University</b>
<b>Revenue Bonds,</b>	<b>Revenue Bonds,</b>	<b>Revenue Bonds,</b>	<b>Revenue Bonds,</b>
<b>Series 2008A</b>	<b>Series 2008B</b>	<b>Series 2008C</b>	<b>Series 2008D</b>
			<b>(Federally Taxable)</b>

**Dated:** Date of Delivery

**Due:** July 1, as shown on the inside cover

**Payment and Security:** The New York University Revenue Bonds, Series 2008A (the "Series 2008A Bonds"), the New York University Revenue Bonds, Series 2008B (the "Series 2008B Bonds"), the New York University Revenue Bonds, Series 2008C (the "Series 2008C Bonds") and the New York University Revenue Bonds, Series 2008D (the "Series 2008D Bonds" and, together with the Series 2008A Bonds, the Series 2008B Bonds and the Series 2008C Bonds, the "Series 2008 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, as amended (the "Loan Agreement"), dated as of May 28, 2008 between New York University (the "University") and the Authority, and (ii) all funds and accounts (except 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) established under the Authority's New York University Revenue Bond Resolution, adopted May 28, 2008 (the "Resolution"), the Series Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds adopted on May 28, 2008 (the "Series 2008A Resolution"), the Series Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds adopted on May 28, 2008 (the "Series 2008B Resolution"), the Series Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds adopted on May 28, 2008 (the "Series 2008C Resolution") and the Series Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds adopted on May 28, 2008 (the "Series 2008D Resolution" and, together with the Series 2008A Resolution, the Series 2008B Resolution and the Series 2008C Resolution, the "Series 2008 Resolutions").

The Loan Agreement is a general, unsecured obligation of the University and requires the University to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2008 Bonds.

**The Series 2008 Bonds will not be a debt of the State of New York nor will the State be liable thereon. The Authority has no taxing power.**

**Description:** The Series 2008 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and will bear interest at the fixed rates and will pay interest and mature at the times shown on the inside cover hereof.

Each Series of the Series 2008 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 2008 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2008 Bonds, payments of the principal and Redemption Price of and interest on such Series 2008 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 2008 BONDS - Book-Entry Only System" herein.

The Bank of New York, New York, New York is the Trustee and Paying Agent for the Series 2008 Bonds.

**Redemption:** Each Series of the Series 2008 Bonds are subject to redemption or purchase in lieu of optional redemption prior to maturity as more fully described herein.

**Tax Exemption:** In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the University described herein, interest on the Series 2008A Bonds, the Series 2008B Bonds and the Series 2008C Bonds (collectively the "Tax-Exempt 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"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Tax-Exempt Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, interest on the Series 2008D Bonds is included in gross income for federal income tax purposes pursuant to the Code. Bond Counsel is further of the opinion that, by virtue of the Act, interest on the Series 2008 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions. See "PART 10 - TAX MATTERS" herein regarding certain other tax considerations.

*The Series 2008 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2008 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its Acting General Counsel, Terrance J. Nolan. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. The Authority expects to deliver the Series 2008 Bonds in definitive form in New York, New York, on or about July 18, 2008.*

**Morgan Stanley**

<b>Banc of America Securities LLC</b>	<b>JPMorgan</b>	<b>Prager, Sealy &amp; Co., LLC</b>
<b>Loop Capital Markets, LLC</b>	<b>Merrill Lynch</b>	<b>Ramirez &amp; Co., Inc.</b>
<b>Raymond James</b>	<b>Roosevelt &amp; Cross, Incorporated</b>	<b>Southwest Securities</b>

**\$280,250,000**  
**New York University**  
**Revenue Bonds, Series 2008A**

**Interest Payment Date: Each January 1 and July 1 (commencing January 1, 2009)**

<u>Due</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number<sup>1</sup></u>	<u>Due</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number<sup>1</sup></u>
2013	\$ 525,000	4.000%	3.310%	649903Q79	2019	\$3,925,000	5.000%	4.150% <sup>†</sup>	649903R52
2014	3,165,000	4.000	3.460	649903Q87	2020	4,125,000	5.000	4.270 <sup>†</sup>	649903R60
2015	3,295,000	4.000	3.620	649903Q95	2021	4,330,000	5.000	4.370 <sup>†</sup>	649903R78
2016	3,425,000	5.000	3.780	649903R29	2022	4,545,000	5.000	4.430 <sup>†</sup>	649903R86
2017	3,595,000	5.000	3.920	649903R37	2023	4,775,000	5.000	4.470 <sup>†</sup>	649903R94
2018	3,775,000	4.000	4.030	649903R45					

**\$34,095,000 5.000% Term Bond Due July 1, 2029, to Yield 4.740%<sup>†</sup> CUSIP Number<sup>1</sup> 649903S28**

**\$74,065,000 5.000% Term Bond Due July 1, 2038, to Yield 4.880%<sup>†</sup> CUSIP Number<sup>1</sup> 649903S36**

**\$132,610,000 5.250% Term Bond Due July 1, 2048, to Yield 5.050%<sup>†</sup> CUSIP Number<sup>1</sup> 649903S44**

<sup>†</sup> Priced to the first par call on July 1, 2018.

**\$226,705,000**  
**New York University**  
**Revenue Bonds, Series 2008B**

**Interest Payment Date: Each January 1 and July 1 (commencing January 1, 2009)**

<u>Due</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number<sup>1</sup></u>	<u>Due</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number<sup>1</sup></u>
2010	\$2,270,000	3.000%	2.480%	649903S51	2017	\$2,935,000	5.000%	3.920%	649903T43
2011	2,335,000	3.250	2.900	649903S69	2018	3,080,000	4.000	4.030	649903T50
2012	2,410,000	3.125	3.140	649903S77	2019	3,210,000	5.000	4.150 <sup>†</sup>	649903T68
2013	2,485,000	4.000	3.310	649903S85	2020	3,370,000	5.000	4.270 <sup>†</sup>	649903T76
2014	2,590,000	4.000	3.460	649903S93	2021	3,535,000	5.000	4.370 <sup>†</sup>	649903T84
2015	2,685,000	4.000	3.620	649903T27	2022	3,710,000	5.000	4.430 <sup>†</sup>	649903T92
2016	2,795,000	5.000	3.780	649903T35	2023	3,895,000	5.000	4.470 <sup>†</sup>	649903U25

**\$12,710,000 4.700% Term Bond Due July 1, 2029, to Yield 4.740%<sup>†</sup> CUSIP Number<sup>1</sup> 649903U33**

**\$15,030,000 5.000% Term Bond Due July 1, 2029, to Yield 4.740%<sup>†</sup> CUSIP Number<sup>1</sup> 649903U41**

**\$59,995,000 5.000% Term Bond Due July 1, 2038, to Yield 4.880%<sup>†</sup> CUSIP Number<sup>1</sup> 649903U58**

**\$97,665,000 5.250% Term Bond Due July 1, 2048, to Yield 5.050%<sup>†</sup> CUSIP Number<sup>1</sup> 649903U66**

<sup>†</sup> Priced to the first par call on July 1, 2018.

<sup>1</sup> CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2008 Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2008 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2008 Bonds.

**\$98,805,000**  
**New York University**  
**Revenue Bonds, Series 2008C**

**Interest Payment Date: Each January 1 and July 1 (commencing January 1, 2009)**

<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>1</sup></u>	<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>1</sup></u>
2010	\$1,800,000	3.000%	2.480%	649903U74	2017	\$2,310,000	4.000%	3.920%	649903V65
2011	1,855,000	3.250	2.900	649903U82	2018	2,405,000	4.000	4.030	649903V73
2012	1,915,000	3.125	3.140	649903U90	2019	2,500,000	4.125	4.150	649903V81
2013	1,975,000	4.000	3.310	649903V24	2020	2,600,000	4.250	4.270	649903V99
2014	2,055,000	4.000	3.460	649903V32	2021	2,715,000	4.300	4.370	649903W23
2015	2,135,000	4.000	3.620	649903V40	2022	2,830,000	4.375	4.430	649903W31
2016	2,220,000	4.000	3.780	649903V57	2023	2,955,000	4.400	4.470	649903W49

**\$20,975,000 5.000% Term Bond Due July 1, 2029, to Yield 4.740%<sup>†</sup> CUSIP Number<sup>1</sup> 649903W56**  
**\$45,560,000 5.000% Term Bond Due July 1, 2038, to Yield 4.880%<sup>†</sup> CUSIP Number<sup>1</sup> 649903W64**

<sup>†</sup> Priced to the first par call on July 1, 2018.

**\$10,705,000**  
**New York University**  
**Revenue Bonds, Series 2008D (Federally Taxable)**

**Interest Payment Date: Each January 1 and July 1 (commencing January 1, 2009)**

<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>1</sup></u>
2010	\$2,615,000	4.240%	4.240%	649903W72
2011	2,730,000	4.980	4.980	649903W80
2012	2,865,000	5.230	5.230	649903W98
2013	2,495,000	5.330	5.330	649903X22

<sup>1</sup> CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2008 Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2008 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2008 Bonds.

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No dealer, broker, salesperson or other person has been authorized by the Authority, the University or the Underwriters to give any information or to make any representations with respect to the Series 2008 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the University or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be a sale of the Series 2008 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information in this Official Statement has been supplied by the University and other sources that 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 University reviewed the parts of this Official Statement describing the University, the Estimated Sources and Uses of Funds, the 2008 Project, and Appendix B. It is a condition to the sale and the delivery of the Series 2008 Bonds that the University certify that, as of each such date, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The University makes no representations as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2008 Resolutions and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2008 Resolutions and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2008 Resolutions and the Loan Agreement are on file with the Authority and the Trustee.

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

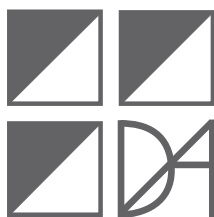
Under no circumstances will the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Authority or the University have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2008 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008 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 -**  
**MICHAEL T. CORRIGAN – ACTING EXECUTIVE DIRECTOR**

**515 BROADWAY, ALBANY, N.Y. 12207**  
**GAIL H. GORDON - CHAIR**

**OFFICIAL STATEMENT RELATING TO**  
**\$616,465,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**NEW YORK UNIVERSITY**  
**REVENUE BONDS, SERIES 2008**  
**Consisting of:**

**\$280,250,000**  
**New York University**  
**Revenue Bonds,**  
**Series 2008A**

**\$226,705,000**  
**New York University**  
**Revenue Bonds,**  
**Series 2008B**

**\$98,805,000**  
**New York University**  
**Revenue Bonds,**  
**Series 2008C**

**\$10,705,000**  
**New York University**  
**Revenue Bonds,**  
**Series 2008D**  
**(Federally Taxable)**

**PART 1 - INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page, the inside cover page and appendices, is to provide information about the Authority and the University, in connection with the offering by the Authority of \$280,250,000 principal amount of its New York University Revenue Bonds, Series 2008A (the “Series 2008A Bonds”), \$226,705,000 principal amount of its New York University Revenue Bonds, Series 2008B (the “Series 2008B Bonds”), \$98,805,000 principal amount of its New York University Revenue Bonds, Series 2008C (the “Series 2008C Bonds”) and \$10,705,000 principal amount of its New York University Revenue Bonds, Series 2008D (the “Series 2008D Bonds” and, together with the Series 2008A Bonds, the Series 2008B Bonds and the Series 2008C Bonds, the “Series 2008 Bonds”).

The following is a brief description of certain information concerning the Series 2008 Bonds, the Authority and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2008 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 2008 Bonds are being issued (i) to pay the costs of the 2008 Project, (ii) to pay a portion of the interest on the Series 2008 Bonds and (iii) to pay the Costs of Issuance of the Series 2008 Bonds. See “PART 4 - ESTIMATED SOURCES AND USES OF FUNDS” and “PART 5 - THE 2008 PROJECT.”

**Authorization of Issuance**

The Series 2008 Bonds will be issued pursuant to the Resolution and the Act. In addition to the Series 2008 Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay other Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the University. The Bonds permitted to be issued under the Resolution include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All 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 2008 Bonds. See “PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt.”

### **The Series 2008 Bonds**

The Series 2008 Bonds will be dated their date of delivery and will bear interest from such date (payable January 1, 2009 and on each July 1 and January 1 thereafter) at the rates and will mature at the times and in the principal amounts set forth on the inside cover page of this Official Statement. See “PART 3 - THE SERIES 2008 BONDS - Description of the Series 2008 Bonds.”

### **Payment of the Series 2008 Bonds**

The Series 2008 Bonds and all other Bonds which may be issued under the Resolution are special obligations of the Authority payable solely from the Revenues, which consist of certain payments to be made by the University under the Loan Agreement. The Revenues are pledged and assigned to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - Payment of the Series 2008 Bonds.”

### **Security for the Series 2008 Bonds**

The Series 2008 Bonds are secured equally and ratably with all other Bonds which may be issued under the Resolution by the pledge and assignment to the Trustee of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established under 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). See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - Security for the Series 2008 Bonds” and “PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt.”

The Loan Agreement is a general, unsecured obligation of the University. No security interest in any revenues or assets of the University has been granted by the University to the Authority under the Loan Agreement. However, the University has granted security interests in certain revenues and assets of the University to secure certain of the University’s outstanding indebtedness other than the Bonds. In addition, pursuant to the Loan Agreement, the University may incur Debt secured by a lien and pledge of revenues of the University without granting to the Authority any security interest in any revenues to secure the University’s obligations under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - Security for the Series 2008 Bonds” and “PART 6 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Outstanding Long-Term Debt.”

### **The University**

The University is a private, co-educational, non-sectarian, non-profit institution of higher education chartered by the Regents of the University of the State of New York and is an organization described in Section 501(c)(3) of the Code. The University’s principal facilities are located in New York, New York. See “PART 6 - THE UNIVERSITY” and “Appendix B - Financial Statements of New York University and Independent Auditors’ Report.”

### **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 corporations. See “PART 7 - THE AUTHORITY.”

### **The 2008 Project**

The 2008 Project consists of the financing or reimbursement of the costs of construction, capital improvements and acquisition of equipment relating to projects at various campus locations of the University. See “PART 5 - THE 2008 PROJECT.”



## **PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2008 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement and the Resolution and the Series 2008 Resolutions. Copies of the Loan Agreement, the Resolution and the Series 2008 Resolutions are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement" and "Appendix D - Summary of Certain Provisions of the Resolution," for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 2008 Bonds**

The Series 2008 Bonds and all other Bonds which may be issued under the Resolution will be special obligations of the Authority. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2008 Bonds and all other Bonds which may be issued under the Resolution are payable solely from the Revenues, which consist of payments to be made by the University pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders.

The Loan Agreement is a general, unsecured obligation of the University and obligates the University to make payments to satisfy the principal and Sinking Fund Installments, if any, of and interest on Outstanding Bonds. Payments made by the University in respect of interest on fixed-rate Outstanding Bonds are to be made on the fifth Business Day immediately preceding a July 1 and January 1 interest payment date and, in the case of payments in connection with Variable Interest Rate Bonds, three days prior to an interest payment date, in each case in an amount equal to the interest coming due on the next succeeding interest payment date. Payments by the University in respect of principal and Sinking Fund Installments are to be made on the fifth Business Day preceding the date on which such principal becomes due or the date on which a Sinking Fund Installment becomes due. The Loan Agreement also obligates the University to pay, at least 15 days prior to a redemption date of Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Bonds.

Pursuant to the Loan Agreement, the Authority has directed the University, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal of and interest on the Outstanding Bonds, including the Series 2008 Bonds.

### **Security for the Series 2008 Bonds**

The Series 2008 Bonds are secured equally with all other Bonds which may be issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and any Series Resolution, other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase.

The Series 2008 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2008 Bonds except for the Authority's responsibility to make payments from money received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general, unsecured obligations of the University. The obligations of the University to make payments or cause the same to be made under the Loan Agreement are absolute and unconditional and the amount, manner and time of making such payments are not to be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the University may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever.

No security interest in any revenues or assets of the University has been granted by the University to the Authority under the Loan Agreement. However, the University has granted security interests in certain revenues and

assets of the University to secure certain of the University's outstanding indebtedness other than the Bonds. See "PART 6 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Outstanding Long-Term Debt," for a description of such indebtedness of the University secured by certain pledged revenues. In the event of a default under any debt instrument secured by such pledged revenues, the holder or trustee under such debt instrument (including the Authority as the holder of such other debt) will have the right to collect a portion or all of such pledged revenues, and apply the revenues so collected to the payment of amounts due under such debt instrument. Any revenues so collected and applied will not be available for satisfying any of the University's obligations under the Loan Agreement.

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

The following are events of default under the Resolution: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment, Purchase Price or Redemption Price of or interest on any Bond; (ii) 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 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); (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in a Series Resolution authorizing the issuance of a 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; or (iv) an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee, upon the written request of Holders of not less than 25% in principal amount of the Outstanding Bonds by written notice to the Authority, is to declare the principal of and interest on all the Outstanding Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest will become due and payable. The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of Bonds not yet due by their terms and then Outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to observe, or refusal to comply with, the covenant described in clause (iii) of the first paragraph under this subheading, upon the direction of the Holders of not less than 25% in principal amount of the Outstanding Bonds of the Series affected thereby, the Trustee is to exercise the rights and remedies provided to the Holders of the Bonds under the Resolution. However, the Resolution provides that in no event may the Trustee, whether or not it is acting at the direction of the Holders of 25% or more in principal amount of the Outstanding Bonds of the Series affected thereby, declare the principal of a Series of Bonds, and the interest accrued thereon, to be due and payable immediately as a result of the Authority's failure or refusal to observe or comply with such covenant.

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

### **Issuance of Additional Bonds**

In addition to the Outstanding Bonds and the Series 2008 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the University. The Bonds which may be issued include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All 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. Additional Bonds may be issued at any time after the scheduled delivery date of the Series 2008 Bonds.

## **General**

The Series 2008 Bonds will not be a debt of the State and the State will not be liable on the Series 2008 Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or interest on its bonds or notes. See "PART 7 - THE AUTHORITY."

### **PART 3 - THE SERIES 2008 BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 2008 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2008 Resolutions and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement" and "Appendix D - Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2008 Bonds.*

#### **Description of the Series 2008 Bonds**

The Series 2008 Bonds will be issued pursuant to the Resolution and the Series 2008 Resolutions, will be dated their date of delivery, will bear interest from such date (payable January 1, 2009 and on each July 1 and January 1 thereafter) at the fixed rates, and will mature at the times set forth on the inside cover page of this Official Statement.

The Series 2008 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2008 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. Purchasers of beneficial interests in the Series 2008 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2008 Bonds, the Series 2008 Bonds will be exchangeable for other fully registered Series 2008 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 2008 Bonds will accrue based upon a 360-day year of twelve 30-day months.

Interest on the Series 2008 Bonds will be payable by check or draft mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of 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 Business Days prior to the Record Date. If the Series 2008 Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of such 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. The principal, Redemption Price and purchase price of and interest on the Series 2008 Bonds is payable in lawful money of the United States of America.

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

The Series 2008 Bonds are subject to optional, special and mandatory redemption as described below.

##### *Optional Redemption*

##### *Series 2008A Bonds, Series 2008B Bonds and Series 2008C Bonds*

The Series 2008A Bonds, Series 2008B Bonds and Series 2008C Bonds (the "Tax-Exempt Bonds") maturing on or before July 1, 2018, are not subject to optional redemption prior to maturity. The Tax-Exempt Bonds maturing after July 1, 2018, are subject to redemption prior to maturity on or after July 1 2018, in any order at the option of the Authority, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount of Tax-Exempt Bonds to be redeemed, plus accrued interest to the redemption date.

##### *Series 2008D Bonds*

The Series 2008D Bonds of each maturity are subject to redemption prior to maturity, at the option of the Authority in whole or in part, at any time, at a Redemption Price equal to the greater of (i) 100% of the principal amount of Series 2008D Bonds to be redeemed or (ii) the Discounted Value of Series 2008D Bonds to be redeemed,

plus in either case, accrued interest to the redemption date. All calculations and determinations referred to in this section, except as provided in the preceding sentence, will be made by the Trustee, and calculated individually and separately for each Series 2008D Bond.

The Redemption Price of the Series 2008D Bonds described above is to be determined by the Trustee but the Trustee has the right to retain, at the expense of the University, an independent accounting firm or financial advisor (which accounting firm or financial advisor is subject to the reasonable approval of the University) to calculate such Redemption Price. The Trustee and the University may conclusively rely on such accounting firm's or financial advisor's determination of such Redemption Price and bears no liability for such reliance.

"Discounted Value" means, with respect to the Series 2008D Bonds to be redeemed, the sum of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

"Discount Yield" means, with respect to the Series 2008D Bonds to be redeemed on a particular date, the Blended Treasury Yield determined with respect to the Series 2008D Bonds, plus 0.125% per annum. The Discount Yield will be calculated assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months.

"Blended Treasury Yield" means, with respect to the Series 2008D Bonds, the yield computed by the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the Series 2008D Bonds to be redeemed. The first Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to, but no later than, the date corresponding to the remaining average life of the Series 2008D Bonds to be redeemed; the second Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to, but no earlier than, the date corresponding to the remaining average life of the Series 2008D Bonds to be redeemed.

"Market Treasury Yield" means that yield, assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

(i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as "Page PXI" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury security); or

(ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or

(iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of any actively traded U.S. Treasury security will be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. Government securities selected by the University.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above will be determined using the average of the bid and ask prices for the security.

"Valuation Date" means the third Business Day preceding the redemption date.

*Purchase in Lieu of Optional Redemption*

Each Series of the Series 2008 Bonds is subject to purchase in lieu of optional redemption at the time that such Series 2008 Bonds are subject to optional redemption and at a purchase price equal to the Redemption Price that would then be payable. The purchase price of the Series 2008D Bonds will be determined in the same manner as their Redemption Price is to be determined.

*Special Redemption*

The Series 2008 Bonds are also subject to special redemption prior to maturity at the option of the Authority, as a whole or in part on any interest payment date, at a Redemption Price of 100% of the principal amount of Series 2008 Bonds to be redeemed, plus accrued interest to the redemption date, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project, and (ii) from unexpended proceeds of the Series 2008 Bonds upon abandonment of all or a portion of the Project due to a legal or regulatory impediment.

*Mandatory Redemption*

Series 2008A Bonds

The Series 2008A Bonds maturing on July 1, 2029, on July 1, 2038 and on July 1, 2048, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount of Series 2008A Bonds to be redeemed, plus accrued interest to the redemption date, 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 2008A Bonds specified for each of the years shown below:

<b><u>Term Bond Maturing on July 1, 2029</u></b>		<b><u>Term Bond Maturing on July 1, 2038</u></b>	
<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>	<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2024	\$5,010,000	2030	\$6,715,000
2025	5,265,000	2031	7,055,000
2026	5,525,000	2032	7,405,000
2027	5,805,000	2033	7,775,000
2028	6,095,000	2034	8,165,000
2029 <sup>†</sup>	6,395,000	2035	8,575,000
		2036	9,000,000
		2037	9,450,000
		2038 <sup>†</sup>	9,925,000
<b><u>Term Bond Maturing on July 1, 2048</u></b>			
<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>		
2039	\$10,420,000		
2040	10,970,000		
2041	11,545,000		
2042	12,150,000		
2043	12,785,000		
2044	13,460,000		
2045	14,165,000		
2046	14,910,000		
2047	15,690,000		
2048 <sup>†</sup>	16,515,000		

<sup>†</sup>Final maturity.

Series 2008B Bonds

The Series 2008B Bonds maturing on July 1, 2029 with an interest rate of 4.700%, on July 1, 2029 with an interest rate of 5.000%, on July 1, 2038 and on July 1, 2048, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount of Series 2008B Bonds to be redeemed, plus accrued interest to the redemption date, 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 2008B Bonds specified for each of the years shown below:

<b><u>Term Bond Maturing on July 1, 2029 with an interest rate of 4.700%</u></b>		<b><u>Term Bond Maturing on July 1, 2029 with an interest rate of 5.000%</u></b>	
<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>	<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2024	\$2,000,000	2024	\$2,095,000
2025	2,050,000	2025	2,240,000
2026	2,090,000	2026	2,410,000
2027	2,140,000	2027	2,575,000
2028	2,190,000	2028	2,760,000
2029 <sup>†</sup>	2,240,000	2029 <sup>†</sup>	2,950,000

<b><u>Term Bond Maturing on July 1, 2038</u></b>		<b><u>Term Bond Maturing on July 1, 2048</u></b>	
<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>	<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2030	\$5,440,000	2039	\$ 7,675,000
2031	5,715,000	2040	8,080,000
2032	6,000,000	2041	8,500,000
2033	6,295,000	2042	8,950,000
2034	6,615,000	2043	9,420,000
2035	6,945,000	2044	9,910,000
2036	7,290,000	2045	10,430,000
2037	7,655,000	2046	10,980,000
2038 <sup>†</sup>	8,040,000	2047	11,555,000
		2048 <sup>†</sup>	12,165,000

<sup>†</sup>Final maturity.



Series 2008C Bonds

The Series 2008C Bonds maturing on July 1, 2029 and on July 1, 2038, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount of Series 2008C Bonds to be redeemed, plus accrued interest to the redemption date, 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 2008C Bonds specified for each of the years shown below:

<b><u>Term Bond Maturing on July 1, 2029</u></b>		<b><u>Term Bond Maturing on July 1, 2038</u></b>	
<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>	<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2024	\$3,085,000	2030	\$4,130,000
2025	3,235,000	2031	4,340,000
2026	3,400,000	2032	4,555,000
2027	3,570,000	2033	4,785,000
2028	3,750,000	2034	5,020,000
2029 <sup>†</sup>	3,935,000	2035	5,275,000
		2036	5,535,000
		2037	5,815,000
		2038 <sup>†</sup>	6,105,000

<sup>†</sup>Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2008 Bonds entitled to such Sinking Fund Installment (A) purchased with money in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of the Authority, (C) purchased by the University or the Authority and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2008 Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2008 Bonds so purchased payable on the next succeeding July 1. Series 2008 Bonds redeemed at the option of the Authority, purchased by the Authority or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as the Authority may direct in its discretion. To the extent the Authority's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2008 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 2008 Bonds described above under the heading "*Optional Redemption*," the Authority will select the Series and maturities of the Series 2008 Bonds to be redeemed. In the case of redemptions of Series 2008 Bonds described above under the heading "*Special Redemption*," Series 2008 Bonds will be redeemed to the extent practicable pro rata among maturities within the Series 2008 Bonds to be redeemed. If less than all of the Series 2008 Bonds of a Series and maturity are to be redeemed (pursuant to an optional, special or mandatory redemption), the Series 2008 Bonds of such Series and maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee considers proper in its discretion.

### *Notice of Redemption*

The Trustee is to give notice of the redemption of the Series 2008 Bonds in the name of the Authority, by first class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owners of any Series 2008 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority and by certified mail to a national information service that disseminates bond redemption notices. If the Authority's obligation to redeem Series 2008 Bonds is subject to conditions, the notice of redemption will contain a statement to such effect that describes the conditions to such redemption. The failure of any holder to receive such notice or any defect in such notice will not affect the validity of the proceedings for the redemption of the Series 2008 Bonds.

If, on the redemption date, money for the redemption of the Series 2008 Bonds of like Series and maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, then interest on such Series 2008 Bonds will cease to accrue from and after the redemption date and such Series 2008 Bonds will no longer be considered to be Outstanding under the Resolution.

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

Notice of purchase of the Series 2008 Bonds will be given in the name of the University to the registered owners of the Series 2008 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2008 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2008 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2008 Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2008 Bonds. Such Series 2008 Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The University's obligation to purchase a Series 2008 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 2008 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 2008 Bonds to be purchased, the former registered owners of such Series 2008 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 2008 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 2008 Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2008 Bonds of a maturity within a Series are to be purchased, the Series 2008 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2008 Bonds of a maturity within a Series to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2008 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution." Also see "Book-Entry Only System" below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2008 Bonds when the Book-Entry Only System is in effect.

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

The Depository Trust Company ("DTC"), New York, New York, will act as the securities depository for the Series 2008 Bonds. The Series 2008 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 2008 Bond certificate will be issued for each maturity of each Series of the Series 2008 Bonds, totaling in the aggregate the principal amount of the Series 2008 Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC



also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating 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", respectively, 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", and together with Direct Participants, "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008 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, but Beneficial Owners are 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 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2008 Bonds, except in the event that use of the book-entry system for such Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2008 Bonds within a maturity of a Series of the Series 2008 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2008 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2008 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2008 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the Series 2008 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. **NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2008 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2008 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2008 Bonds (other than under "PART 10 - TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2008 Bonds.

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

For every transfer and exchange of Series 2008 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2008 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2008 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Authority or restricted registration is no longer in effect, Series 2008 Bond certificates will be delivered as described in the Resolution.

## Principal and Interest Requirements

The following table sets forth the amounts, after giving effect to the issuance of the Series 2008 Bonds, required to be paid by the University during each twelve month period ending August 31 of the years shown for the payment of debt service on the outstanding indebtedness of the University, the principal of and interest on the Series 2008 Bonds and the total debt service on all indebtedness of the University, including the Series 2008 Bonds. For a discussion of the University's outstanding indebtedness, see "PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt."

<u>Series 2008 Bonds</u>					
<u>12 Month Period Ending August 31</u>	<u>Debt Service on Outstanding Indebtedness</u>	<u>Principal and Sinking Fund Installments</u>	<u>Interest Payments</u>	<u>Total Debt Service on the Series 2008 Bonds</u>	<u>Total Debt Service on all Outstanding Indebtedness</u>
2009	\$102,121,453	-	\$29,227,977	\$29,227,977	\$131,349,430
2010	91,457,822	\$6,685,000	30,676,594	37,361,594	128,819,416
2011	115,769,826	6,920,000	30,443,618	37,363,618	153,133,444
2012	210,008,262 <sup>(1)</sup>	7,190,000	30,171,489	37,361,489	247,369,751
2013	60,213,413	7,480,000	29,886,494	37,366,494	97,579,907
2014	76,941,388	7,810,000	29,554,110	37,364,110	114,305,498
2015	56,076,506	8,115,000	29,241,710	37,356,710	93,433,216
2016	47,493,832	8,440,000	28,917,110	37,357,110	84,850,942
2017	51,047,300	8,840,000	28,517,310	37,357,310	88,404,610
2018	50,948,675	9,260,000	28,098,410	37,358,410	88,307,085
2019	50,868,794	9,635,000	27,728,010	37,363,010	88,231,804
2020	50,864,269	10,095,000	27,268,135	37,363,135	88,227,404
2021	50,877,994	10,580,000	26,782,885	37,362,885	88,240,879
2022	50,864,044	11,085,000	26,272,890	37,357,890	88,221,934
2023	50,869,313	11,625,000	25,736,328	37,361,328	88,230,641
2024	50,862,688	12,190,000	25,172,808	37,362,808	88,225,496
2025	50,868,250	12,790,000	24,569,308	37,359,308	88,227,558
2026	50,865,800	13,425,000	23,935,958	37,360,958	88,226,758
2027	50,875,988	14,090,000	23,270,978	37,360,978	88,236,966
2028	32,548,050	14,795,000	22,572,898	37,367,898	69,915,948
2029	32,540,975	15,520,000	21,839,718	37,359,718	69,900,693
2030	32,551,275	16,285,000	21,070,438	37,355,438	69,906,713
2031	32,545,625	17,110,000	20,256,188	37,366,188	69,911,813
2032	32,547,200	17,960,000	19,400,688	37,360,688	69,907,888
2033	32,547,950	18,855,000	18,502,688	37,357,688	69,905,638
2034	32,550,050	19,800,000	17,559,938	37,359,938	69,909,988
2035	28,290,425	20,795,000	16,569,938	37,364,938	65,655,363
2036	28,284,000	21,825,000	15,530,188	37,355,188	65,639,188
2037	28,355,425	22,920,000	14,438,938	37,358,938	65,714,363
2038	18,452,850	24,070,000	13,292,938	37,362,938	55,815,788
2039	18,451,700	18,095,000	12,089,438	30,184,438	48,636,138
2040	18,453,375	19,050,000	11,139,450	30,189,450	48,642,825
2041	10,195,500	20,045,000	10,139,325	30,184,325	40,379,825
2042	-	21,100,000	9,086,963	30,186,963	30,186,963
2043	-	22,205,000	7,979,213	30,184,213	30,184,213
2044	-	23,370,000	6,813,450	30,183,450	30,183,450
2045	-	24,595,000	5,586,525	30,181,525	30,181,525
2046	-	25,890,000	4,295,288	30,185,288	30,185,288
2047	-	27,245,000	2,936,063	30,181,063	30,181,063
2048	-	28,680,000	1,505,700	30,185,700	30,185,700

(1) This primarily consists of the principal balance due at maturity on August 1, 2012 of indebtedness of approximately \$122.5 million to the Student Loan Marketing Association. See "PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt - *Non-Authority Indebtedness*."

## PART 4 - ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

### Sources of Funds

Principal Amount of the Series 2008 Bonds .....	\$616,465,000
Net Original Issue Premium.....	<u>10,316,776</u>
Total Sources of Funds .....	<u>\$626,781,776</u>

### Uses of Funds

Deposit to Construction Fund .....	\$590,859,181
Capitalized Interest on the Series 2008A and Series 2008B Bonds.....	27,619,595
Costs of Issuance.....	4,833,086
Underwriters' Discount .....	<u>3,469,914</u>
Total Uses of Funds.....	<u>\$626,781,776</u>

## PART 5 - THE 2008 PROJECT

A portion of the proceeds of the Series 2008 Bonds will be used to pay or to reimburse the University for costs incurred in connection with the constructing, reconstructing, renovating, equipping, repairing, purchasing, or otherwise providing for the project described below (the "Project"). The Project is or will be owned or operated by the University and will be located in New York, New York. The Project consists of (a) acquisition and renovation of an office building; (b) acquisition and renovation of a residential facility and retail space; (c) a program of reconstruction, renovation and deferred maintenance of, and equipment and information systems purchased for existing buildings at the University's Washington Square Campus in Manhattan; and (d) the repayment of a line of credit that financed the redemption of the Authority's New York University Insured Revenue Bonds, Series 2004B1 and 2004B2 (the "Refunded Bonds").

## PART 6 - THE UNIVERSITY

### GENERAL INFORMATION

#### History

New York University is a private, non-profit institution of higher education and is an organization described in Section 501(c)(3) of the Code. It was founded in 1831 by a group of private citizens and is recognized both nationally and internationally as a leader in scholarship.

The University is one of the largest private institutions of higher education in the United States. The University has a faculty of approximately 6,900, and approximately 20,000 undergraduate and 20,000 graduate and professional students. It includes 14 schools, colleges, and divisions at six major centers in Manhattan: the Washington Square campus in Greenwich Village, the Institute of Fine Arts at 1 East 78th Street near the Metropolitan Museum of Art, the School of Continuing and Professional Studies at the Midtown Center at 11 West 42nd Street and the Woolworth Building located at 15 Barclay Street, the College of Dentistry on First Avenue between East 24th and 25th Streets, and the School of Medicine on First Avenue between 30th and 34th Streets. In addition, the University operates a program in Rockland County on the St. Thomas Aquinas College campus. Certain of the University's research facilities, notably

the Institute of Environmental Medicine, are located in Sterling Forest, near Tuxedo, New York. Although overall the University is large, the divisions are small to moderate sized units - each with its own traditions, programs and faculty. Enrollment in the undergraduate divisions ranges between approximately 100 and 6,800 students. More than 4,600 courses are offered, leading to approximately 40 different degrees and certificates.

As a private university, the University operates under a board of trustees. It derives its income from tuition, room and board, endowment, grants from private foundations and government, and gifts from friends, alumni, corporations and other private philanthropic sources, and other revenue from patient care through faculty group practices.

The University is committed to a policy of equal treatment in every aspect of its relations with faculty, students and staff members, without regard to age, citizenship status, color, disability, marital or parental status, national origin, race, ethnicity, religion, sex or sexual orientation, gender and/or gender identity, or veteran or military status.

The University is a member of the Association of American Universities and is accredited by the Middle States Association of Colleges and Schools. Graduate and professional accrediting agencies recognize its degrees in all categories.

## **Governance**

The University is governed by a self-perpetuating board of trustees (the “Board”), which is responsible for directing the affairs of the University. Following is a list of the members of the Board:

### **Martin Lipton, Chair**

Partner  
Wachtell, Lipton, Rosen & Katz

### **William R. Berkley, Vice Chair**

Chairman & Chief Executive Officer  
W. R. Berkley Corporation

### **Laurence D. Fink, Vice Chair**

Chairman & Chief Executive Officer  
BlackRock, Inc.

### **Kenneth G. Langone, Vice Chair**

Chairman & Chief Executive Officer  
Invemed Associates, LLC

### **Anthony Welters, Vice Chair**

Executive Vice President  
UnitedHealth Group

### **Leonard A. Wilf, Vice Chair**

President  
Garden Homes Development

### **John Sexton**

President  
New York University

### **Phyllis Putter Barasch**

**Maria Bartiromo**  
Anchor  
CNBC Business News

### **Marc H. Bell**

Marc Bell Capital Partners LLC

### **Ronald E. Blaylock**

Managing Partners  
GenNx360 Capital Partners

### **Daniel J. Brodsky**

Partner  
The Brodsky Organization

### **Arthur L. Carter**

President  
Utilities & Industries Management Corporation

### **Evan Chesler**

Partner  
Cravath, Swaine & Moore LLP

### **Florence A. Davis**

President  
The Starr Foundation

### **Barry Diller**

Chairman & Chief Executive Officer  
IAC/InterActiveCorp.

### **Joel S. Ehrenkranz**

Senior Partner  
Ehrenkranz & Ehrenkranz, LLP

### **Jay M. Furman**

Principal  
RD Management Corp.

### **H. Dale Hemmerdinger**

President  
The Hemmerdinger Corporation

### **Richard D. Katcher**

Partner  
Wachtell, Lipton, Rosen & Katz

### **Richard Jay Kogan**

Retired President &  
Chief Executive Officer  
Schering-Plough Corporation

### **Jerry H. Labowitz**

**Donald Baird Marron**  
Chairman, CEO & Founder  
Lightyear Capital

### **Constance J. Milstein**

Principal & Co-Founder  
Ogden CAP Properties, LLC

### **Khaldoon Khalifa Al Mubarak**

CEO and Managing Director  
Mubadala Development Company

### **Brooke Garber Neidich**

**L. Jay Oliva**  
President Emeritus  
New York University

### **David C. Oxman**

Senior Counsel  
David Polk & Wardwell

### **Lester Pollack**

Chairman & Founder  
Centre Partners Management, LLC

### **Catherine B. Reynolds**

Chairman, President & Chief  
Executive Officer  
Catherine B. Reynolds Foundation

### **E. John Rosenwald, Jr.**

Vice Chairman Emeritus  
JPMorgan Chase Bank

### **Courtney Sale Ross**

**William C. Rudin**  
President  
Rudin Management Company, Inc.

### **Constance Silver**

Director, Special Training  
Indian Creek Public Safety Dept.

### **Lisa Silverstein**

Silverstein Properties, Inc.

### **Joel E. Smilow**

Chairman  
Dinex Group, LLC

### **Jay Stein**

Chairman  
Stein Mart, Inc.

### **Joseph S. Steinberg**

President & Director  
Leucadia National Corporation

### **Judy Steinhardt**

**Michael H. Steinhardt**  
 Managing Member  
 Steinhardt Management, Inc.

**Daniel R. Tisch**  
 Partner  
 Mentor Partners

**John L. Vogelstein**  
 Vice Chairman  
 Warburg Pincus LLC

**Casey Wasserman**  
 Chairman & Chief Executive Officer  
 Wasserman Media Group

**Shelby White**  
 Trustee  
 The Leon Levy Foundation

**William D. Zabel**  
 Partner  
 Schulte Roth & Zabel LLP

*Life Trustees*

**Diane Belfer**  
 Philanthropist

**Mrs. Elmer Holmes Bobst**  
 President  
 The Elmer & Mamdouha Bobst  
 Foundation

**John Brademas**  
 President Emeritus  
 New York University

**Geraldine H. Coles**  
 Philanthropist

**John J. Creedon**  
 Former President &  
 Chief Executive Officer  
 Metropolitan Life Insurance Co.

**Maurice R. Greenberg**  
 Chairman & CEO  
 C.V. Starr and Co., Inc.

**Henry Kaufman**  
 President  
 Henry Kaufman & Company, Inc.

**Helen L. Kimmel**

**Thomas S. Murphy**  
 Honorary Vice Chair  
 NYU Board of Trustees  
 Retired Chairman & Chief Executive  
 Officer  
 Capital Cities/ABC, Inc.

**Herbert M. Paul**  
 President  
 Herbert Paul, P.C.

**William R. Salomon**  
 Honorary Chairman  
 Citigroup

**Marie Schwartz**  
 President  
 Arnold and Marie Schwartz Fund for  
 Education & Health Research

**Larry A. Silverstein**  
 Honorary Vice Chair  
 President & Chief Executive Officer  
 Silverstein Properties, Inc.

**Sheldon H. Solow**  
 President  
 Solow Building Company

**Henry Taub**  
 Chairman  
 The Henry & Marilyn Taub  
 Foundation

**Lillian Vernon**  
 Founding Chairman  
 Lillian Vernon Corporation

**Robert F. Wright**  
 President & Chief Executive Officer  
 Robert F. Wright Associates, Inc.

**Baroness Mariuccia Zerilli-  
 Marimò**

*Trustee Associates*

**Bruce Berger**  
 President  
 Sutton Group Services, Inc.

**Jane Eisner Bram**  
 Psychotherapist

**Betty Weinberg Ellerin**  
 Senior Counsel  
 Alston & Bird LLP

**Norman Goodman**  
 County Clerk  
 Commissioner of Jurors – New York  
 County

**Marvin Leffler**  
 President  
 Town Hall Foundation

## **Administration**

The President of the University is appointed by the Board and, as chief executive officer, is principally responsible for administration of the University. All other principal executive officers of the University are nominated by the President and appointed by the Board. The principal executive officers of the University are listed below:

### Name

**John Sexton**, B.A., M.A., Ph.D., J.D.  
**David W. McLaughlin**, B.S., M.S., Ph.D.  
**Michael C. Alfano**, D.M.D., Ph.D.  
**Robert Berne**, B.S., M.B.A., Ph.D.  
**Lynne P. Brown**, B.A., M.A., Ph.D.  
**Martin Dorph**, B.S., M.B.A., J.D.  
**Debra A. LaMorte**, B.A., J.D.  
**Alison Leary**, B.S.  
**Cheryl Mills**, B.A., J.D.  
**Jeannemarie Smith**, B.A., M.B.A.

### Position

President  
 Provost  
 Executive Vice President  
 Senior Vice President for Health  
 Senior Vice President for University Relations and Public Affairs  
 Senior Vice President for Finance and Budget  
 Senior Vice President for Development and Alumni Relations  
 Senior Vice President for Operations  
 Senior Vice President and Secretary of the University  
 Senior Vice President for University International Strategies



## Academic Programs

The College of Arts and Science offers the Bachelor of Arts degree in a wide range of programs in the humanities, science, social sciences, and foreign languages and literatures. The College of Arts and Science also offers the Bachelor of Science degree in certain departments. Joint programs of study currently involve NYU's Robert F. Wagner Graduate School of Public Service, Graduate School of Arts and Science, Steinhardt School of Culture, Education and Human Development, School of Social Work, School of Medicine, and College of Dentistry, as well as the Stevens Institute of Technology.

The Graduate School of Arts and Science offers the degrees of Master of Arts, Master of Science, Master of Fine Arts, Master of Professional Studies and Ph.D. in most areas of the humanities, social sciences, and natural sciences. Several advanced certificate programs are also offered. The NYU in Paris and NYU in Madrid M.A. programs are based in centers in Paris and Madrid. Dual degree programs of study currently involve the School of Law, the School of Medicine, the Leonard N. Stern School of Business, and the Robert F. Wagner Graduate School of Public Service. Courses are offered in the late afternoon and evening as well as during the day.

The School of Law is one of the oldest law schools in the United States. It offers a comprehensive professional program leading to the degree of Juris Doctor and a graduate curriculum leading to the degrees of Masters of Laws and Doctor of Juridical Science.

The School of Medicine and Post-Graduate Medical School (collectively, "SOM") offer the Doctor of Medicine and Ph.D. degrees and courses for accreditation designed to meet the needs of physician-scientists and physicians in practice. Clinical training takes place at a number of affiliated hospitals, including primarily at the Bellevue Hospital Center, where the School of Medicine works with the NYU Hospitals Center to supervise all care and treatment. The School also offers the Master of Science degree in Clinical Investigation. SOM includes the Skirball Institute of Biomolecular Medicine which provides state-of-the-art facilities for sophisticated biomedical research, and the Sackler Institute of Graduate Biomedical Sciences which offers a Ph.D. program with interdisciplinary training in the basic medical sciences: Cellular and Molecular Biology, Computational Biology, Developmental Genetics, Medical and Molecular Parasitology, Microbiology, Molecular Oncology and Immunology, Molecular Pharmacology, Neuroscience and Physiology, and Structural Biology

New York University is also affiliated with The Mount Sinai School of Medicine of New York University located on the Upper East Side of Manhattan between 98<sup>th</sup> and 102<sup>nd</sup> Streets. The Mount Sinai School of Medicine offers the Master of Science, Master of Public Health, M.D. and Ph.D. degrees in addition to the combined M.D./Ph.D. program. The school became affiliated with New York University in 1999. The affiliation is an academic affiliation only and the financial, accounting and operations of the Mount Sinai School of Medicine are not included with those of New York University for any purposes.

The College of Dentistry is the third oldest and the largest private dental school in the United States. It offers a predoctoral program leading to the Doctor of Dental Surgery degree, as well as advanced education programs in the dental specialties and an allied health program in dental hygiene. The College offers B.S., M.A., and Ph.D. degree programs. Located within the College of Dentistry is the College of Nursing. The College of Nursing offers Bachelor of Science, Master of Arts, and Ph.D. degree programs, as well as a B.S./M.A. dual degree program and an M.A./M.S. joint degree program with the Wagner Graduate School of Public Service.

The Steinhardt School of Culture, Education and Human Development offers a broad range of undergraduate pre-professional and professional programs and advanced graduate study in education, health, communications, and the arts professions. Undergraduate programs lead to the Bachelor of Science, Bachelor of Music, and Bachelor of Fine Arts degree. Graduate students may enroll in masters, advanced certificate, and doctoral programs in a wide variety of disciplines.

The Leonard N. Stern School of Business offers the Bachelor of Science, Master of Business Administration, and Ph.D. degrees. Students may specialize in accounting, economics, finance, information systems, international business, management, marketing, operations management, statistics, and actuarial science. Enrollment in the graduate program may be full or part time. Joint graduate-level programs are offered with the School of Law and the Graduate School of Arts and Science.

The School of Continuing and Professional Studies ("SCPS") offers approximately 2,000 noncredit classes each semester in business and marketing; entertainment, technology and digital arts, international studies, real estate and construction and hospitality. SCPS also offers degree programs, including associate and bachelor degrees geared

toward adults returning to college, and 18 Master of Science degree programs. Classes meet at the Washington Square campus as well as the University's Midtown Center and the Woolworth Building in downtown Manhattan.

The Robert F. Wagner Graduate School of Public Service offers curricula covering domestic and international issues including nonprofit management, financial management, public policy analysis, urban public policy studies, urban planning, and health policy and management. Master's and doctoral degree programs are offered on both a full-time and part-time basis. The Advanced Professional Certificate Programs and the Master of Science in Management Program offer career development opportunities for experienced professionals. Joint degree programs are available with the College of Arts and Science, Graduate School of Arts and Science, the Leonard N. Stern School of Business, the School of Law, the School of Medicine, the College of Nursing, and the School of Social Work.

The Silver School of Social Work offers Bachelor of Science, Master of Social Work, and Doctor of Philosophy degrees. The bachelor's program prepares students for beginning social work practice immediately upon graduation and for admission to graduate programs with advanced standing. The master's program prepares students for the core mission of social work and provides an advanced concentration in clinical social work. The doctoral program offers a concentration in clinical social work. It prepares graduates to assume leadership positions as researchers, advanced practitioners and educators. The School also offers a Post-Master's Certificate Program in the Treatment of Alcohol- and Drug-Abusing Clients.

The Tisch School of the Arts offers the Bachelor of Arts, Bachelor of Fine Art, Master of Fine Arts, Master of Professional Studies, Master of Arts Politics, Master of Arts (moving image archiving and preservation), and, through the Graduate School of Arts and Science, the Master of Arts (performance studies or cinema studies) and Ph.D degrees. Departments and programs offering professional training are acting, dance, design, drama, performance studies, film and television, cinema studies, photography and imaging, dramatic writing, musical theatre writing, recorded music, and interactive telecommunications. In the fall of 2007, Tisch opened a branch campus in Singapore with an inaugural class of 33 graduate film students from all over the world. Starting this year, students at this campus can earn a Master of Fine Arts degree in film production, animation or dramatic writing.

The Gallatin School of Individualized Study offers Bachelor of Arts and Master of Arts degrees in individualized programs of study. Gallatin provides an innovative and student-centered liberal arts education in which students create and hone their own plans of study under the mentorship of faculty advisers.

The University's Institute of Fine Arts, located within Manhattan's famous "museum mile," is preeminent in the nation for the study of art history, archaeology, and conservation and the technology of works of art. It offers curricula leading to the M.A. and Ph.D. in art history as well as the Advanced Certificate in Conservation. Doctoral candidates may specialize in classical art and archaeology, combined studies in Near Eastern art and archaeology, or curatorial studies.

The Courant Institute comprises New York University's Department of Mathematics and Computer Science and a variety of sponsored research activities. The Institute offers Master of Science and Ph.D. programs in both mathematics and computer science. The Courant Institute is also responsible for New York University's undergraduate programs in computer science and mathematics.

In 2004, the University approved a Master of Public Health program in Global Public Health, a collaborative effort of the Schools of Dentistry, Education, Medicine, Public Service, and Social Work. The first graduating class of this program was in May 2007. In 2006, the General Studies Program, which offers the Associate in Arts degree, was moved from SCPS to become an administrative division within the Faculty of Arts and Science (i.e., the faculty of the College of Arts and Science and the Graduate School of Arts and Science).

The libraries at the University contain more than 5 million volumes. The largest of the University's eight libraries, the Elmer Holmes Bobst Library and Study Center, is one of the largest open-stack research libraries in the nation, with over 3.8 million books, journals and microforms, as well as extensive audio, video, and online collections.

The University offers students various study-abroad and global exchange programs. The University has centers in London, Paris, Madrid, Florence, Prague, Shanghai, Berlin, Buenos Aires and Accra, Ghana. The University's program in Florence is located at Villa La Pietra, which was bequeathed to the University by Sir Harold Acton in 1994. Villa La Pietra is a Renaissance estate with five villas situated on 57 acres. It houses an art collection, and its grounds feature an authentic Anglo-Italian garden.



In March 2006, the University established its Institute for the Study of the Ancient World (“ISAW”), a center for advanced scholarly research and graduate education intended to cultivate comparative and connective investigations of the ancient world from Europe and the Mediterranean basin to Central and East Asia. ISAW will feature doctoral and postdoctoral programs that aim to create a new generation of scholars whose study of the ancient world crosses customary disciplinary boundaries. It is expected that the first students will enter ISAW in the Fall of 2008 and that students will be awarded degrees through the Graduate School of Arts and Science at NYU.

In 2007, the University entered into an agreement with the Executive Affairs Authority of Abu Dhabi to develop a research and degree-granting branch campus of the University in Abu Dhabi, with a targeted opening date of Fall 2010. It is anticipated that NYU Abu Dhabi will be the flagship American-style academic institution in Abu Dhabi, offering undergraduate and select graduate programs. The campus will be developed and operated to the academic excellence standards applicable at the University. The Executive Affairs Authority of Abu Dhabi has committed to provide land, funding, and financing for the development, construction, equipping, maintenance and operation of NYU Abu Dhabi.

In June 2008, the University entered into an Affiliation and Proposed Consolidation Agreement with Polytechnic University, an engineering and technology school in Brooklyn. Pursuant to the Agreement, the University is becoming the sole member of Polytechnic. The University becoming the sole member of Polytechnic is subject to the approval of the New York State Board of Regents. During the affiliation stage, while Polytechnic will remain responsible for its day-to-day activities and the University will not assume Polytechnic’s assets or liabilities, the parties will cooperate in a variety of ways, including undertaking mutually beneficial academic activities. In addition, in anticipation of the ultimate goal of consolidating Polytechnic into the University as a school of technology and engineering, the parties will work together to develop and implement a joint plan of consolidation that will provide goals and guidelines to be used by the parties as the University determines the method and conditions for consolidation.

## **Campus**

The chief center for undergraduate and graduate study is at Washington Square in Greenwich Village. University apartment buildings provide housing for approximately 2,500 Washington Square faculty members, staff and graduate students and 1,100 School of Medicine faculty members, staff and students. The University’s student residence hall system accommodates approximately 12,000 undergraduate and graduate students.

The Coles Sports and Recreation Center and the Palladium Athletic Facility offer recreational facilities to University students, faculty, staff, and alumni. These facilities accommodate a wide range of individual and group recreational activities, in addition to serving as home for the University’s intercollegiate teams.

## **NYU Medical Center**

In 1998, the University transferred the assets that comprised its hospital operations to a newly formed non-profit corporation, NYU Hospitals Center (“NYUHC” or the “Hospital”), together with all related liabilities. NYUHC assumed direct or indirect responsibility for all of the University’s former liabilities related to hospital operations and assets, including agreeing to reimburse the University for the debt service on approximately \$10.8 million under the Authority’s Series 2003 Bonds attributable to hospital operations for which the University remains primarily liable as discussed further under the subheading “Outstanding Long-Term Debt”. The School of Medicine (“NYUSOM”) remained an administrative division of the University.

Shortly after the incorporation of NYUHC, the University elected to pursue a combination of NYUHC with Mount Sinai Hospital. The University withdrew as member of the Hospital and a newly created entity, Mount Sinai NYU Health (the “HSO”), which was comprised of trustees from the University and The Mount Sinai Medical Center, Inc., became the member of NYUHC and Mount Sinai Hospital. The HSO remained in place until October, 2007, when a corporate reorganization was effected whereby the HSO withdrew its membership interest in the hospitals and the University became the sole member of NYUHC. As a result of the reorganization, NYUHC and NYUSOM have returned to operating as an integrated academic medical center under the direction of the NYUHC Board of Trustees and the recently created NYUSOM Advisory Board, which function together as the NYU Medical Center Board.

Prior to the University’s becoming the sole member of NYUHC, NYUHC was not consolidated for financial statement purposes with the University. With the University’s acquisition of the membership interest in the Hospital,

NYUHC will continue as a separate legal entity but its financial statements will be consolidated with those of the University. NYUHC will not be obligated with respect to the Series 2008 Bonds.

## **OPERATING INFORMATION**

### **Student Admissions**

The following table sets forth the number of applications received for full-time freshman admission to the University's undergraduate schools, the number of those applications accepted for the upcoming and the last five academic years, and the number of such successful applicants who enrolled for those years:

#### **UNDERGRADUATE ADMISSION STATISTICS**

<b><u>Academic Year</u></b>	<b><u>Applications</u></b>	<b><u>Acceptances</u></b>	<b><u>Percent Accepted</u></b>	<b><u>New Enrollment</u></b>	<b><u>Matriculation Yield</u></b>
2003-04	33,204	8,679	26.1%	3,161	36.4%
2004-05	33,892	9,653	28.5%	3,428	35.5%
2005-06	33,725	9,984	29.6%	3,507	35.1%
2006-07	34,946	9,916	28.4%	3,460	34.9%
2007-08	33,947	9,908	29.2%	3,673	37.1%
2008-09	36,807	9,307	25.3%	N/A	N/A

Note: The above reflects data applicable to the fall semester's entering freshmen traditional bachelor's degree candidates, and excludes candidates entering certain non-traditional bachelor's degree programs, the University's two-year General Studies Program and other two year programs reported in the most recently filed US Department of Education Integrated Postsecondary Education Data System Report. Had all such data been included in the table shown above the 2007-2008 applications would be 34,389; acceptances 12,615, or 36.7%; and new enrollment, 4,920 or 39.0%.

Historically, undergraduate applications to schools of the University have substantially exceeded acceptances. For graduate studies at the University, applications have also historically exceeded acceptances. The University believes that it will continue to attract adequate numbers of qualified applicants to maintain a relatively steady enrollment over the next several years.

### **Student Enrollment**

The following table, based on fall registrations, shows the University's total enrollment for the last five academic years:

#### **ENROLLMENT SUMMARY**

<b><u>Academic Year</u></b>	<b><u>Under-Graduate</u></b>	<b><u>Full-Time</u></b>			<b><u>Part-Time</u></b>			<b><u>Grand Total</u></b>	<b><u>Full-Time Equivalent</u></b>	
		<b><u>Graduate &amp; Professional</u></b>	<b><u>Non-Degree Candidates</u></b>	<b><u>Total Full-Time</u></b>	<b><u>Under-Graduate</u></b>	<b><u>Graduate &amp; Professional</u></b>	<b><u>Non-Degree Candidates</u></b>			<b><u>Total Part-Time</u></b>
2003-04	17,048	10,856	16	27,920	1,788	7,774	11,819	21,381	49,301	31,723
2004-05	17,721	11,144	77	28,942	1,680	7,846	12,449	21,975	50,917	33,334
2005-06	18,069	11,132	23	29,224	1,567	8,259	13,062	22,888	52,112	33,547
2006-07	18,400	11,561	41	30,002	1,477	8,303	13,069	22,849	52,851	34,310
2007-08	18,589	11,899	23	30,511	1,404	8,522	13,302	23,228	53,739	34,908

## Enrollment Summary

The following table shows enrollment by school for the fall term of the 2007 – 2008 academic year.

### ENROLLMENT BY SCHOOL Fall 2007

	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
<b><u>Undergraduate</u></b>			
College of Arts and Science	6,652	277	6,929
College of Arts and Science – General Studies Program *	1,708	4	1,712
Steinhardt School of Education	2,250	51	2,301
Leonard N. Stern School of Business – Undergraduate Division	2,194	39	2,233
School of Continuing and Professional Studies - Degree Credit Programs	809	742	1,551
Tisch School of the Arts	2,993	81	3,074
Gallatin School of Individualized Study – Undergraduate Division	1,177	55	1,232
Silver School of Social Work	113	3	116
College of Dentistry	128	104	232
College of Nursing	<u>565</u>	<u>48</u>	<u>613</u>
<b>Total Undergraduate Students</b>	18,589	1,404	19,993
<b><u>Graduate</u></b>			
Graduate School of Arts & Science	2,218	1,192	3,410
Institute of Fine Arts	93	31	124
Steinhardt School of Education	2,079	1,592	3,671
Leonard N. Stern School of Business – Graduate Division	1,030	2,259	3,289
Robert F. Wagner School of Public Service	453	411	864
Silver School of Social Work	672	528	1,200
Tisch School of the Arts	612	25	637
Gallatin School of Individualized Study – Graduate Division	46	135	181
School of Continuing and Professional Studies - Graduate Program	460	1,477	1,937
College of Nursing	<u>16</u>	<u>512</u>	<u>528</u>
<b>Total Graduate Students</b>	7,679	8,162	15,841
<b><u>Professional</u></b>			
School of Law	1,909	276	2,185
School of Medicine	769	52	821
College of Dentistry	<u>1,542</u>	<u>32</u>	<u>1,574</u>
<b>Total Professional Students</b>	4,220	360	4,580
<b><u>Non-Credit</u></b>			
College of Dentistry	0	176	176
School of Continuing and Professional Studies	<u>23</u>	<u>13,126</u>	<u>13,149</u>
<b>Total Non-Credit</b>	23	13,302	13,325
<b>GRAND TOTAL</b>	<u>30,511</u>	<u>23,228</u>	<u>53,739</u>

\* The General Studies Program had historically been counted as part of the School of Continuing and Professional Studies prior to Fall 2007 and is now part of the College of Arts and Sciences, but shown separately above for informational purposes.

## Degrees Conferred

The following table sets forth the number of degrees granted by the University for the past five academic years:

### DEGREES CONFERRED

<u>Academic Year</u>	<u>Bachelor's Undergraduate</u>	<u>Graduate and Professional</u>	<u>Total</u>
2002-03	4,351	6,688	11,039
2003-04	4,492	6,685	11,177
2004-05	4,696	6,958	11,654
2005-06	4,648	6,820	11,468
2006-07	4,734	7,096	11,830

## Tuition and Fees

As indicated in the following table of charges for selected major divisions, tuition and fees vary from one division of the University to another. In most schools, there is a flat rate for a full-time program and a per point rate for courses constituting less or more than a full program. The undergraduate per point charge is \$1,037 to \$1,205 for the 2007-08 academic year, and was 985 to \$1,144 for the 2006-07 academic year, \$934 to \$1,084 for the 2005-06 academic year and \$886 to \$1,029 for the 2004-05 academic year.

### TUITION CHARGES

	<u>2007-2008</u>	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>
Undergraduate Tuition	\$35,290 - \$38,730	\$33,402 - \$36,662	\$31,690 - \$34,780	\$30,094 - \$33,033
Graduate Tuition	\$1,196 per point	\$1,136 per point	\$1,077 per point	\$1,023 per point
Leonard N. Stern School of Business - Graduate Division	\$41,822	\$39,586	\$37,700	\$35,760
College of Dentistry	\$50,490	\$48,548	\$46,906	\$45,873
School of Law	\$41,969	\$40,967	\$38,069	\$36,588
School of Medicine	\$43,929	\$40,750	\$38,175	\$35,555

For the 2007-08 academic year, dormitory charges average approximately \$11,650. In 2006-07, dormitory charges averaged approximately \$11,120, approximately \$10,800 for 2005-06, and \$10,400 for 2004-05. For the 2007-08 academic year, board costs average approximately \$3,000. In 2006-07, board charges averaged approximately \$3000, approximately \$3,000 for 2005-06, and \$2,900 for 2004-05.

For the fiscal year ended August 31, 2007, tuition and fees accounted for approximately 41.5% of the University's total unrestricted operating revenues. Auxiliary enterprise revenues, which include dormitory and board charges, amounted to approximately 12.8% of total unrestricted operating revenues.

## Student Financial Aid

The University's admissions and financial aid programs are designed to enable qualified students to attend the University regardless of their financial circumstances. Undergraduate and graduate students receive financial aid from loans, employment, government sources and University funds.

In the 2006-07 academic year, approximately 30,800 students received financial aid. The University awarded scholarships totaling \$215.3 million from endowments, gifts, and general revenues. Funds from federal and State grant programs provided another \$31.7 million. In addition, students borrowed approximately \$590 million, including approximately \$2.0 million from University sources, participated in the federal College Work-Study Program earning wages of approximately \$9.5 million and held part-time employment on and off campus to help meet their costs of education.

Financial aid provided from the federal and State governments is an important source of funds for students who otherwise might not be able to attend the University because of insufficient financial means.

## State Aid to the University

The University benefits from a State program under which State aid is allocated to non-profit institutions of higher education based on the number of academic degrees conferred in the preceding year. Specified dollar amounts are received for each bachelor's degree, master's degree and doctoral degree awarded. The University uses these funds to support the student aid budget. During the 2006-07, 2005-06 and 2004-05 New York State fiscal years (which ended March 31), the University received \$6.6 million, \$5.3 million, and \$5.2 million, respectively, in such aid. Future payments by the State are dependent on the enactment of annual appropriations and the ability of the State to pay the sums appropriated.

## Faculty

Total faculty members at the University number 6,755 of whom 3,363 hold full-time appointments; 21% of the total full-time faculty members are tenured. The majority of the University's faculty is appointed within one of the three principal academic ranks: professor, associate professor and assistant professor. Salaries and fringe benefits are competitive with those offered by comparable institutions both regionally and nationally.

The following table sets forth the faculty profile for the current and each of the four preceding academic years:

### FACULTY PROFILE

<u>Fiscal Year</u>	<u>Full-time Faculty</u>	<u>Part-time Faculty</u>	<u>Total Faculty</u>	<u>Full-Time Equivalent Faculty</u>	<u>Percent of Total Faculty Tenured</u>
2003-04	3,083	3,277	6,360	3,738	20%
2004-05	3,182	3,058	6,240	3,794	22%
2005-06	3,202	2,735	5,937	3,749	23%
2006-07	3,363	3,392 *	6,755	4,041	21%
2007-08	3,615	3,394	6,909	4,274	20%

\* Approximately 400 of the increase from prior year is due to a change in method of counting the part-time faculty.

## Labor Relations

The University has had a history of satisfactory labor relations for over sixty years. A contract with Local 810, International Brotherhood of Teamsters, covering skilled maintenance employees expires on June 30, 2013. Two contracts with Local 32BJ, Service Employees International Union (SEIU), AFL-CIO, covering apartment house service employees, expire on April 21, 2010. The University has two other contracts with Local 32BJ, one covering employees working in several academic buildings which expired December 31, 2007 and the other covering a small unit of window washers which expires on June 30, 2008 (a renewal of the former agreement is expected to be reached in the near future and negotiations to renew the latter agreement are expected to commence this month). A contract with the Hotel and Motel Trades Council, covering service and skilled maintenance employees, expires on June 30, 2012. A contract with Security Officers Union, Local 1, covering security officers, expires on June 30, 2012. A contract with Local 3882, New York State United Teachers, AFT, AFL-CIO, covering office, clerical and technical employees, expires on October 31, 2011. Two contracts with 1199, National Health and Human Services Employees Union SEIU, AFL-CIO, covering technical employees, expire on September 30, 2011. A contract with the UAW (United Automobile, Aerospace and Agricultural Implement Workers of America), covering certain adjunct faculty expires on August 31, 2010.

## FINANCIAL STATEMENT INFORMATION

### University Finances

The University's Board of Trustees reviews and approves the University's budget for each academic year and generally requires that the University have a balanced operating budget. Capital budgets also are prepared annually with the requirement that all capital spending be covered either by current receipts or by approved borrowing sources. The University's financial statements are prepared in accordance with generally accepted accounting principles. The following table summarizes the University's unrestricted revenues and expenditures and other changes in net assets for the past five completed fiscal years. This summary is derived from the audited financial statements of the University for such periods and should be read in conjunction with the University's financial statements included in Appendix B of this Official Statement. There has been no material adverse change in the financial condition of the University since August 31, 2007.

Substantially all University employees are covered by retirement programs. These plans include various defined contribution plans and multi-employer defined benefit plans, and two University-sponsored defined benefit plans. The University also provides certain health care and life insurance benefits for eligible retired employees. See Notes 9 and 10 in "Appendix B - Financial Statements of New York University and Independent Auditors' Report." The University is required to implement the SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment to FASB Statements Nos. 87, 106 and 132(R)" (SFAS 158). This standard requires that the University recognize the funded status of a benefit plan, either pension or defined benefit postretirement plan, as an asset or liability in the balance sheet. SFAS 158 requires that the status of all underfunded plans be aggregated and recognized as a liability on the balance sheet and that actuarial gains and losses and prior service costs or credits are to be recognized as an increase or decrease to net assets.

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**Summary of Activities**  
**Years ended August 31,**  
**(in thousands)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Changes in unrestricted net assets</b>					
Operating revenues					
Tuition and fees (net of financial aid awards of \$215,330 in 2007, \$206,222 in 2006, \$196,654 in 2005, \$172,151 in 2004, and \$162,364 in 2003)	\$1,077,675	\$985,803	\$910,115	\$847,788	\$795,992
Grants and contracts	290,036	273,215	277,311	260,736	250,618
Patient care	300,793	275,393	273,673	242,245	220,307
Hospital affiliations	147,199	130,115	113,744	106,879	99,320
New York State appropriation	6,640	5,284	5,152	5,530	5,252
Contributions	87,697	86,003	79,877	62,196	61,723
Endowment distribution and return on short term investments	112,421	84,942	75,716	70,176	69,743
Auxiliary enterprises	331,935	326,914	313,811	292,986	285,069
Royalties – (Note 1)	38,558	93,934	78,328	65,703	52,524
Program fees and other	98,706	99,147	97,034	109,947	71,856
Net assets released from restrictions	102,909	92,424	98,117	83,950	93,034
Total operating revenues	<u>2,594,569</u>	<u>2,453,174</u>	<u>2,322,878</u>	<u>2,148,136</u>	<u>2,005,438</u>
Operating expenses:					
Instruction and other academic programs	1,116,305	1,004,015	940,645	859,640	864,006
Research and other sponsored programs	273,059	247,724	246,949	219,838	226,848
Patient care	270,104	245,740	241,348	209,782	187,587
Libraries	57,182	54,137	51,847	47,655	46,544
Student services	96,727	89,813	87,448	84,093	75,944
Hospital affiliations	149,384	133,098	116,660	108,857	101,100
Institutional services	228,206	208,560	192,300	180,354	162,048
Auxiliary enterprises	367,654	353,194	340,225	335,790	335,203
Total operating expenses	<u>2,558,621</u>	<u>2,336,281</u>	<u>2,217,422</u>	<u>2,046,009</u>	<u>1,999,280</u>
Excess of operating revenues over operating expenses	35,948	116,893	105,456	102,127	6,158
Non-operating activities:					
Investment return in excess of endowment distribution	181,182	130,542	106,040	66,085	67,229
Loss on refinancing of debt					(5,033)
Other	50,987	(4,464)	2,026	(3,853)	(5,807)
Gain on sale of royalty revenue stream – (Note 1)	641,462				
Minimum pension liability adjustment	9,926	18,110	(21,219)	384	(11,133)
Increase in unrestricted net assets before cumulative effect of change in accounting principle	919,505	261,018	192,303	164,743	51,414
Cumulative effect of change in accounting principle		(79,752)			
Effect of adoption of SFAS No. 158	(31,789)				
Increase in unrestricted net assets	<u>887,716</u>	<u>181,329</u>	<u>192,303</u>	<u>164,743</u>	<u>51,414</u>
<b>Changes in temporarily restricted net assets:</b>					
Contributions	187,025	123,184	111,464	93,401	54,999
Investment return, net	(141)	(571)	1,275	1,060	1,889
Other	(12,903)	(4,118)	(30,045)	(19,653)	(35,022)
Net assets released from restrictions	(102,909)	(92,424)	(98,117)	(83,950)	(93,034)
Increase (decrease) in temporarily restricted net assets	<u>71,072</u>	<u>26,071</u>	<u>(15,423)</u>	<u>(9,142)</u>	<u>(71,168)</u>
<b>Changes in permanently restricted net assets</b>					
Contributions	68,475	85,861	36,324	49,000	83,969
Unrealized gain (loss) on deposits with trustees			2,262	2,445	1,629
Other	1,873	(8,311)	(19,917)	(11,404)	(12,476)
Increase in permanently restricted net assets	<u>70,348</u>	<u>77,550</u>	<u>18,669</u>	<u>40,041</u>	<u>73,122</u>
Increase in net assets	<u>\$1,029,136</u>	<u>\$284,950</u>	<u>\$195,549</u>	<u>\$195,642</u>	<u>\$53,368</u>

Note 1: See Significant Transactions discussed on page 30.



### Contributions, Grants and Contracts

Contributions (which include the net change in present value of collectible pledges receivable) for the fiscal years ended August 31, 2007, 2006, 2005, 2004 and 2003 were reflected in the Statements of Activities as follows:

#### CONTRIBUTIONS

(in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Unrestricted net assets	\$ 87,697	\$ 86,003	\$ 79,877	\$ 62,196	\$ 61,723
Temporarily restricted net assets	187,025	123,184	111,464	93,401	54,999
Permanently restricted net assets	<u>68,475</u>	<u>85,861</u>	<u>36,324</u>	<u>49,000</u>	<u>83,969</u>
Total	\$343,197	\$295,048	\$227,665	\$204,597	\$200,691

The University has long been a center of programs of research and training. Government grants and contracts provide most of the funds for sponsored programs although additional amounts come from industry, foundations and interested individuals. For the fiscal year ended August 31, 2007, approximately \$290.0 million was provided to the University for research and other sponsored programs, including \$247.1 million from federal, State and City government grants and contracts. See Note 13 in "Appendix B—Financial Statements of New York University and Independent Auditors' Report."

### Investment in Plant

The University's physical plant includes approximately 150 buildings, containing approximately 15 million gross square feet, and approximately 260 acres of land. The book value of the University's investment in plant, net of accumulated depreciation, was approximately \$1.9 billion at August 31, 2007. Following is a summary of the University's investment in plant at the end of each of the last five fiscal years:

#### Investment in Plant August 31, (in thousands)

2003	\$1,530,591
2004	1,702,755
2005	1,782,256
2006	1,848,709
2007	1,898,556

The University carries all-risk property insurance coverage on its buildings and their contents, excluding land and foundations. Such insurance presently provides coverage of \$1.0 billion for any one occurrence and has no co-insurance clause. The deductible amount currently is \$250,000 for each occurrence at the Washington Square campus and \$100,000 at the School of Medicine campus. Also, the University carries general liability insurance coverage in an amount and with deductibles, which the University's management believes to be sufficient for its operations.

### Permanently Restricted and Designated Investments

The University has designated a part of its unrestricted and temporarily restricted investments to function in a manner similar to permanently restricted investments. The following table summarizes the cost and fair values of the various components of permanently restricted and designated unrestricted and temporarily restricted investments at August 31, 2007:



**Restricted and Designated Investments at August 31, 2007**  
(in thousands)

	<u>COST</u>	<u>FAIR VALUE</u>
Permanently Restricted	\$ 829,324	\$ 829,324
Temporarily Restricted	54,836	58,514
Unrestricted - Designated	<u>865,712</u>	<u>1,308,432</u>
Total	\$1,749,872	\$2,196,270

As of March 31, 2008, the fair market value of the University's restricted and designated investments was approximately \$2.493 billion which reflects market valuation and additional gifts received. The value of the University's restricted and unrestricted investments may be adversely affected by adverse events in the financial markets.

**Outstanding Long-Term Debt**

At August 31, 2007, the aggregate outstanding principal amount of long-term debt of the University was approximately \$1,121 million. All of the indebtedness is a general obligation of the University secured as described below.

*Non-Dormitory Authority Indebtedness.* At August 31, 2007, the University's outstanding long-term indebtedness to institutions other than the Dormitory Authority was approximately \$254 million. The following is a description of the loans that comprise that indebtedness.

1. The University has a loan from the federal Department of Education made in 1987. The loan bears interest at 3% per annum and matures on November 1, 2017. The loan amortizes over its term in substantially equal annual installments of interest and principal of approximately \$178,000. At August 31, 2007, the outstanding principal amount of the loan was approximately \$1.6 million. The maximum debt service payable on the loan in any fiscal year is approximately \$178,000 in the University's fiscal year ending August 31, 2016. The loan, which financed the conversion of an academic building to a residence hall, is secured by a pledge of marketable securities the market value of which was approximately \$2 million at August 31, 2007.

2. The University has a loan from the Student Loan Marketing Association which was made in 1992. The loan bears interest at 8.38% per annum and matures on August 1, 2012. The loan amortizes over an assumed term of 20 years through substantially equal installments of interest and principal until maturity, at which time the remaining principal then outstanding becomes due. At August 31, 2007, the outstanding principal amount of the loan was approximately \$146.8 million. The maximum annual debt service payable on the loan in any fiscal year prior to maturity on August 1, 2012 is approximately \$17.7 million in the University's fiscal year ending August 31, 2011. The principal balance due at maturity is expected to be approximately \$122.5 million. The loan financed the construction of a multi-purpose building used by the University's School of Medicine and is secured by a mortgage on that facility.

3. The University has another loan from the Student Loan Marketing Association which was made on December 1, 1993. The loan bears interest at 7.07% per annum. The loan amortizes over an assumed term of 20 years with varying installments of principal and semi-annual payments of interest. At August 31, 2007, the outstanding principal amount of the loan was \$24.9 million. The maximum annual debt service payable on the loan during any fiscal year is approximately \$16.3 million in the University's fiscal year ending August 31, 2014. The loan financed repayment of \$51.9 million borrowed in 1987 and 1988 from the University's unrestricted-designated funds to purchase certain apartment buildings for use as dormitory facilities. It is secured by a mortgage on the buildings and a pledge of revenues from these buildings. The revenue pledged was approximately \$11 million in fiscal year 2007.

4. The University is indebted to the New York City Industrial Development Agency (“IDA”) for a loan made on October 18, 2001 in the principal amount of \$64.2 million. The loan and the IDA bonds that financed it amortize through annual payments of principal and interest of approximately \$4.1 million per year beginning in the University’s fiscal year ending August 31, 2011 through, and including, the year ending August 31, 2041. Prior to that period, the University will make interest payments of approximately \$3.2 million per annum. The maximum debt service payable on the bonds and the loan in any fiscal year is approximately \$4.1 million in the year ending August 31, 2024. The loan was made to finance construction and equipping a portion of a mixed-use building for the New York University School of Law. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject to the pledge is the maximum amount of debt service payable in any one year on the IDA bonds to finance the loan. The pledge is subordinate to the pledges on the loans pertaining to the Dormitory Authority 1998, 2001A, 2001 Series 1 and 2001 Series 2 Bonds, and prior to the pledges on the Dormitory Authority 2003, 2004 and 2007A Bonds.

5. The University entered into a lease agreement to occupy a building in the area of its Washington Square campus, effective March 18, 2004. Annual lease payments for the first year are \$1 million, and escalate 3% per annum from the previous year until the fiscal year ending August 31, 2013. Under the terms of the lease agreement, the University has an option to purchase the building effective on or after December 15, 2013 for \$16 million. The agreement is being accounted for as a capitalized lease with an imputed interest rate of 4.84% through 2012 and has an outstanding principal balance of \$17.7 million as of August 31, 2007. The maximum annual payment under the agreement is \$17.0 million in the University’s fiscal year ending August 31, 2014, including the option purchase price.

*Lines of Credit.* The University has entered into two lines of credit. The University has entered into a line of credit (the “Line of Credit”) with a bank which allows the University to draw up to \$300 million. The Line of Credit bears interest at LIBOR plus .25% and is due on demand. On March 18, 2008 and March 20, 2008, the University drew \$53.775 million and \$44.750 million on the Line of Credit to redeem the 2004B1 Bonds and 2004B2 Bonds, respectively. The University plans to repay the principal amount drawn on the Line of Credit to redeem the 2004B Bonds from proceeds of the 2008 Bonds. Upon such repayment, the Line of Credit will be reinstated for the full \$300 million. The University has entered into an additional line of credit with a different bank which allows the University to draw up to \$100 million. No amounts are outstanding under this additional line of credit.

*Dormitory Authority Indebtedness.* The University is indebted to the Dormitory Authority for loans made from the proceeds of its bonds. The various agreements between the University and the Dormitory Authority entered into in connection with the loans obligate the University to make payments in amounts and at times sufficient to make timely payment of the principal of and interest on the Dormitory Authority’s bonds issued to finance the loans. All of the University’s outstanding indebtedness to the Dormitory Authority is secured by a pledge of tuition and fees for academic instruction. At August 31, 2007, the aggregate principal of the indebtedness to the Dormitory Authority and of Dormitory Authority bonds outstanding was approximately \$867 million. The following is a summary of the loans that comprise the indebtedness to the Dormitory Authority.

1. The University is indebted to the Dormitory Authority for a loan made in 1998. At August 31, 2007, the outstanding principal amount was \$213.9 million. The loan and the Dormitory Authority’s Series 1998A Bonds that financed it amortize through substantially level annual payments of principal and interest. The loan and the bonds mature on July 1, 2027. The maximum debt service payable on the bonds and the loans in any fiscal year is approximately \$18.33 million in the University’s fiscal year ending August 31, 2013. The loan was made to finance the construction of two residence halls and renovations and improvements of various facilities at the Washington Square campus. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject to the pledge is the maximum amount of debt service payable in any one year on the Dormitory Authority’s bonds to finance the loan. The pledge is on a parity with the pledge securing the loan from the Dormitory Authority with respect to the Series 2001A Bonds, and prior to the pledges securing the 2001 Series 1, 2001 Series 2, 2003, 2004 and 2007A Bonds, and the 2001 IDA loan.

2. The University is indebted to the Dormitory Authority for a loan made on April 3, 2001. The proceeds of the loan refinanced the Dormitory Authority’s Series 1991 Bonds. The principal amount of the loan was approximately \$123.6 million. At August 31, 2007, the outstanding principal amount was \$79.9 million. The loan and the Dormitory Authority’s 2001A Bonds that financed it amortize through substantially level annual payments of

principal and interest. The loan and the Series 2001A Bonds mature on July 1, 2015. The maximum debt service payable on the bonds and the loan in any fiscal year is approximately \$13.2 million in the University's fiscal year ending August 31, 2008. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject in any year to the pledge is the maximum amount of debt service payable in any year on the Dormitory Authority's bonds to finance the loan. The pledge is on a parity with the pledge securing the loan from the Dormitory Authority in connection with the Series 1998 Bonds, and prior to the pledges securing the 2001 Series 1, 2001 Series 2, 2003, 2004 and 2007A Bonds, and the 2001 IDA loan.

3. The University is indebted to the Dormitory Authority for a loan made on May 3, 2001 in the principal amount of \$120 million. The loan and the Dormitory Authority's 2001 Series 1 Bonds that financed it amortize through annual payments of principal and interest of approximately \$8.3 million per year beginning in the University's fiscal year ending August 31, 2011 through, and including, the year ending August 31, 2040. Prior to that period, the University will make interest payments of approximately \$6.6 million per annum. The maximum debt service payable on the bonds and the loan in any fiscal year is approximately \$8.3 million in the year ending August 31, 2031. The loan was made to finance the acquisition of a faculty residence facility near the Washington Square campus, construction of a research facility at the School of Medicine campus and reconstruction, renovation and deferred maintenance of, and equipment and information systems purchases for, facilities at the Washington Square and School of Medicine campuses. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject to the pledge is the maximum amount of debt service payable in any one year on the Dormitory Authority's bonds to finance the loan. The pledge is subordinate to the pledges securing the 1998 and 2001A Bonds, on a parity with the pledge securing the 2001 Series 2 Bonds and senior to the pledges securing the 2003, 2004 and 2007A Bonds, and the 2001 IDA loan.

4. The University is indebted to the Dormitory Authority for a loan made on September 13, 2001 in the principal amount of \$94.3 million. The loan and the Dormitory Authority's 2001 Series 2 Bonds that financed it amortize through annual payments of principal and interest of approximately \$6.1 million per year beginning in the University's fiscal year ending August 31, 2011 through, and including, the year ending August 31, 2041. Prior to that period, the University will make interest payments of approximately \$4.8 million per annum. The maximum debt service payable on the bonds and the loan in any fiscal year is approximately \$6.1 million in the year ending August 31, 2019. The loan was made to finance the acquisition of a faculty residence facility near the Washington Square campus, construction of a research facility at the School of Medicine campus, and reconstruction, renovation and deferred maintenance of, and equipment and information systems purchases for, facilities at the Washington Square and School of Medicine campuses. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject to the pledge is the maximum amount of debt service payable in any one year on the Dormitory Authority's bonds to finance the loan. The pledge is subordinate to the pledges securing the 1998 and 2001A Bonds, on a parity with the pledge securing the 2001 Series 1 Bonds and senior to the pledges securing the 2003, 2004 and 2007A Bonds, and the 2001 IDA loan.

5. The University is indebted to the Dormitory Authority for loans made on May 15, 2003. The principal amount of the loan was approximately \$101.1 million. The proceeds of the loans refinanced the Dormitory Authority's Series 1993 Bonds and provided approximately \$30 million to finance reconstruction, renovation and deferred maintenance of, and equipment and information systems purchases for, facilities at the Washington Square campus and certain other property in Manhattan. The portion of the loan used to refinance the 1993 Bonds, and the 2003A Bonds that financed such portion of the loan amortize through 2011, requiring annual payments of principal and interest. At August 31, 2007, the outstanding principal amount was \$51.4 million. The maximum annual debt service on this portion of the loan is \$16.6 million in the year ending August 31, 2008. The principal portion of the loan financing \$30 million of capital projects at the Washington Square campus and the 2003B Bonds issued to finance them requires interest payments of \$1.3 million per annum up to and including the year ending August 31, 2011 and a balloon principal payment of \$26.875 million at maturity on July 1, 2011. The original principal balance of such portion of the loan and the balance at August 31, 2007 was \$26.9 million. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject in any year to the pledge is the maximum amount of debt service payable in any year on the Dormitory Authority's bonds to finance the loan. The pledge is subordinate to the pledges securing all previously issued Dormitory Authority Bonds and the 2001 IDA loan, and is on a parity with the pledges securing the 2004 and 2007A Dormitory Authority Bonds.

6. The University is indebted to the Dormitory Authority for a loan made on September 9, 2004 in the principal amount of \$54.785 million. The loan and the Dormitory Authority's 2004A Bonds that financed it (the "bonds") amortize through annual payments of principal beginning in the University's fiscal year ending August 31, 2014 through, and including, the year ending August 31, 2034. Prior to that period, the University will make interest payments only. The 2004A Bonds, in the principal amount of \$54.8 million, are fixed rate bonds on which interest payments are approximately \$2.7 million per annum through, and including, August 31, 2013, and amortize through annual payments of principal and interest of approximately \$4.3 million per year through and including the year ending August 31, 2034. Until March 18, 2008 and March 20, 2008, the University was also indebted to the Authority for loans made on September 9, 2004 in the principal amount of \$53.775 million and \$44.750 million, respectively. The loans and the Authority's 2004B1 and 2004B2 variable rate auction bonds that financed the loans (collectively, the "2004B Bonds") were redeemed on March 18, 2008 and March 20, 2008, respectively. Such redemptions were financed by draws on the Line of Credit of equal amount. See "Lines of Credit" above. The University plans to refinance the Line of Credit from a portion of the proceeds of the 2008 Bonds.

The proceeds of the 2004A Bonds (as well as the proceeds of the 2004B Bonds) have been and will be used in connection with the acquisition of a building in Manhattan and to pay for the costs of reconstruction, renovation and deferred maintenance of, and equipment and information systems for, certain facilities at the Washington Square campus and certain other property in Manhattan. In addition, if and when certain approvals are obtained, and certain actions are taken, a portion of the 2004 Bonds may instead be used to finance the renovation, reconstruction and equipping of a building presently owned and occupied by the University and located at its Washington Square campus, to house science and research facilities. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject to the pledge is the maximum amount of debt service payable in any one year on the Dormitory Authority's Bonds to finance the loan. The pledge is on a parity with the pledges securing the 2003 and 2007A Dormitory Authority Bonds and is subordinate to the pledges securing all previously issued Dormitory Authority Bonds and the 2001 IDA loan.

7. The University is indebted to the Dormitory Authority for a loan made on June 14, 2007 in the principal amount of \$126.1 million. The loan and the Dormitory Authority's 2007A Bonds that financed it amortize through annual payments of principal and interest of approximately \$9.8 million per year beginning in the University's fiscal year ending August 31, 2017 through, and including, the year ending August 31, 2037. Prior to that period, the University will make interest payments of approximately \$6.3 million per annum. The maximum debt service payable on the bonds and the loan in any fiscal year is approximately \$9.9 million in the year ending August 31, 2037. The loan was made to finance the upgrade and expansion of the University's co-generation facility, which provides electricity, hot water and chilled water to many of the University's buildings at the Washington Square campus. The loan is secured by a pledge of tuition and student fees for academic instruction. The maximum amount of tuition and fees subject to the pledge is the maximum amount of debt service payable in any one year on the Dormitory Authority's bonds to finance the loan. The pledge is on a parity with the pledges securing the 2003 and 2004A Dormitory Authority Bonds and is subordinate to the pledges securing all previously issued Dormitory Authority Bonds and the 2001 IDA loan.

*Obligations of NYU Hospitals Center with respect to NYU Indebtedness.*

In connection with the establishment of NYU Hospitals Center, the University transferred to NYU Hospitals Center, as of January 1, 1998, certain hospital assets including assets financed with the proceeds of certain of the loans described above. As part of the related assumption by NYU Hospitals Center of all liabilities of the University relating to hospital operations, NYU Hospitals Center assumed responsibility for reimbursement to the University of debt service pertaining to hospital assets. As of August 31, 2007, the remaining obligation of NYU Hospitals Center is approximately \$8.5 million, relating to an allocable portion of the 2003 loan from the Dormitory Authority described under the heading "*Dormitory Authority Indebtedness*" above.

The University remains primarily responsible for all such payments to the Dormitory Authority. The payment obligations of NYU Hospitals Center to the University and to certain other creditors are secured by an interest in a mortgage on certain facilities of NYU Hospitals Center, as well as by revenues of NYU Hospitals Center.

### **Additional Borrowing Plans**

The University expects to finance the acquisition of a new dormitory facility for its Washington Square campus through the issuance of approximately \$150 million of tax exempt bonds by the Dormitory Authority of the State of New York in late summer or fall of 2009. In addition, the University continues in the ordinary course to consider additional borrowings in support of its programs, the needs of its students, and its other educational and charitable activities.

### **Significant Transactions**

Operating revenues from royalties reported in the University's Summary of Activities shown above for the fiscal years 2002 through 2006 include a royalty income stream of approximately \$30.6 million, \$50.0 million, \$63.0 million, \$76.9 million and \$92.0 million, respectively, attributable to the University's interest in sales of Remicade, a drug used to treat inflammatory disorders involving the immune system. The University owns certain patent rights with respect to Remicade which expire between 2014 and 2018.

In May 2007, the University sold to Royalty Pharma Finance Trust (an affiliate of Royalty Pharma) its interests in the royalty income stream attributable to Remicade sales subsequent to January 1, 2007. Between September 1, 2006 and January 1, 2007 the University received, and is entitled to retain, approximately \$33.8 million of Remicade royalty income. The sale was approved by the University's Board of Trustees after giving consideration to projections of Remicade sales given the risks affecting such sales (including the likelihood of competitive drugs being developed) provided by the University's consultants and a competitive bidding process conducted by its financial advisors. In consideration for the sale, the University received approximately \$641.4 million and the right under certain circumstances to receive a portion of future royalty payments.

### **LITIGATION AND CONTINGENT LIABILITIES**

Funds expended by the University under government grants and contracts are subject to audit and claims for reimbursement by governmental agencies. The University also is a defendant in various legal actions arising out of the normal course of its operations. Although the outcome of any such claims or actions cannot be currently determined, the University's administration is of the opinion that the eventual liability therefrom, if any, will not have a material effect on the financial position of the University or on its ability to make required debt service payments.

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## **PART 7 - THE AUTHORITY**

### **Background, Purposes and Powers**

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

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

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

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

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

At March 31, 2008, the Authority had approximately \$35.2 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority’s bonds and notes is paid from

moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

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

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at March 31, 2008 were as follows:

<b><u>Public Programs</u></b>	<b><u>Bonds Issued</u></b>	<b><u>Bonds Outstanding</u></b>	<b><u>Notes Outstanding</u></b>	<b><u>Bonds and Notes Outstanding</u></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	5,004,985,745	0	5,004,985,745
Upstate Community Colleges of the State University of New York.....	1,397,910,000	589,930,000	0	589,930,000
Senior Colleges of the City University of New York.....	8,609,563,549	2,982,606,270	0	2,982,606,270
Community Colleges of the City University of New York.....	2,194,081,563	513,213,730	0	513,213,730
BOCES and School Districts.....	1,731,396,208	1,291,165,000	0	1,291,165,000
Judicial Facilities.....	2,161,277,717	738,632,717	0	738,632,717
New York State Departments of Health and Education and Other.....	4,233,285,000	2,849,490,000	0	2,849,490,000
Mental Health Services Facilities.....	5,682,130,000	3,558,845,000	0	3,558,845,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	913,895,000	809,250,000	0	809,250,000
Totals Public Programs.....	<u>\$ 41,575,748,036</u>	<u>\$ 19,211,473,462</u>	<u>\$ 0</u>	<u>\$ 19,211,473,462</u>
<b><u>Non-Public Programs</u></b>	<b><u>Bonds Issued</u></b>	<b><u>Bonds Outstanding</u></b>	<b><u>Notes Outstanding</u></b>	<b><u>Bonds and Notes Outstanding</u></b>
Independent Colleges, Universities and Other Institutions.....	\$ 14,899,256,020	\$ 7,001,777,344	\$190,230,000	\$ 7,192,007,344
Voluntary Non-Profit Hospitals.....	12,693,404,309	7,817,570,000	0	7,817,570,000
Facilities for the Aged.....	1,979,275,000	1,027,235,000	0	1,027,235,000
Supplemental Higher Education Loan Financing Program.....	95,000,000	0	0	0
Totals Non-Public Programs.....	<u>\$ 29,666,935,329</u>	<u>\$ 15,846,582,344</u>	<u>\$190,230,000</u>	<u>\$ 16,036,812,344</u>
Grand Totals Bonds and Notes.....	<u>\$ 71,242,683,365</u>	<u>\$ 35,058,055,806</u>	<u>\$190,230,000</u>	<u>\$ 35,248,285,806</u>

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

At March 31, 2008, the Agency had approximately \$401 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency’s bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at March 31, 2008 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities .....	\$ 3,817,230,725	\$ 0
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 3,605,000
Insured Mortgage Programs .....	6,625,079,927	389,564,927
Revenue Bonds, Secured Loan and Other Programs .....	<u>2,414,240,000</u>	<u>8,255,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 401,424,927</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 401,424,927</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 is 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 was 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 expired on March 31, 2008 and by law he continues to serve until a successor is chosen and qualified.

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 current term expired on August 31, 2007 and by law he continues to serve until a successor is 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 is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges served on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He has also 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.

LAURA L. ANGLIN, *Budget Director of the State of New York, Albany; ex-officio.*

Ms. Anglin was appointed Budget Director on January 1, 2008. As Budget Director, she 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. Ms. Anglin previously served as First Deputy Budget Director from January 2007 to December 2007. She was appointed Deputy Comptroller of the Division of Retirement Services in January 2003 and was responsible for overseeing the administration and managing the operations of the New York State and Local Retirement System. From 1996-2003, Ms. Anglin worked in the New York State Assembly where she served as Director of Budget Studies for the Assembly Ways and Means Committee and as First Deputy Fiscal Director for the Committee. Ms. Anglin has also held the position of Econometrician in the Department of Taxation and Finance from 1992-1996 and began her

career as an Economist for the Department of Environmental Conservation. Ms. Anglin holds a Bachelor of Arts degree and a Masters degree in Economics from the State University of New York at Albany.

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:

MICHAEL T. CORRIGAN currently serves as the Acting Executive Director and chief administrative and operating officer of the Authority until such time as a new Executive Director is appointed by the Members of the Board of the Authority. In this capacity, Mr. Corrigan is responsible for the overall management of the Authority's administration and operations. He came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. In 2003, Mr. Corrigan became Deputy Executive Director and served in that capacity until becoming Acting Executive Director on May 15, 2008. 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, Mr. Corrigan served as the appointed Rensselaer County Executive for a short period. He 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.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at

Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

### **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 2008 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 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 2008 BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2008 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 2008 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 2008 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2008 Bonds.



## PART 10 - TAX MATTERS

### Tax-Exempt Bonds

#### *Federal Income Taxes*

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt 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 Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Bonds. The Authority has covenanted in the Resolution and the University has covenanted in the Loan Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the University have made certain representations and certifications in the Tax Certificate. Bond Counsel will also rely on the opinion of Counsel to the University as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from Federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Authority and the University described above, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Tax-Exempt Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

#### *State Taxes*

Bond Counsel is also of the opinion that interest on the Tax-Exempt Bonds is exempt, by virtue of the Act, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to other State of New York or local tax consequences arising with respect to the Tax-Exempt Bonds nor as to the taxability of the Tax-Exempt Bonds or the income therefrom under the laws of any state other than the State of New York.

#### *Original Issue Premium*

The Series 2008A Bonds maturing July 1, 2013 through July 1, 2017 inclusive, July 1, 2019 through July 1, 2048 inclusive; the Series 2008B Bonds maturing July 1, 2010, July 1, 2011, July 1, 2013 through July 1, 2017 inclusive, July 1, 2019 through July 1, 2023 inclusive, July 1, 2029 bearing interest at 5.00% and July 1, 2038 through July 1, 2048 inclusive; the Series 2008C Bonds maturing July 1, 2010, July 1, 2011, July 1, 2013 through July 1, 2017 inclusive, July 1, 2029 through July 1, 2038 inclusive (collectively, the “Premium Bonds”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### ***Ancillary Tax Matters***

Ownership of the Tax-Exempt Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Tax-Exempt Bonds.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Tax-Exempt Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Tax-Exempt Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under the caption "Tax Matters." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### ***Changes in Law and Post Issuance Events***

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal or state income tax purposes, and thus on the value or marketability of the Tax-Exempt Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Tax-Exempt Bonds may occur. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisers regarding such matters.

On May 19, 2008, the U.S. Supreme Court decided Davis v. Kentucky Dep't Of Revenue of The Finance and Admin. Cabinet, a case that had questioned the permissibility under the U.S. Constitution of the Commonwealth of Kentucky providing for a state income tax exemption for interest on obligations issued by Kentucky or its subdivisions while taxing interest on obligations of other states or their subdivisions. The laws of the State of New York currently result in such differing treatment, by exempting interest on obligations of State of New York and its subdivisions and instrumentalities while taxing the interest on obligations issued by other states or their subdivisions or instrumentalities. The U.S. Supreme Court rejected the challenge and upheld Kentucky's differential tax system.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

### **Series 2008D Bonds**

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2008D Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Series 2008D Bonds held as capital assets and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws,



including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Bonds as a hedge against currency risks or as a position in a “straddle” for tax purposes, or persons whose functional currency is not the United States dollar. Potential purchasers of the Series 2008D Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2008D Bonds.

The advice set forth in this section was not intended or written by Bond Counsel to be used and cannot be used by an owner of the Series 2008D Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Series 2008D Bonds. The advice set forth herein is written to support the promotion or marketing of the Series 2008D Bonds. Each owner of the Series 2008D Bonds should seek advice based on its particular circumstances from an independent tax advisor.

### *Generally*

In the opinion of Nixon Peabody LLP, Bond Counsel, interest on the Series 2008D Bonds is not excluded from gross income for federal income tax purposes and so will be fully subject to federal income taxation. Purchasers other than those who purchase Series 2008D Bonds in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such bonds. In general, interest paid on the Series 2008D Bonds and recovery of accrued original issue and market discount, if any, will be treated as ordinary income to a bondholder and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

### *Market Discount*

Any owner who purchases a Series 2008D Bond at a price which includes market discount in excess of a prescribed de minimis amount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2008D Bond as ordinary income to the extent of any remaining accrued market discount (under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

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

An owner of a Series 2008D Bond who acquires such Bond at a market discount also may be required to defer, until the maturity date of such Series 2008D Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2008D Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such Series 2008D Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2008D Bond for the days during the taxable year on which the owner held the Series 2008D Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2008D Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondowner elects to include such market discount in income currently as described above.

### ***Bond Premium***

A purchaser of a Series 2008D Bond who purchases such Series 2008D Bond at a cost greater than its then principal amount (or, in the case of a Series 2008D Bond issued with original issue premium, at a price in excess of its adjusted issue price) will have amortizable bond premium. If the holder elects to amortize the premium under Section 171 of the Code (which election will apply to all bonds held by the holder on the first day of the taxable year to which the election applies, and to all bonds thereafter acquired by the holder), such a purchaser must amortize the premium using constant yield principles based on the purchaser's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Different rules apply to Discount Tax Exempt Series 2008D Bonds that are acquired with "acquisition premium" (that is, at a price generally in excess of the bond's adjusted issue price). Purchasers of any Series 2008D Bonds who acquire such bonds at a premium (or with acquisition premium) should consult with their own tax advisors with respect to the determination and treatment of such premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2008D Bonds.

### ***Sale or Redemption of Series 2008D Bonds***

A bondowner's tax basis for a Series 2008D Bond is the price such owner pays for the Series 2008D Bond plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than "qualified periodic interest" payments) and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2008D Bond, measured by the difference between the amount realized and the Series 2008D Bond basis as so adjusted, will generally give rise to capital gain or loss if the Series 2008D Bond is held as a capital asset (except as discussed above under "Market Discount").

### ***Backup Withholding***

A bondowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding tax is 30% (although the rate is scheduled to be reduced over the next few year) with respect to interest or original issue discount on the Series 2008D Bonds. This withholding generally applies if the owner of a Series 2008D Bond (a) fails to furnish the Trustee or other payor with its taxpayer identification number; (b) furnishes the Trustee or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Trustee or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Series 2008D Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Series 2008D Bonds will be reported to the bondowners and to the Internal Revenue Service.

### ***Nonresident Bondowners***

Under the Code, interest and original issue discount income with respect to Series 2008D Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons ("**Nonresidents**") generally will not be subject to the United States withholding tax (or backup withholding) if the Authority (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Series 2008D Bond is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident bondowner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

## ***ERISA***

The Employees Retirement Income Security Act of 1974, as amended (“**ERISA**”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the “**Plans**”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2008D Bonds.

## ***State Taxes***

Bond Counsel is also of the opinion that interest on the Series 2008D Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

In all events, all investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the Series 2008D Bonds.

## **PART 11 - STATE NOT LIABLE ON THE SERIES 2008 BONDS**

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes or bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2008 Bonds are not a debt of the State and that the State is not liable on them.

## **PART 12 - COVENANT BY THE STATE**

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

## **PART 13 - LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2008 Bonds by the Authority are subject to the approval of Nixon Peabody LLP, New York, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2008 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 University by its Acting General Counsel, Terrance J. Nolan. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2008 Bonds or questioning or affecting the validity of the Series 2008 Bonds or the proceedings and authority under which they are to be issued.

## **PART 14 - UNDERWRITING**

Morgan Stanley & Co. Incorporated, as representative of the Underwriters, has agreed, subject to certain conditions, to purchase the Series 2008 Bonds from the Authority at an aggregate purchase price of \$623,311,862.40 (which includes an Underwriter's discount of \$3,469,913.80) and to make a public offering of Series 2008 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2008 Bonds if any are purchased.

The Series 2008 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

## **PART 15 - CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended ("Rule 15c2-12"), the University has undertaken in a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Bondholders to provide to Digital Assurance Certification LLC ("DAC"), on behalf of the Authority as the Authority's disclosure dissemination agent, on or before 120 days after the end of each fiscal year, commencing with the fiscal year of the University ending August 31, 2008, for filing by DAC with each Nationally Recognized Municipal Securities Information Repository designated by the Securities and Exchange Commission in accordance with Rule 15c2-12 (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 6 - THE UNIVERSITY" of this Official Statement (the "Annual Information"), together with the University's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to 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 University, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the University and the Authority, to file such information and financial statements, as promptly as practicable, but no later than three business days after receipt of the information by DAC from the University, with each such Repository and to the State Information Depository.

The University also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices"). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the University, the Trustee or the Authority, DAC will file the Notices with each such Repository or with the Municipal Securities Rulemaking Board (the "MSRB"), and with the State Information Depository, in a timely manner. With respect to the Series 2008 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the University has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the University, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the University, the Holders of the Series 2008 Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the University, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the University, the Trustee and the Authority with respect to their respective

obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority's disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information will consist of the following: (a) operating data and financial information of the type included in this Official Statement in "PART 6 - THE UNIVERSITY" under the headings "OPERATING INFORMATION" and "FINANCIAL STATEMENT INFORMATION" relating to: (1) *student admissions*, similar to that set forth under the heading "UNDERGRADUATE ADMISSION STATISTICS;" (2) *student enrollment*, similar to that set forth under the heading "ENROLLMENT SUMMARY," "ENROLLMENT BY SCHOOL," and "DEGREES CONFERRED;" (3) *tuition and other student charges*, similar to that set forth under the heading "TUITION CHARGES;" (4) *financial aid*, similar to that set forth under the subheading "Student Financial Aid;" (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 University, retirement plans; (7) *restricted and designated net assets*, unless such information is included in the audited financial statements of the University; (8) *university investment in plant*, unless such information is included in the audited financial statements of the University; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited financial statements of the University; together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the University and in judging the financial and operating condition of the University.

The Notices include notices of any of the following events (the "Notice Events") with respect to the Series 2008 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 2008 Bonds; (7) modifications to the rights of holders of the Series 2008 Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2008 Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Series 2008 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 University to provide the Annual Information and annual financial statements by the date required in the University's undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the University, the Trustee and/or the Authority, and no person, including any Holder of the Series 2008 Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the University may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2008 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2008 Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2008 Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2008 Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 2008 Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Series 2008 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2008 Bonds will be on file at the principal office of the Authority.



## **PART 16 - RATINGS**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa3" to the Series 2008 Bonds and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") has assigned a rating of "AA-" to the Series 2008 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or both of such rating agencies if, in the judgment of any or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2008 Bonds.

## **PART 17 - MISCELLANEOUS**

Reference in this Official Statement to the Act, the Resolution, the Series 2008 Resolutions and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2008 Resolutions and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2008 Resolutions and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with the Holders of the Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2008 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2008 Bonds.

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

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

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

"Appendix A - Certain Definitions," "Appendix C - Summary of Certain Provisions of the Loan Agreement," "Appendix D - Summary of Certain Provisions of the Resolution," and "Appendix E - Form of Approving Opinion of Bond Counsel" have been prepared by Nixon Peabody LLP, New York, New York, Bond Counsel.

"Appendix B - Financial Statements of New York University and Independent Auditors' Report" contains the audited financial statements of the University as of and for the years ended August 31, 2007 and 2006 and the report of the University's independent auditors, PricewaterhouseCoopers LLP, on such financial statements.

The University has reviewed the parts of this Official Statement describing the University, the Estimated Sources and Uses of Funds, the 2008 Project and Appendix B. The University, as a condition to issuance of the Series 2008 Bonds, is required to certify that as of the date of this Official Statement, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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





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**CERTAIN DEFINITIONS**

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## **CERTAIN DEFINITIONS**

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

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

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

**Additional Bonds** means the Bonds, other than the Authorized Bonds, authorized and issued under the Resolution by Series Resolutions, adopted by the Authority on May 28, 2008.

**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 Schedule A to the Resolution, which is made a part of the Resolution.

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

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

**Auction Date** shall have the meaning given to such term in the Resolution.

**Auction Rate Bond** shall have the meaning given to such term in the Resolution.

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

**Authority Fee** means the fee payable to the Authority consisting of all of the Authority's internal costs and overhead expenses attributable to the issuance of the Bonds and the construction of the Projects, as more particularly described in Schedule B to the Resolution, which is made a part of the Resolution.

**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.

*Appendix A*

**Authorized Officer** means (i) in the case of the Authority, the Chair, the Vice–Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development, the Deputy Chief Financial Officer, the Assistant Director, Financial Management, the General Counsel and the Deputy General Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the by–laws of the Authority to perform such act or execute such document; (ii) in the case of the University, when used with reference to any act or document, means the person or persons authorized by a resolution or the by–laws of the University to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by–laws of the Trustee.

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

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

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

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

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

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

**Business Day** means, unless otherwise defined in connection with Bonds of a particular Series, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York.

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

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

**Contract Documents** means any general contract or agreement for the construction of a 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 University relating to the construction of a Project, and any amendments to the foregoing.

**Construction Fund** means the fund so designated, created and established for a Project pursuant to the Resolution.

**Cost or Costs of Issuance** means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expenses shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a



Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a 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 or notes of the Authority, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

**Cost or Costs of the Project** means when used in relation to a Project the costs and expenses 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, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the University shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the University or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on money borrowed from parties other than the University), (viii) interest on the Bonds, bonds, notes or other obligations of the Authority issued to finance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with the Project or pursuant to the Resolution or to the Loan Agreement, a Credit Facility, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

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

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility contained below in this Appendix A.

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

## *Appendix A*

### **Defeasance Security** means:

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

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

(iii) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation;

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

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

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

### **Exempt Obligation** means:

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

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

(iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

**Federal Agency Obligation** means:

(i) an obligation issued, or fully insured or guaranteed as to payment by any agency or instrumentality of the United States of America, 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 in the second highest rating category for such obligation by at least two Rating Services;

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

(iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

**Governing Body** means the University’s board of directors, board of trustees, or other board or group of individuals by, or under the authority of which, corporate powers of the University are exercised.

**Government Obligation** means:

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

(ii) an obligation fully insured or guaranteed as to payment by the United States of America;

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

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

(v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

**Governmental Requirements** means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to a Project, of the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or hereafter created, and having or asserting jurisdiction over a Project or any part of either.

## *Appendix A*

**Insurance Consultant** means a person or firm which is qualified to survey risks and to recommend insurance coverage for university facilities and services and organizations engaged in like operations and which is selected by the University, which may include qualified in house risk management officers employed by the University, unless, with respect to any self-insurance program, the Authority has reasonably determined that the University's balance sheet may be materially adversely affected by such program and has requested in writing that the University engage a person or firm who is not an employee or officer of the University as such Consultant.

**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 (i) an agreement entered into by the Authority or the University 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 University 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 and that such counterparty is to pay to the Authority or the University an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related hedge agreements or arrangements.

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

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

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a savings and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

**Loan Agreement** means the Loan Agreement, dated as of May 28, 2008, by and between the Authority and the University in connection with the issuance of Bonds, as the same from time to time shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement.

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

**“Maximum Annual Debt Service** means on any date, when used with respect to the Bonds, the greatest amount required in the then current or any future Bond Year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year, and, in the case of Variable Interest Rate Bonds, interest payable during a calendar year will be calculated at a rate equal to the rate then borne by such Variable Interest Rate Bonds on such date plus one percent (1%).

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

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

**Moody’s** means Moody’s Investor Service, Inc. or its successors or assigns.

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

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

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

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

**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 Collateral** means:

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

## *Appendix A*

(ii) Federal Agency Obligations described in clause (i) of the definition of Federal Agency Obligation;

(iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; or

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

**Permitted Investments** means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

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

(vii) to the extent any of the following constitute permitted investments under the “Investment Policy and Guidelines” of the Authority in effect at the time an investment is made:

(1) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, is rated in the highest short term rating category by at least two Rating Services and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least two Rating Service no lower than in the second highest rating category;

(2) an uncollateralized, unsecured certificate of deposit, time deposit or bankers’ acceptance that (A) has a maturity of not more than three hundred sixty-five (365) days and (B) is issued by, or are of or with, a bank the short term obligations of which are, at the time an investment in such certificate of deposit, time deposit or bankers’ acceptance is made or the same is deposited in any fund or account under the Resolution, rated “A-1” by Standard & Poor’s Rating Services and “P-1” by Moody’s Investors Service, Inc.; and



(3) shares or an interest in any other mutual fund, partnership or other fund whose objective is to maintain a constant share value of one dollar (\$1.00) and that, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, are rated at least “AAm” or “AAm-G” by Standard & Poor’s Rating Services and “Aa1” by Moody’s Investors Service, Inc.

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

**Provider** means the issuer or provider of a Credit Facility or a Liquidity Facility.

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

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

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; *provided, however*, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; *provided, however*, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; *provided, however*, that no short term rating may be utilized to determine whether an entity qualifies under this

## *Appendix A*

paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

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

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

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

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

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

**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.

**Related Agreements** means each Remarketing Agreement, Interest Rate Exchange Agreement and agreement entered into in connection with a Credit Facility or Liquidity Facility, to which the University is a party.

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

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

**Resolution** means this New York University Revenue Bond Resolution, adopted by the Authority May 28, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

**Revenues** means all payments received or receivable by the Authority that 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 the Arbitrage Rebate Fund).

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

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

**Series Resolution** means 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:

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

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

**Standby Purchase Agreement** means an agreement by and between the Authority and another person or by and among the Authority, the University and another person, pursuant to which such person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

**State** means the State of New York.

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

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

**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.

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

**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

*Appendix A*

Income Bond, the date or dates prior to the Interest Commencement Date and the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

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

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

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

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

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

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

**FINANCIAL STATEMENTS OF  
NEW YORK UNIVERSITY  
AND INDEPENDENT AUDITORS' REPORT**

*Appendix B*

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**New York University**  
**Consolidated Financial Statements**  
**August 31, 2007 and 2006**

**New York University**  
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**August 31, 2007 and 2006**

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**Report of Independent Auditors**

To the Board of Trustees of  
New York University

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of activities and cash flows present fairly, in all material respects, the financial position of New York University (the "University") at August 31, 2007 and 2006, and the results of their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 11, 9 and 10 to the consolidated financial statements, the University changed the manner in which it accounts for conditional asset retirement obligations in 2006 and changed the manner in which it accounts for pension and postretirement obligations in 2007.

*PricewaterhouseCoopers LLP*

November 13, 2007

**New York University**  
**Consolidated Balance Sheets**  
**August 31, 2007 and 2006**

*(in thousands of dollars)*

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 13,878	\$ 9,863
Short-term investments (Note 3)	1,236,040	559,306
Accounts and loans receivable, net (Note 4)	265,847	304,189
Contributions receivable, net (Note 5)	369,466	312,026
Other assets	135,436	84,816
Deposits with trustees (Note 6)	267,114	147,652
Collateral for securities loaned (Note 3)	100,853	97,385
Long-term investments (Note 3)	2,196,270	1,873,320
Land, buildings, and equipment, net (Notes 7 and 11)	1,898,556	1,848,709
Total assets	<u>\$ 6,483,460</u>	<u>\$ 5,237,266</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 329,996	\$ 293,827
Deferred revenue	572,715	517,174
Security loan agreements payable (Note 3)	100,853	97,385
Bonds and notes payable (Note 8)	1,156,442	1,063,377
Federal grants refundable	69,851	69,162
Accrued benefit obligation (Note 9)	26,793	43,759
Accrued postretirement obligation (Note 10)	248,599	209,194
Asset retirement obligation (Note 11)	100,868	95,181
Total liabilities	<u>2,606,117</u>	<u>2,389,059</u>
Net assets		
Unrestricted	2,436,839	1,549,123
Temporarily restricted (Note 16)	398,968	327,896
Permanently restricted (Note 16)	1,041,536	971,188
Total net assets	<u>3,877,343</u>	<u>2,848,207</u>
Total liabilities and net assets	<u>\$ 6,483,460</u>	<u>\$ 5,237,266</u>

**New York University**  
**Consolidated Statements of Activities**  
**Years Ended August 31, 2007 and 2006**

*(in thousands of dollars)*

	<u>2007</u>	<u>2006</u>
<b>Changes in unrestricted net assets</b>		
Operating Revenues		
Tuition and fees (net of financial aid awards of \$215,330 in 2007 and \$206,222 in 2006)	\$ 1,077,675	\$ 985,803
Grants and contracts (Note 13)	290,036	273,215
Patient care	300,793	275,393
Hospital affiliations (Note 14)	147,199	130,115
New York State appropriation	6,640	5,284
Contributions	87,697	86,003
Endowment distribution and return on short-term investments (Note 3)	112,421	84,942
Auxiliary enterprises	331,935	326,914
Royalties (Note 2)	38,558	93,934
Program fees and other	98,706	99,147
Net assets released from restrictions	102,909	92,424
Total operating revenues	<u>2,594,569</u>	<u>2,453,174</u>
Operating expenses (Notes 14 and 15)		
Instruction and other academic programs	1,116,305	1,004,015
Research and other sponsored programs	273,059	247,724
Patient care	270,104	245,740
Libraries	57,182	54,137
Student services	96,727	89,813
Hospital affiliations	149,384	133,098
Institutional services	228,206	208,560
Auxiliary enterprises	367,654	353,194
Total operating expenses	<u>2,558,621</u>	<u>2,336,281</u>
Excess of operating revenues over operating expenses	35,948	116,893
Nonoperating activities		
Investment return in excess of endowment distribution, net (Note 3)	181,182	130,542
Other (Note 7)	50,987	(4,464)
Gain on sale of royalty revenue stream (Note 2)	641,462	-
Minimum pension liability adjustment	9,926	18,110
Increase in unrestricted net assets before changes in accounting principles	919,505	261,081
Cumulative effect of change in accounting principle (Note 11)	-	(79,752)
Effect of adoption of SFAS No. 158 (Notes 9 and 10)	(31,789)	-
Increase in unrestricted net assets	<u>887,716</u>	<u>181,329</u>
<b>Changes in temporarily restricted net assets</b>		
Contributions	187,025	123,184
Investment return, net (Note 3)	(141)	(571)
Other	(12,903)	(4,118)
Net assets released from restriction	(102,909)	(92,424)
Increase in temporarily restricted net assets	<u>71,072</u>	<u>26,071</u>
<b>Changes in permanently restricted net assets</b>		
Contributions	68,475	85,861
Other	1,873	(8,311)
Increase in permanently restricted net assets	<u>70,348</u>	<u>77,550</u>
Increase in net assets	<u>\$ 1,029,136</u>	<u>\$ 284,950</u>

**New York University**  
**Consolidated Statements of Cash Flows**  
**Years Ended August 31, 2007 and 2006**

*(in thousands of dollars)*

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 1,029,136	\$ 284,950
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	134,398	123,765
Net gain on investments and deposits with trustees	(162,986)	(77,631)
Gain on sale of building	(49,929)	-
Other nonoperating changes	(21)	5,014
SFAS No. 158 implementation	31,789	-
Minimum pension liability adjustment	(9,926)	(18,110)
Asset retirement obligation adjustment	1,368	79,752
Contributions restricted for permanent investment and capital	(56,540)	(75,176)
Contributed royalty interest	848	(586)
Changes in operating assets and liabilities		
Decrease (increase) in accounts and loans receivable, net	39,979	(37,579)
(Increase) decrease in nonendowment and noncapital contributions receivable	(40,501)	7,475
Increase in other assets	(37,867)	(5,318)
Increase in accounts payable and accrued expenses	27,434	11,189
Increase in deferred revenue	46,063	45,276
Decrease in accrued benefit obligation	(28,519)	(3,692)
Increase in accrued postretirement obligation	29,094	16,523
Net cash provided by operating activities	<u>953,820</u>	<u>355,852</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(8,561,470)	(6,460,783)
Sales of investments	7,743,857	6,237,771
Proceeds from sale of building	63,910	-
Drawdowns of unexpended bond proceeds	17,062	30,474
Additions to land, buildings, and equipment, net of disposals	(221,327)	(180,982)
Net cash used in investing activities	<u>(957,968)</u>	<u>(373,520)</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for permanent investment and capital	56,540	75,176
Increase in endowment and capital contributions receivable	(16,939)	(20,203)
Principal payments on bonds and notes payable	(33,861)	(39,909)
Decrease in receivable from NYUHC	2,434	2,364
Increase (decrease) in Federal grants refundable	689	(309)
Increase in deposits with bond trustees	(700)	(5,173)
Net cash provided by financing activities	<u>8,163</u>	<u>11,946</u>
Net increase (decrease) in cash	4,015	(5,722)
<b>Cash</b>		
Beginning of year	9,863	15,585
End of year	<u>\$ 13,878</u>	<u>\$ 9,863</u>
<b>Supplemental data</b>		
Bond proceeds	129,995	34
Interest paid	57,232	58,474



# New York University

## Notes to Consolidated Financial Statements

### August 31, 2007 and 2006

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(in thousands of dollars)

#### 1. Description of New York University

New York University (the University) is a private institution of higher education and research located primarily in New York City. The University is recognized both nationally and internationally as a leader in scholarship and is a member of the distinguished Association of American Universities.

Founded in 1831, the University includes seventeen schools, colleges and divisions and five major centers in Manhattan, each with its own traditions, programs, and faculty. The schools, in order of founding date, are the College of Arts and Science, School of Law, School of Medicine, College of Dentistry, Graduate School of Arts and Science, Steinhardt School of Culture, Education and Human Development, Leonard N. Stern School of Business, Courant Institute of Mathematical Sciences, School of Continuing and Professional Studies, Institute of Fine Arts, Robert F. Wagner Graduate School of Public Service, Post-Graduate Medical School, School of Social Work, Tisch School of the Arts, Gallatin School of Individualized Study, College of Nursing and Institute for the Study of the Ancient World. The University also operates academic program sites and research programs in other parts of the United States and abroad.

#### 2. Summary of Significant Accounting Policies

##### **Basis of Presentation**

The accompanying consolidated financial statements include the accounts of the University, as well as its separately incorporated affiliates. The University and its affiliates are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The University prepares its consolidated financial statements in accordance with the provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117). SFAS No. 117 focuses on the entity as a whole and requires classification of net assets as unrestricted, temporarily restricted, or permanently restricted, determined by the existence or absence of restrictions placed on the assets' use by donors or by provision of law. A description of the net assets classifications follows:

*Permanently Restricted* net assets include gifts, pledges, trusts, and gains explicitly required by donors to be retained in perpetuity, while allowing the use of the investment return for general or specific purpose, in accordance with donor provisions.

**New York University**  
**Notes to Consolidated Financial Statements**  
**August 31, 2007 and 2006**

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*(in thousands of dollars)*

*Temporarily Restricted* net assets include gifts, pledges, trusts, and gains that can be expended, but the donor restrictions have not yet been met. Contributions receivable that do not carry a purpose restriction are deemed to be time restricted. Temporary restrictions are removed either through the passage of time or because certain actions are taken by the University that fulfill the restrictions. Donor-restricted gifts and investment return that are either spent or deemed spent within the same fiscal year as received or earned are reported as unrestricted revenues.

*Unrestricted* net assets are the remaining net assets of the University that are used to carry out the educational mission and are not subject to donor restrictions.

**Operations**

Revenues and expenses related to conducting programmatic activities and provision of services by the University are classified as operating in the consolidated statements of activities. Investment return (realized and unrealized net gains or losses on investments, interest and dividends) in excess of the University's approved endowment distribution (see Note 3) as well as unusual or nonrecurring activity are classified as nonoperating in the consolidated statements of activities.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions receivable are reported at their discounted present value and an allowance for amounts estimated to be uncollectible is provided. Conditional promises to give are not recognized as revenue until they become unconditional, that is when the conditions on which they depend are substantially met.

**Collections**

The University does not assign values to collection items. Collection items are generally held for educational purposes and are not disposed of for financial gain or otherwise encumbered in any manner.

**Cash and Cash Equivalents**

Cash and cash equivalents include all highly-liquid debt instruments with maturity of three months or less when purchased.

**Fair Value of Financial Instruments**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Cash and cash equivalents, accounts receivable, accounts payables and accrued expenses* - The carrying amount approximates fair value because of the short maturity of those instruments.

*Investments* - Investments (including deposits with trustees) in marketable securities with readily determinable market values and all investments in debt securities are reported at fair value in the consolidated balance sheets, based on quoted market prices.

# New York University

## Notes to Consolidated Financial Statements

### August 31, 2007 and 2006

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*(in thousands of dollars)*

The fair value of alternative investments is based on values reported by the respective external investment managers, and consists of primarily readily marketable securities that may be less liquid than the University's other investments. The University believes that the carrying amount of its alternative instruments is a reasonable estimate of fair value as of August 31, 2007 and 2006. Certain securities underlying the alternative instruments are not readily marketable. Although the estimated value is subject to uncertainty and may differ from the value that would have been used had a ready market for the securities existed, management believes that any such difference would not have a material effect on the University's consolidated financial position. In addition, a limited number of the investment vehicles included in the alternative instruments have liquidity restrictions which may defer redemption of the investment for a short period of time.

Investments in certain private capital funds are recorded at fair value as of the date of the last portfolio appraisal. The funds are then adjusted for capital contributions and redemptions made between the valuation date and year-end.

*Bonds and notes payable* - The fair value of the University's bonds and notes payable is estimated based on the quoted market prices for the same or similar issues or based on the University's current incremental borrowing rates for similar types of borrowing arrangements.

*Loans Receivable* - A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes cannot be sold and can only be assigned to the U.S. Government or its designees. The fair value of loans receivable from students under the University's loan programs approximates carrying value.

#### **Land, Buildings, and Equipment**

Land, buildings, and equipment are carried at their acquisition or construction cost. If donated, these assets are recorded at their fair value on the date of the gift. Buildings and equipment are depreciated over their estimated useful lives (buildings and building improvements 15-40 years, equipment 3-9 years) using the straight-line method.

#### **Patient Care**

Patient care revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Such revenue includes amounts earned through services provided to patients whose health care is covered under self-pay, commercial insurance, Medicare, and Medicaid.

#### **Royalties**

Royalties revenue is reported on the accrual basis based upon quarterly reports and cash flows from independent third parties. Such funds represent the University's net share of royalties associated with inventions. During 2007, the University sold future royalty revenue streams, which resulted in a gain in the amount of \$641,462 (see Note 3), reported as non-operating activities in the consolidated statements of activities.

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**Accounting Estimates**

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

**Reclassifications**

Certain amounts in the 2006 consolidated financial statements have been reclassified to conform to the current year's presentation.

**Change in Accounting Principle**

During 2007, the University adopted Statement of Financial Accounting Standard (SFAS) No. 158, *Employers' Accounting for Defined Benefits, Pension and other Postretirement Plans* (SFAS No. 158). SFAS No. 158 requires the University to report the funded status of each pension and other postretirement benefit plan as an asset (for over-funded plans) or as a liability (for under-funded plans), replacing the accrued benefit obligation currently recorded. The funded status reported on the balance sheets as of August 31, 2007 is equal to the benefit obligation. SFAS No. 158 also requires that unamortized actuarial gains and losses and prior service costs or credits are recognized as an increase or decrease to net assets (see Notes 9 and 10). SFAS No. 158 will also require employers to measure benefit plan assets and liabilities and determine the discount rate for subsequent year expense recognition as of the balance sheet date for financial reporting purposes. The change in measurement date is not required until the fiscal year ending after December 15, 2008 and will be recognized by the University at that time.

During 2006, the University adopted Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 is an interpretation of Statements of Financial Accounting Standards No. 143 and requires the University to recognize asset retirement obligations on a future event, such as the obligation to safely dispose of asbestos, lead-based paint and petroleum bulk storage tanks when a building is remodeled or demolished. Upon adoption of FIN 47, the University recorded the cumulative effect of a change in accounting principle (see Note 11).

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**3. Investments**

The following table summarizes the fair value of investments at August 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
	<u>Fair Value</u>	<u>Fair Value</u>
<b>Long-term investments</b>		
Fixed income securities	\$ 316,159	\$ 360,422
Equity securities	998,659	838,457
Absolute return	739,026	582,476
Private equity	101,372	54,364
Real estate	27,893	27,843
Other	13,161	9,758
Subtotal long-term investments	<u>2,196,270</u>	<u>1,873,320</u>
<b>Short-term investments</b> (principally fixed income securities)		
Working capital	1,205,551	526,589
Other	30,489	32,717
Subtotal short-term investments	<u>1,236,040</u>	<u>559,306</u>
Total	<u>\$ 3,432,310</u>	<u>\$ 2,432,626</u>

Long-term investments and accounts payable at August 31, 2007 and 2006 include \$38,241 and \$23,457, respectively, which are managed by the University on behalf of New York University Hospitals Center (NYUHC).

Short-term investments at August 31, 2007, include \$612,642 of the proceeds from the sale of future royalty revenue streams (see Note 2). Investment return for the year ended August 31, 2007 includes \$10,185 related to the return on this investment.

Investment securities having a fair value of \$96,824 and \$94,200 at August 31, 2007 and 2006, respectively, were lent to various brokerage firms. The securities are returnable on demand and were collateralized by cash deposits of \$100,853 and \$97,385 at August 31, 2007 and 2006, respectively. The collateral is invested in short-term securities and income is credited to the long-term investment pool.

The University maintains an investment pool for its long-term investments. The pool is managed to achieve the maximum prudent long-term return. The University's Board of Trustees has authorized a policy designed to allow growth while providing a predictable flow of return to support operations. This policy permits the use of total return at approved spending rates (5% in 2007 and 2006) applied to the twelve-quarter moving average fair value of the investment pool. This amount, along with interest and dividends earned on short-term investments, is reported as operating revenues in the consolidated statements of activities. Investment return in excess of or less than the University's approved endowment distribution is reported as nonoperating activity in the consolidated statements of activities.

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At August 31, 2007 and 2006, the University had capital commitments remaining to various private capital equity programs of approximately \$140,893 and \$65,228, respectively.

Investment return for the years ended August 31, 2007 and 2006 was as follows:

	<u>2007</u>	<u>2006</u>
Dividends and interest	\$ 67,123	\$ 53,938
Realized and unrealized gains, net	230,483	164,530
Investment expenses	<u>(4,144)</u>	<u>(3,555)</u>
Total investment return, net	293,462	214,913
Less investment return approved for operations	<u>112,421</u>	<u>84,942</u>
Investment return in excess of endowment distribution	<u>181,041</u>	<u>129,971</u>
Unrestricted	181,182	130,542
Temporarily restricted	\$ (141)	\$ (571)

**4. Accounts and Loans Receivable**

Accounts and loans receivable consist of the following at August 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Student and other	\$ 89,087	\$ 86,613
Patient care	53,332	54,844
Grants and contracts	38,966	42,883
Royalties (see Note 2)	-	41,172
Student loans	92,902	89,784
Receivable from NYUHC (see Note 14)	<u>18,855</u>	<u>14,891</u>
	293,142	330,187
Allowance for uncollectible amounts	<u>(27,295)</u>	<u>(25,998)</u>
Accounts and loans receivable, net	<u>\$ 265,847</u>	<u>\$ 304,189</u>

The allowance for uncollectible amounts of accounts and loans receivable at August 31, 2007 and 2006 consists of the following:

	<u>2007</u>	<u>2006</u>
Student and other	\$ (9,789)	\$ (8,317)
Patient care	(13,310)	(13,463)
Student loans	<u>(4,196)</u>	<u>(4,218)</u>
Total allowance for uncollectible amounts	<u>\$ (27,295)</u>	<u>\$ (25,998)</u>



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**5. Contributions Receivable**

Contributions receivable consist of the following at August 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Amounts expected to be collected in:		
Less than one year	\$ 62,840	\$ 35,930
One to five years	339,396	289,205
More than five years	<u>82,196</u>	<u>77,430</u>
	484,432	402,565
Discount to present value (4.6% in 2007 and 4.7% in 2006)	(57,353)	(51,530)
Allowance for uncollectible amounts	<u>(57,613)</u>	<u>(39,009)</u>
Contributions receivable, net	<u>\$ 369,466</u>	<u>\$ 312,026</u>

Contributions receivable activity for the years ended August 31, 2007 and 2006 was as follows:

	<u>2007</u>	<u>2006</u>
Contributions receivable at beginning of year, net	\$ 312,026	\$ 299,298
Add discount to present value and allowance	<u>90,539</u>	<u>121,507</u>
Contributions receivable beginning of year, gross	402,565	420,805
New pledges received (undiscounted)	222,507	126,731
Adjustments and writeoffs	8,230	(15,961)
Pledge payments received	<u>(148,870)</u>	<u>(129,010)</u>
Subtotal	484,432	402,565
Deduct discount to present value and allowance	<u>(114,966)</u>	<u>(90,539)</u>
Contributions receivable at end of year, net	<u>\$ 369,466</u>	<u>\$ 312,026</u>

Expenses related to fundraising activities were \$16,068 and \$15,787 for the years ended August 31, 2007 and 2006, respectively.

In 2006, the University received a conditional gift in the amount of \$48,000. Funds received toward this gift were \$4,000 and \$4,000 for the years ended August 31, 2007 and 2006, respectively. The remaining portion of the conditional gift, which has not been recorded, is intended to establish and support the Institute for the Study of the Ancient World, which will promote a new graduate research and doctoral program.

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**6. Deposits with Trustees**

Deposits with trustees consist primarily (\$242,248 in 2007 and \$123,677 in 2006) of various unexpended funds that relate to the DASNY insured revenue bonds (See Note 8).

In addition, the University holds all outstanding shares of a corporation that owns certain real property in Florence, Italy, known as Villa La Pietra (La Pietra), together with works of art and other personal property located in and around La Pietra known as the Acton Collection. This gift is subject to certain restrictions with respect to the use of the real and personal property. Because the University does not assign values to collection items, the consolidated financial statements do not include any amounts for La Pietra or the Acton Collection.

Further, the University is the income beneficiary of a perpetual trust. The income from this trust must be used for the support, maintenance, and utilization of La Pietra and the Acton Collection. The trust income is also to be used for the education, benefit, and assistance of faculty and students of the arts and crafts, architecture, literature, music, history of the arts, and all other arts either in the United States or in foreign countries. The trust is included in the University's consolidated balance sheets at August 31, 2007 and 2006 at its estimated present value, which approximates the fair value of the trust (\$24,866 and \$23,075, respectively).

**7. Land, Buildings, and Equipment**

Land, buildings, and equipment consist of the following at August 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Land	\$ 129,641	\$ 139,387
Buildings and building improvements	2,575,849	2,429,513
Equipment	522,850	502,826
Construction in progress	98,763	101,679
	<u>3,327,103</u>	<u>3,173,405</u>
Less accumulated depreciation	<u>(1,428,547)</u>	<u>(1,324,696)</u>
Land, buildings, and equipment, net	<u>\$ 1,898,556</u>	<u>\$ 1,848,709</u>

During 2007, the University sold a building which resulted in a gain of \$49,929, reported in nonoperating activities in the consolidated statements of activities.

Depreciation expense was \$132,093 and \$120,797 at August 31, 2007 and 2006, respectively.

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**8. Bonds and Notes Payable**

Bonds and notes payable consist of the following at August 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Bonds and notes payable attributable to the University	\$ 1,147,414	\$ 1,051,915
Bonds and notes payable attributable to NYUHC	<u>9,028</u>	<u>11,462</u>
Bonds and notes payable	<u>\$ 1,156,442</u>	<u>\$ 1,063,377</u>

Principal and interest payments relating to bonds and notes payable attributable to NYUHC will be funded by payments from NYUHC. A receivable has been recorded for these amounts (see Notes 4 and 14).

In 2007, the Dormitory Authority of the State of New York (DASNY) issued \$126,145 of insured revenue bonds (Series 2007A) on behalf of the University, with interest rates ranging from 4.25% to 5.0%, maturing serially from July 2017 through July 2037. The proceeds were partially used to reimburse the University for costs incurred in connection with the upgrade and expansion of the University's co-generation facility, which provides electricity and water to many of the University's buildings at the Washington Square campus. A portion of the Series 2007A bonds may also be used to pay or to reimburse the University for costs incurred in connection with the reconstruction, renovation and deferred maintenance of, and equipment and information systems purchases for, certain facilities at the Washington Square campus and certain other properties used by the University in Manhattan.

The fair value of the University's bonds and notes payable is \$1,199,091 at August 31, 2007.

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The principal amounts outstanding for bonds and notes payable consist of the following at August 31, 2007 and 2006.

Issuer	Description	Principal Outstanding	
		2007	2006
Dormitory Authority of the State of New York (DASNY)	Series 1998A bonds, with interest rates ranging from 5.0% to 6.0%, maturing serially through July 2027 (including premium of \$15,463 and \$16,994 in 2007 and 2006, respectively)	\$ 229,318	\$ 236,524
	Series 2001A bonds, with interest rates ranging from 5.25% to 5.7%, maturing serially through July 2015 (including premium of \$2,903 and \$3,265 in 2007 and 2006, respectively)	82,814	91,420
	2001 Series 1 bonds, with interest rates ranging from 4.4% to 5.5%, maturing serially through July 2040 (including premium of \$7,773 and \$8,009 in 2007 and 2006, respectively)	127,773	128,009
	2001 Series 2 bonds, with interest rates ranging from 4.0% to 5.5%, maturing serially from July 2011 through July 2041 (net of discount of \$159 and \$164 in 2007 and 2006, respectively)	94,141	94,136
	Series 2003A bonds, with interest rates ranging from 1.5% to 5.0%, maturing serially through July 2011 (including premium of \$3,448 and \$4,322 in 2007 and 2006, respectively)	54,863	69,628
	Series 2003B bonds, with fixed interest rates at 5.0%, maturing in July 2011 (including premium of \$1,842 and \$2,302 in 2007 and 2006, respectively)	28,717	29,177
	Series 2004A bonds, with interest rates ranging from 3.5% to 5.0%, maturing serially from July 2014 through July 2034 (including premium of \$1,158 and \$1,203 in 2007 and 2006, respectively)	55,943	55,988
	Series 2004B bonds, with variable interest rates based on the current weekly auction rate at the time of payment, maturing serially from July 2014 through July 2034	98,525	98,525
	Series 2007A bonds, with interest rates ranging from 4.25% to 5.0%, maturing serially from July 2017 through July 2037 (including premium of \$3,830 in 2007)	129,974	-
New York City Industrial Development Agency	NYCIDA Series 2001 bonds, with interest rates ranging from 4.1% to 5.4%, maturing serially from July 2011 through July 2041 (net of discount of \$1,399 and \$1,440 in 2007 and 2006, respectively)	62,811	62,770
Student Loan Marketing Association	Term loans, 7.0% and 8.4%, due August 2012 and December 2013, respectively	171,713	176,613
Other bonds, loans, and notes	Various, with interest rates ranging from 3.0% to 16.5%, due through November 2017	19,850	20,587
	Total amounts outstanding	\$ 1,156,442	\$ 1,063,377

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Title to facilities financed with certain DASNY insured revenue bonds remains with DASNY until the bonds are retired, at which time title will pass to the University. Such facilities are leased to the University and are included as assets in the University's balance sheets. Amounts borrowed from the Student Loan Marketing Association were used to finance the construction of the Skirball Institute of Bimolecular Medicine and Residential Tower. These amounts are secured by a lien on the mortgaged premises.

Interest expense on long-term debt totaled \$58,871 and \$56,457 for the years ended August 31, 2007 and 2006, respectively. This excludes \$770 and \$2,517 of capitalized interest (net of income earned on deposits with bond trustees) for the years ended August 31, 2007 and 2006, respectively, which is included in land, buildings and equipment, net.

**Future Principal Payments**

The aggregate required principal payments on all bonds and notes payable for each of the next five fiscal years, and to maturity, are as follows:

Year ending August 31	
2008	\$ 35,221
2009	45,592
2010	37,196
2011	63,585
2012	161,198
Thereafter	778,791
Total principal payments	<u>1,121,583</u>
Unamortized premiums and discounts, net	34,859
	<u>\$ 1,156,442</u>

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**9. Retirement Plans**

Substantially all University employees are covered by retirement plans. These plans include various defined contribution plans, multi-employer defined benefit plans, and two University-sponsored defined benefit plans. The University contributes to its defined contribution and multi-employer defined benefit plans based on rates required by union or other contractual arrangements. Expenses related to the University's defined contribution plans were \$62,657 and \$57,135 in 2007 and 2006, respectively. Contributions to multi-employer retirement plans totaled \$2,968 and \$2,663 for the years ended August 31, 2007 and 2006, respectively.

Contributions to defined benefit plans are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Contributions to the two University-sponsored defined benefit plans are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 plus such additional amounts as the University may deem appropriate, from time to time. Pension benefits under these two plans are based on participants' final average compensation levels and years of service. The measurement dates for the two University-sponsored defined benefits plans are August 31 and June 30.

Effective December 15, 2005, the School of Medicine adopted an amendment to the by-laws of its defined benefit plan that froze the benefits to which vested and non-vested participants are entitled. The amendment also closed the plan to new participants. The plan amendment resulted in a decrease in the benefit obligation of \$8,217.

During 2007, the University adopted SFAS No. 158 which changed the manner in which the University reported its pension benefit obligations (see Note 2). The adoption of SFAS No. 158 resulted in a decrease of \$9,520 to unrestricted net assets.



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*Plans' Funded Status:*

The following table provides information with respect to the defined benefit plans as of and for the years ended August 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
<b>Change in benefit obligation</b>		
Benefit obligation at beginning year	\$ 225,342	\$ 248,787
Service cost	6,641	7,739
Interest cost	13,848	13,106
Plan amendment	-	(8,217)
Actuarial gain	(5,302)	(29,496)
Benefits paid	(6,496)	(6,089)
Administrative expense	(483)	(488)
Benefit obligation at end of year	<u>\$ 233,550</u>	<u>\$ 225,342</u>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at beginning of year	\$ 163,577	\$ 142,622
Actual return on plan assets	25,250	11,983
Employer contributions	24,909	15,549
Benefit paid	(6,496)	(6,089)
Administrative expense	(483)	(488)
Fair value of plan assets at end of year	<u>\$ 206,757</u>	<u>\$ 163,577</u>
<b>Reconciliation of funded status</b>		
Funded status	\$ (26,793)	\$ (61,765)
Unrecognized actuarial loss	-	39,205
Unrecognized net asset at transition	-	(269)
Unrecognized prior service cost	-	1,867
Accrued pension benefit cost	<u>\$ (26,793)</u>	<u>\$ (20,962)</u>
Minimum pension liability adjustment	-	(22,797)
Accrued benefit obligation	<u>\$ (26,793)</u>	<u>\$ (43,759)</u>
<b>Weighted average assumptions as of August 31</b>		
<i>(Washington Square, School of Medicine)</i>		
Discount rate	6.25%, 6.25%	6.25%, 6.15%
Rate of increase in compensation levels	3.50%, 4.00%	3.50%, 4.00%

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*Net Periodic Benefit Cost:*

	<u>2007</u>	<u>2006</u>
<b>Components of net periodic benefit cost</b>		
Service cost	\$ 6,641	\$ 7,739
Interest cost	13,849	13,106
Expected return on plan assets	(14,430)	(11,856)
Amortization of prior service cost	479	691
Amortization of actuarial loss	2,079	5,002
Amortization of transition asset	(269)	(269)
Net periodic benefit cost	<u>\$ 8,349</u>	<u>\$ 14,413</u>

**Weighted average assumptions as of August 31**

(Washington Square, School of Medicine)

Discount rate	6.25%, 6.15%	5.25%, 5.50%
Rate of increase in compensation levels	3.50%, 4.00%	4.00%, 4.00%
Expected long-term rate of return on plan assets	8.00%, 8.25%	8.00%, 8.25%

*Plan Assets:*

The plans' investment objectives seek a positive long-term total rate of return after inflation to meet the University's current and future plan obligations. Asset allocations for the plans combine tested theory and informed market judgments to balance investment risks with the need for high returns.

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, weighting the asset class returns by the plans' investment in each class, and taking into account expected volatility and correlation between the returns of various asset classes.

The plans' asset allocations as of August 31, 2007 and 2006, by asset category are as follows:

	<u>2007</u>	<u>2006</u>
Equity securities	45%	58%
Fixed income securities	50%	34%
Real estate	3%	6%
Other	2%	2%

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*Contributions:*

Annual contributions are determined by the University, based upon calculations prepared by the plans' actuaries. Expected contributions for the 2008 fiscal year are \$5,500.

*Benefit Payments:*

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year ending August 31	
2008	\$ 8,839
2009	9,210
2010	9,567
2011	9,229
2012	10,373
2013-2017	58,511

**10. Other Postretirement Benefits**

The University provides certain health care and life insurance benefits for eligible retired employees. University employees may become eligible for these benefits if they reach the age and service requirements of the plan while working for the University. The costs related to these plans are accrued during the period the employees provide service to the University.

In 2007, the School of Medicine adopted an amendment to its postretirement benefit plan which increased the contribution requirements for retirees ages 65 and older, resulting in a decrease in the benefit obligation of \$9,617. In 2006, the School adopted an amendment to its postretirement benefit plan which tiered the deductibles and increased participant copayments. This change resulted in a decrease in the benefit obligation of \$13,848.

During 2007, the University adopted SFAS No. 158 which changed the manner in which the University reported its postretirement benefit obligations (see Note 2). The adoption of SFAS No. 158 resulted in a decrease of \$22,269 to unrestricted net assets.

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Information with respect to these plans as of and for the years ended August 31, 2007 and 2006 is as follows:

*Plans' Funded Status:*

	<u>2007</u>	<u>2006</u>
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	\$ 259,276	\$ 286,972
Service cost	12,752	12,711
Interest cost	15,175	13,626
Plan amendment	(9,617)	(13,848)
Actuarial gain	(1,076)	(31,107)
Participant contributions	2,220	1,346
Retiree drug subsidy receipts	837	558
Benefits paid by the University	(12,337)	(10,982)
Benefit obligation at end of year	<u>\$ 267,230</u>	<u>\$ 259,276</u>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at beginning of year	\$ 17,692	\$ 16,959
Actual return on plan assets	939	733
Fair value of plan assets at end of year	<u>\$ 18,631</u>	<u>\$ 17,692</u>
<b>Reconciliation of funded status</b>		
Funded status	\$ (248,599)	\$ (241,584)
Unrecognized actuarial loss	-	32,390
Accrued postretirement benefit obligation	<u>\$ (248,599)</u>	<u>\$ (209,194)</u>
<b>Weighted average assumptions as of August 31</b>		
Discount rate	6.25%	6.00%
Projected retiree health-care cost trend rate	8.00%	8.00%
Ultimate retiree health-care cost trend	5.00%	5.00%
Year ultimate trend rate is achieved	2014	2014

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*Net Periodic Benefit Cost:*

	<u>2007</u>	<u>2006</u>
<b>Components of net periodic benefit cost</b>		
Service cost	\$ 12,752	\$ 12,711
Interest cost	15,175	13,626
Expected return on plan assets	(1,468)	(1,399)
Amortization of transition cost	22	22
Amortization of plan service cost	(2,204)	(979)
Actuarial loss	2,140	1,621
Net periodic benefit cost	<u>\$ 26,417</u>	<u>\$ 25,602</u>
<b>Weighted average assumptions as of August 31</b>		
Discount rate	6.15%	5.50%
Expected long-term rate of return	8.25%	8.25%
Projected retiree health-care cost trend rate	9.00%	9.00%
Ultimate retiree health-care cost trend	5.00%	5.00%
Year ultimate trend rate is achieved	2014	2014

In 2007, the effect of a 1% change in the health care cost trend rate is as follows:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on net periodic benefit cost	\$ 5,830	\$ (4,594)
Effect on postretirement benefit obligation	40,663	(33,195)
Net periodic benefit cost	<u>\$ 46,493</u>	<u>\$ (37,789)</u>

*Plan Assets:*

The plan's investment objectives seek a positive long-term total rate of return after inflation to meet the University's current and future plan obligations. The asset allocation for the plan combines tested theory and informed market judgments to balance investment risks with the need for high returns.

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes.

The plan's assets were primarily invested in cash as of August 31, 2007 and 2006.

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*Benefit Payments:*

The following benefit payments (net of retiree contributions), which reflect the effects of the Medicare Act and expected future service, as appropriate, are expected to be paid:

	<b><u>Benefit Payments</u></b>
Year ending August 31	
2008	\$ 11,222
2009	11,971
2010	12,855
2011	13,683
2012	14,784
Thereafter	91,628

**11. Asset Retirement Obligation**

Upon adoption of FIN 47 in 2006, the University recognized asset retirement obligations on future events, such as the abatement of asbestos, lead-based paint and petroleum bulk storage tank removal from buildings, and recorded a cumulative effect of a change in accounting principle of \$79,752. The cumulative effect of the adoption of FIN 47 reflects the accretion of the liability and depreciation of the related asset component from the asset acquisition date through August 31, 2006. Asset retirement costs (net of accumulated depreciation) of \$9,232 and \$9,819 have been included in land, buildings and equipment as of August 31, 2007 and 2006, respectively. The related asset retirement obligation was \$100,868 and \$95,181, at August 31, 2007 and 2006, respectively.

	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Current Year Effect on Operating Expenses</b>		
Accretion of asset retirement obligation	\$ 5,679	\$ 5,188
Depreciation expense	595	422
Total current year effect	<b><u>\$ 6,274</u></b>	<b><u>\$ 5,610</u></b>
<b>Cumulative Effect of Change in Accounting Principle</b>		
Land, buildings and equipment		\$ 19,397
Accumulated depreciation		(9,156)
Asset retirement obligation		<u>(89,993)</u>
Total cumulative effect		<b><u>\$ (79,752)</u></b>



**New York University**  
**Notes to Consolidated Financial Statements**  
**August 31, 2007 and 2006**

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*(in thousands of dollars)*

**12. Obligations with Financial Institutions**

During 2003, the University entered into a line of credit (LOC) for an amount not to exceed \$50,000. The LOC bears interest at the prime rate plus 0.5% and is due on demand. As of August 31, 2007 and 2006, no amounts were outstanding under the LOC.

During 2007, the University entered into an LOC for an amount not to exceed \$200,000 to provide short-term financing for capital projects. The LOC bears interest at the prime rate less 0.5% and is due on demand. As of August 31, 2007, no amounts were outstanding under the LOC.

**13. Grants and Contracts**

Grants and contracts revenue represents reimbursements of costs incurred in direct support of research activities. Additionally, such sponsored grants and contracts generally provide for the recovery of indirect costs supporting the research effort. Indirect costs, included in grants and contracts revenues, are recovered at rates established in advance by the University through negotiations with the Federal government and other private sponsors and amounted to \$74,439 and \$74,066 for the years ended August 31, 2007 and 2006, respectively.

**14. Hospital Affiliations**

Certain services are shared between the University and NYUHC. Hospital affiliations revenue relating to NYUHC includes \$46,919 and \$40,979 for the years ended August 31, 2007 and 2006, respectively. As of August 31, 2007 and 2006, accounts and loans receivable includes \$9,827 and \$3,429, respectively, relating to these agreements. The University also has an agreement with NYUHC relating to fees generated from Global Transplant services. Accounts and loans receivable at August 31, 2007 and 2006 include \$183 and \$154, respectively, due from NYUHC, related to this activity.

Debt service associated with bonds and notes payable attributable to NYUHC (see Note 8) is being funded by NYUHC. A receivable equal to the NYUHC-related debt (\$9,028 and \$11,462 at August 31, 2007 and 2006, respectively) is included in accounts and loans receivable (see Note 4).

The University also has an affiliation agreement with The New York City Health and Hospitals Corporation (HHC) to provide general care and mental health services at Bellevue Hospital Center and Gouverneur Diagnostic and Treatment Center. This agreement will terminate on June 30, 2008. Hospital affiliations revenue relating to HHC includes \$100,280 and \$89,136 for the years ended August 31, 2007 and 2006, respectively.

**New York University**  
**Notes to Consolidated Financial Statements**  
**August 31, 2007 and 2006**

*(in thousands of dollars)*

**15. Allocated Expenses**

Certain expenses incurred by the University are allocated to specific program and support service activities on the basis of utilization of the underlying assets. Expenses included in this allocation are operation and maintenance of plant, interest on indebtedness, and depreciation and amortization. The adoption of FIN 47 resulted in a \$6,274 and \$5,610 increase in total depreciation and amortization (see Note 11) for the years ended August 31, 2007 and 2006, respectively. These expenses, which are included in total operating expenses, for the years ended August 31, 2007 and 2006 are presented below:

	<b>2007</b>			
	<b>Operation and Maintenance of Plant</b>	<b>Interest on Indebtedness</b>	<b>Depreciation and Amortization</b>	<b>Total</b>
Instruction and other academic programs	\$ 64,360	\$ 21,072	\$ 50,025	\$ 135,457
Research and other sponsored programs	21,495	5,512	15,141	42,148
Patient care	1,829	672	1,224	3,725
Libraries	4,989	715	3,789	9,493
Student services	13,641	178	10,682	24,501
Institutional services	18,326	2,654	13,677	34,657
Auxiliary enterprises	54,406	28,068	39,860	122,334
Total	<u>\$ 179,046</u>	<u>\$ 58,871</u>	<u>\$ 134,398</u>	<u>\$ 372,315</u>

	<b>2006</b>			
	<b>Operation and Maintenance of Plant</b>	<b>Interest on Indebtedness</b>	<b>Depreciation and Amortization</b>	<b>Total</b>
Instruction and other academic programs	\$ 57,983	\$ 19,098	\$ 46,195	\$ 123,276
Research and other sponsored programs	19,214	5,158	14,315	38,687
Patient care	1,529	629	1,101	3,259
Libraries	4,619	570	3,592	8,781
Student services	13,159	177	10,410	23,746
Institutional services	15,074	2,537	11,568	29,179
Auxiliary enterprises	48,064	28,288	36,584	112,936
Total	<u>\$ 159,642</u>	<u>\$ 56,457</u>	<u>\$ 123,765</u>	<u>\$ 339,864</u>

**New York University**  
**Notes to Consolidated Financial Statements**  
**August 31, 2007 and 2006**

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*(in thousands of dollars)*

**16. Components of Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at August 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Contributions and earnings for operating purposes	\$ 342,363	\$ 235,905
Contributions for buildings and equipment	25,213	65,136
Annuity trust agreements	22,927	18,573
Scholarships and fellowships	8,465	8,282
Total	<u>\$ 398,968</u>	<u>\$ 327,896</u>

In 2006, the University determined that it was named the sole beneficiary in a charitable lead trust created in 2005. Accordingly, restricted gift revenue was recorded in the amount of \$18,000 when the amounts were determined in 2006.

Permanently restricted net assets at August 31, 2007 and 2006 are retained in perpetuity with investment return available to support the following activities:

	<u>2007</u>	<u>2006</u>
Program support	\$ 263,304	\$ 242,050
Faculty and staff salaries	490,525	462,919
Scholarships and fellowships	233,688	214,953
Library books	11,243	11,230
Research and sponsored programs	38,646	36,002
Buildings and equipment	3,462	3,379
Student loans	668	655
Total	<u>\$ 1,041,536</u>	<u>\$ 971,188</u>

**New York University**  
**Notes to Consolidated Financial Statements**  
**August 31, 2007 and 2006**

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*(in thousands of dollars)*

**17. Commitments and Contingencies**

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

	<b>Operating Lease Payments</b>	
	<hr/>	
Year ending August 31		
2008	\$	92,707
2009		86,141
2010		65,309
2011		64,793
2012		63,598
Thereafter		282,405

Rent expense was \$140,463 and \$133,187 at August 31, 2007 and 2006, respectively.

The University is a defendant in various legal actions arising out of the normal course of its operations and amounts expended by the University under government grants and contracts are subject to audit by governmental agencies. In addition, amounts received for patient care from Medicare and Medicaid are subject to audit. Although the final outcome of such actions and audits cannot be determined, management believes that eventual liability, if any, will not have a material effect on the University's consolidated financial position.

**18. Subsequent Events**

Effective October 23, 2007, all necessary regulatory approvals were granted and the University was substituted for Mount Sinai-NYU Health, Inc. as the sole member of NYU Hospitals Center (NYUHC). By resolution of the University Board of Trustees, the University appointed members of the NYUHC Board and also named the same individuals as members of a newly created New York University School of Medicine Advisory Board. Management expects that this will result in greater integration and closer alignment of the goals and strategies of NYUHC and the School of Medicine. Beginning fiscal year 2008, the consolidated reporting entity for the University will include NYUHC.

Subsequent to year-end, the University completed an agreement with representatives of the Emirate of Abu Dhabi to create "NYU Abu Dhabi," the first comprehensive liberal arts campus to be operated abroad by a major U.S. research university. This campus, when completed, is expected to serve upwards of 2,000 students, principally from the Middle East, South Asia, Central Asia, and Europe. Site selection and campus planning will begin soon, and operations are expected to start at the campus in 2010.

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

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

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

### **Construction of Projects**

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

*(Section 5)*

### **Amendment of a Project; Cost Increases; Additional Bonds**

A Project may be amended by the University with the prior written consent of an Authorized Officer of the Authority, which consent will not be unreasonably withheld, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing furnishing and equipping of a Project which the Authority is authorized to undertake.

*(Section 6)*

### **Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments**

Except to the extent that money is available therefor under the Resolution or the Loan Agreement, including money in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the University pursuant to the Loan Agreement 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:

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

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

(c) Three days (or the preceding Business Day if such day is not a Business Day) 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, assuming that such Bonds will, from and after the next succeeding date on which the rates at which such Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum for such Bonds on the immediately preceding Business Day, plus one percent (1%) per annum;

(d) On the fifth Business Day immediately preceding the July 1 and January 1 on which interest becomes due on Outstanding Bonds, other than Variable Interest Rate Bonds, the interest becoming due on such July 1 or January 1 interest payment date for such Bonds;

(e) On the fifth Business Day immediately preceding the date on which the principal or Sinking Fund Installments on any Outstanding Bonds becomes due, the principal and Sinking Fund Installments on the Bonds coming due on date;

## Appendix C

(f) At least five Business Days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(g) 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);

(h) 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 external costs or expenses incurred by it attributable to the issuance of a Series of Bonds or the financing or construction of a Project, including but not limited to any fees or other amounts payable under a remarketing agreement, a Credit Facility or a Liquidity Facility; (iv) for the costs and expenses incurred to compel full and punctual performance by the University of all the provisions of the Loan Agreement 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;

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

(j) Promptly upon demand by an Authorized Officer of the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds of a Series 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 of such Series;

(k) By 5:00 P.M., New York City time, on the date Option Bonds are tendered for purchase by the Holders thereof or on the date Variable Rate Bonds are subject to mandatory tender for purchase, as the case may be, the amount, in immediately available funds, required to pay the purchase price of Option Bonds or Variable Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from money to be made available pursuant to a Liquidity Facility; *provided, however*, that if such notice is given to the University by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 12:30 P.M., New York City time, on such day; *provided, further*, that, if such notice is given to the University after 3:00 P.M., New York City time, then such amount shall be paid, in immediately available funds, by 10:00 A.M., New York City time, on the next succeeding day; and

(l) Promptly upon demand by an Authorized Officer of the Authority, all amounts required to be paid by the Authority to a Counterparty in accordance with an Interest Rate Exchange Agreement or to reimburse the Authority for any amounts paid to a Counterparty in accordance with an Interest Rate Exchange Agreement.

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

The Authority directs the University, and the University agrees, to make the payments required by paragraphs (c), (d), (e), (f), (i) and (j) above directly to the Trustee for deposit and application in accordance with the Resolution, the payments required by paragraph (b) above directly to the Trustee for deposit in a Construction Fund or other fund established under the Resolution, as directed by an Authorized Officer of the Authority, the payments required by paragraphs (a), (g) and (h) above directly to the Authority and the payments required by paragraphs (k) and (l) above to or upon the order of the Authority.

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

The obligations of the University to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the University may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the University to complete a Project or the completion thereof with defects, failure of the University to occupy or use a Project, any declaration or finding that the Bonds 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 University 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 University for, or to pay, the Costs of a Project beyond the extent of money in the account within the Construction Fund established for such Project.

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

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

The Authority shall have the right in its sole discretion to make on behalf of the University any payment required pursuant to the Loan Agreement which has not been made by the University when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the provisions of the Loan Agreement summarized below under the caption "*Defaults and Remedies*" arising out of the University'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 University to make such payment.

The University, if it is not then in 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 University, 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 with respect to such Series of Bonds; *provided, however*, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under

## *Appendix C*

the Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the University, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds outstanding to be paid or to be deemed paid in accordance with the Resolution.

*(Section 9)*

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

The University consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority's rights to receive the payments required to be made pursuant to paragraphs (c), (d), (e), (f) and (i) of the provisions of the Loan Agreement summarized above under the caption "*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*", (ii) any or all security interests that may be granted by the University under the second paragraph of the provisions of the Loan Agreement summarized below under the caption "*Management Consultant*" and (iii) all funds and accounts established by the Resolution and pledged thereby in each case to secure any payment or the performance of any obligation of the University under the Loan Agreement or arising out of the transactions contemplated in the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The University 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 the Authority's rights (x) to receive payments required to be made pursuant to paragraphs (c), (d), (e), (f) and (i) of the provisions of the Loan Agreement summarized above under the caption "*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*", (y) in any security interest that may be granted by the University pursuant to the second paragraph of the provisions of the Loan Agreement summarized below under the caption "*Management Consultant*" and (z) to enforce all other obligations required to be performed by the University pursuant to the Loan Agreement. Any realization upon any pledge made or security interest that may be granted in accordance with the second paragraph of the provisions of the Loan Agreement summarized below under the caption "*Management Consultant*" shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the University pursuant thereto.

*(Section 10)*

### **Management Consultant**

The University shall (i) at the request of the Authority made at any time the rating on any Outstanding Bonds or on any of the University's long term unsecured, unenhanced debt obligations is reduced by a Rating Service to below, in the case of Moody's Investor Service, Inc. ("**Moody's**"), "A1" or, in the case of Fitch, Inc ("**Fitch**") or Standard & Poor's Rating Services ("**S&P**"), "A+", or (ii) if the rating on any Outstanding Bonds or on any of the University's long term unsecured, unenhanced debt obligations is reduced by a Rating Service to below, in the case of Moody's "A2" or, in the case of Fitch or S&P, "A", or (iii) if any rating is suspended or withdrawn by a Rating Service, engage, at the University's expense, a Management Consultant within sixty (60) days after such request, reduction, suspension or withdrawal, unless the Authority has waived such obligation which it may do in its sole discretion. The Management Consultant shall review the fees and tuition, operations and management of the University and any other matter deemed appropriate by the Authority and make such recommendations with respect to such fees and tuition, operations, management and other matters. Copies of the report and recommendations of the Management Consultant (the "**Report**") shall be delivered to the Authority, the Trustee, and the University's President and General Counsel no later than one hundred twenty (120) days following the date of engagement of such Management Consultant. The President of the University shall promptly cause the Report to be sent to each member of the University's Board of Trustees and to the members of each committee of the Board of Trustees as shall be determined by the President, on the advice of the General Counsel, shall consider appropriate. The University shall:

(i) not later than (30) days after receipt of the Report by the University's President deliver to the Authority, the Trustee, each member of the Board of Trustees and the members of each committee to which the Report was delivered, a written report setting forth the University's comment and reaction to the Report;

(ii) not later than sixty (60) days after receipt of the Report by the University's President, deliver to the Authority and the Trustee, a plan approved by either the University's Board of Trustees or the Executive Committee of the Board of Trustees setting forth in reasonable detail the following:

- (a) the steps the University proposes to take to implement the recommendations contained in the Report;
- (b) the timetable on which the University proposes to implement such recommendations; and
- (c) with respect to any recommendations that the University does not plan to implement, an explanation of the University's reasons therefor, including any legal or regulatory restrictions or impediments to implementation of any such recommendations, and any business, financial or other factors that in the reasonable judgment of the University affect the feasibility of implementing any such recommendations; and

(iii) within thirty (30) days after the end of each fiscal quarter of the University, deliver a written report to the Authority and the Trustee demonstrating the progress made by the University in implementing the recommendations. The University shall continue to deliver such reports until it gives written notice to the authority and the Trustee that, in the University's reasonable judgment, either (1) the recommendations to have been implemented have been fully implemented or (2) it is no longer feasible to implement any recommendation that has not yet been implemented.

Notwithstanding the foregoing provisions of this section, the University in lieu of engaging a Management Consultant or implementation of the recommendations contained in the Report may elect to provide security in form and substance acceptable to the Authority in its sole discretion for the University's obligations under the Loan Agreement.

*(Section 12)*

### **Tax-Exempt Status of the University**

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

*(Section 13)*

### **Use and Control of Projects; Restrictions on Religious Use**

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the University shall have sole and exclusive control and possession of and responsibility for (i) the Projects; (ii) the operation of the Projects and supervision of the activities conducted therein or in connection with any part thereof; and (iii) the maintenance, repair and replacement of the Projects; *provided, however*, that (A) except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of a Project by persons other than the University or its students, staff and employees in furtherance of the University's corporate purposes if such use will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, and (B) the foregoing is not intended and shall not be construed to prohibit the University from disposing of any Project or part thereof subject only to the limitations and restrictions set forth in the Loan Agreement.

The University 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



## *Appendix C*

connection with any part of a program of a school or department of divinity for any religious denomination; *provided, however*, that the foregoing restriction shall not prohibit the free exercise of any religion; and *provided, further*, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit a 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 an Authorized Officer of 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 University further agrees that prior to any disposition of any portion of a Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of a 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 a Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

*(Sections 17 and 18)*

### **Maintenance, Repair and Replacement.**

The University agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Projects in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Projects may be properly and advantageously conducted. The University shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Projects which may have been financed by the proceeds of the sale of Bonds provided the University substitutes for any removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced.

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

*(Section 19)*

### **Covenant as to Insurance.**

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

(b) The University shall furnish to the Authority annually a report of an Insurance Consultant that the insurance coverage maintained by the University is adequate and in accordance with the standards above.



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

(Section 20)

### **Reports and Financial Information**

The University shall, if and when requested by an Authorized Officer of the Authority, render to the Authority and the Trustee reports with respect to all repairs, replacements and maintenance made to each Project. In addition, the University shall, if and when requested by an Authorized Officer of the Authority, render such other reports concerning the condition of each Project as an Authorized Officer of the Authority may request. The University shall also furnish annually, not later than one hundred sixty-five (165) days after the end of the University's fiscal year, to the Trustee, the Authority and to such other parties as an Authorized Officer of the Authority may reasonably designate, including Rating Services, (i) a certificate stating whether the University is in compliance with the provisions of the Loan Agreement, (ii) copies of its financial statements audited by a nationally recognized independent public accountant selected by the University and acceptable to an Authorized Officer of the Authority and prepared in conformity with generally accepted accounting principles applied on a consistent basis, except that such audited financial statements may contain such changes as are concurred in by such accountants, and (iii) such other statements, reports and schedules describing the finances, operation and management of the University and such other information reasonably required by an Authorized Officer of the Authority.

The University shall also furnish to the Authority and the Trustee as soon as practicable after the end of the second quarter of the University's fiscal year, but not later than thirty (30) days thereafter, and after the end of the University's fiscal year, but not later than one hundred sixty-five (165) days thereafter, a statement certified by an Authorized Officer of the University, (i) setting forth as at the end of such quarter and such fiscal year, (A) the Available Assets and General Liabilities of the University, (B) the market value of the Securities owned by the University which comply with the requirements of the Loan Agreement and (C) the outstanding principal amount of Short Term Debt, calculated in accordance with the Loan Agreement, and (ii) stating whether the University is in compliance with the provisions of the Loan Agreement. At the request of an Authorized Officer of the Authority, the University shall submit documentation supporting the conclusions and statements contained in such certificates.

(Section 23)

### **Defaults and Remedies**

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

(a) the University shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (except as described in paragraphs (B) and (C) of this paragraph (a)) or the payment of any other amounts required to be delivered or paid by or on behalf of the University in accordance with the Loan Agreement or 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 paragraph (c), (d), (e) or (f) of the provision of the Loan Agreement summarized above under the caption "*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*" and such default continues for a period in excess of (1) day or (C) default in the timely payment of any payment pursuant to paragraph (k) of the provision of the Loan Agreement summarized above under the caption "*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*"; or

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

(c) as a result of any default in payment or performance required of the University under the Loan Agreement 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;

## *Appendix C*

(d) the University shall be in default under any agreement entered into with the issuer of or in connection with a Liquidity Facility or a Credit Facility (which default has not been waived or cured) if the University's obligations thereunder are secured by a lien upon, security interest in or pledge of property which is equal or prior to any lien upon, security interest in or pledge of such property given or made pursuant to the Loan Agreement and, upon such default, (A) the principal of any indebtedness thereunder may be declared to be due and payable or (B) the lien security interest or pledge may be foreclosed or realized upon;

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

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

(g) the charter of the University shall be suspended or revoked;

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

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

(j) 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 University which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days;

(k) 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 University, which order shall remain undismissed or unstayed for the earlier of (x) three (3) Business Days prior to the date provided for in such order for such sale, disposition or distribution or (y) an aggregate of thirty (30) days from the date such order shall have been entered; or

(l) a final judgment for the payment of money, at least \$1,000,000 of which is not covered by insurance or reserves set aside by the University, 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 University and at any time after forty-five (45) days from the entry thereof, (i) such judgment shall not have been discharged or paid, or (ii) the University shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty-five (45) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal.

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

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

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

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

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

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

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made or action taken pursuant to the Loan Agreement 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 26)*

### **Termination**

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

*(Section 39)*

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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 brief summary of certain provisions of the Resolution pertaining to the Series 2008 Bonds and the Project. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

### **Contract with Bondholders**

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

*(Section 1.03)*

### **Refunding Bonds and Additional Obligations**

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

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

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

*(Sections 2.04 and 2.05)*

### **Pledge of Revenues**

The proceeds from the sale of the Bonds, the Revenues, and all funds and accounts established by the Resolution and any Series Resolution, excluding the Arbitrage Rebate Fund and any fund established for the payment of the purchase price of Option Bonds tendered for purchase, are pledged and assigned to the Trustee as security for the payment of the principal 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 and any Series Resolution, all in accordance with the provisions of the Resolution and any Series Resolution. The pledge of the Revenues and the assignment of the Authority's security interest therein shall also be for the benefit of each Provider as security for the payment of any amounts payable to such 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 Bondholders. 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 and the funds and accounts established by the Resolution and any Series Resolution which are pledged thereby 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.



## ***Appendix D***

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 the Bonds, the Revenues and the funds and accounts established by the Resolution and are pledged thereby, which pledge shall constitute a first lien thereon.

*(Section 5.01)*

### **Tax Exemption; Rebates**

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Authorized Bonds, the Authority shall comply with the provisions of the Code applicable to the Authorized Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the “gross proceeds” of the Authorized Bonds, as such term is defined in the Code, reporting of the earnings on such gross proceeds and rebates of earnings on such gross proceeds to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the provisions of the Tax Certificate and with such written instructions as may be provided by Bond Counsel or a special tax counsel.

The Authority shall not take any action or fail to take any action which would cause the Authorized Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code; nor shall any part of the proceeds of the Authorized Bonds or any other funds of the Authority be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Authorized Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

The Authority shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Authorized Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the Arbitrage Rebate Fund and available therefor.

*(Section 5.01, Series 2008 Resolution)*

### **Establishment of Funds and Accounts**

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

Construction Fund;  
Debt Service Fund; and  
Arbitrage Rebate Fund.

In addition to the accounts and subaccounts, if any, required to be established by the Resolution or by any Series Resolution or any Bond Series Resolution, the Authority may for purposes of internal accounting establish such other accounts or subaccounts as the Authority or the Trustee deems proper, necessary or desirable. All money at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by any Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution; *provided, however*, that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of the Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price of such Option Bonds.

*(Section 5.02)*

### **Application of Bond Proceeds and Allocation Thereof**

Upon the receipt of the 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 the Bond Series Certificate relating to such Series.

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 Money in the Construction Fund**

As soon as practicable after the delivery of each Series of Bonds, there shall be deposited in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing the issuance of such Series or the Bond Series Certificate relating to such Series. Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, money deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Projects.

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

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

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

*(Section 5.04)*

#### **Deposit and Allocation of Revenues**

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

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

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

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

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority 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

## *Appendix D*

Authority in connection with the financing of the Projects, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Fourth.

The Trustee shall notify the Authority and the University promptly after making the payments of any balance of Revenues then remaining on the immediately succeeding July 1. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the University, in the respective amounts set forth in such direction. Any amounts paid to the University shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

*(Section 5.05)*

### **Debt Service Fund**

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

- (a) the interest due and payable on all Outstanding Bonds on such interest payment date;
- (b) the principal amount due and payable on such interest payment date on all Outstanding Bonds; and
- (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds on such interest payment date.

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

Notwithstanding the first paragraph of this subdivision, the Authority may, at any time subsequent to July 1 of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, 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 University 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, however,* that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

Money in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds payable on and prior to the earlier of 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 Bonds then bear 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 in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds of any Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such money 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 authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

*(Section 5.06)*

### **Arbitrage Rebate Fund**

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the University for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in

accordance with the directions of an Authorized Officer of the Authority, money on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall, first, be applied to reimburse pro rata, each Provider for money advanced under a Credit Facility or a Liquidity Facility, including interest thereon, which is then unpaid in proportion to the respective amounts advanced by each Provider, and, then be deposited to any fund or account established under the Resolution in accordance with the directions of such Authorized Officer.

*(Section 5.07)*

#### **Application of Money in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions of the Resolution, if at any time the amounts held in the Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date on which all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the University. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by each Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

*(Section 5.08)*

#### **Investment of Funds and Accounts**

Money held under the Resolution by the Trustee, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority (which direction shall specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations Exempt Obligations, and, if not inconsistent with the investments guidelines of a Rating Service applicable to funds held under the Resolution, any other permitted investment; *provided, however*, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution *provided, further*, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person..

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

In computing the amount in any fund or account held by the Trustee under the provisions of this section, Permitted Investments shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in this section. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the University 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

## **Appendix D**

the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of the Resolution. 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.

*(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 thereby; *provided, however*, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created thereby is not prior to the charge or lien created by the Resolution, and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the Revenues of equal priority with the lien created and the pledge made by the Resolution.

*(Section 7.06)*

### **Amendment of Loan Agreement**

Except as expressly otherwise provided in this Section 7.11, the Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect the interest of the Holders of Outstanding Bonds in any material respect unless consented to in writing by (a) the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the Holders of not less than a majority in aggregate principal amount of the Bonds of each Series so affected then Outstanding; *provided, however*, that if such amendment, change, modification, alteration, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; *provided, further*, that no such amendment, change, modification, alteration, termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the University under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to this paragraph by the Holders of Bonds shall, except as otherwise provided in this Section, be given in the same manner required by the Resolution.

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

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



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

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

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

Bonds owned or held by or for the account of the Authority or the University shall not be deemed Outstanding for the purpose of the consent provided for in this Section, and neither the Authority nor the University shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

(Section 7.11)

#### **Modification and Amendment Without Consent**

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

(a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

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

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

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

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

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

(g) To modify or amend a Project; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Holders 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 Bondholders in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority.

(Section 9.02)

### **Powers of Amendment**

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as set forth in the provision of the Resolution summarized below under the caption "*Consent of Bondholders*", (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof, or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this section, a Series shall be deemed to be affected by a modification or amendment if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such



determination shall be binding and conclusive on the Authority and all Holders of Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

*(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 the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Holders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption to be mailed by the Authority to the Holders (but failure to mail such copy and request will not affect the validity of the Supplemental Resolution when consented to as provided below). Such Supplemental Resolution shall not be effective unless and until (i) there shall be filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in the provision of the Resolution summarized above under the caption "*Powers of Amendment*" and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted thereby, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in this section. Each such consent shall be effective only if accompanied by proof of the holding or owning at the 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 that the consents have been given by the Holders described in such certificate or certificates of the Trustee. Any consent shall be binding upon the Holder of the Bonds giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bonds 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 Holder of such Bonds 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 below 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 the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this section, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee 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 paragraph provided). 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, 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 of a Series, whether purchasing as underwriters, Remarketing Agent or otherwise for resale, upon such purchase, may consent to a modification or amendment permitted under the headings above titled, "Powers of Amendment" or "Consent of Bondholders" 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

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purchasing as an underwriter, Remarketing Agent or otherwise 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 by the Authority.

*(Section 10.02)*

### **Modifications by Unanimous Consent**

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution 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 and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to Bondholders either by mailing or publication shall be required.

*(Section 10.03)*

### **Events of Default**

Each of the following constitutes an “event of default” under the Resolution and each Series Resolution if:

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

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

(c) 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 percent (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 to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; or

(d) The Authority shall have notified the Trustee that an “Event of Default”, as defined in the Loan Agreement shall have occurred and is continuing and all sums payable by the University 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 (other than under paragraph (b) of the provision of the Resolution summarized above under the caption “*Event of Default*”), then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds or any Series Resolution to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service 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) money shall have accumulated and be

available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under each Series 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, the Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this section) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

*(Section 11.03)*

### **Enforcement of Remedies**

Upon the happening and continuance of any event of default, then and in every such case, the Trustee may proceed, and, upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds or, in the case of the happening and continuance of an Event of Default described in paragraph (b) of the provision of the Resolution summarized above under the caption “*Event of Default*”, upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution regarding indemnification of the Trustee), to protect and enforce its rights and the rights of the Holders of the Bonds under the laws of the State or under the Resolution or under any Series Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or any Series Resolution or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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

*(Section 11.04)*

### **Priority of Payments After Default**

If at any time the money held by the Trustee under the Resolution and under each Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of the Resolution), such money together with any money then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Resolution or otherwise, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying all amounts owing to the Trustee under the Resolution) as follows:

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all amounts due on any

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date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

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

The provisions of this section are in all respects subject to the provisions of the Resolution.

Whenever money is to be applied by the Trustee pursuant to the provisions of this section, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The setting aside of such money in trust for application in accordance with this section shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

*(Section 11.05)*

### **Termination of Proceedings**

In case any proceedings commenced by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, each Provider, the University and the Bondholders shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been commenced.

*(Section 11.06)*

### **Bondholders' Direction of Proceedings**

Anything in the Resolution to the contrary notwithstanding, the Holders of a majority in principal amount of the Outstanding Bonds or in the case of an event of default described in subparagraph (c) under the heading "Event of Default" above, the Holders of a majority in principal amount of the Outstanding Bonds of the Series affected thereby shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under each Series Resolution, provided such direction shall be in accordance with law or the provisions of the Resolution and of each Series Resolution and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

*(Section 11.07)*

### **Limitation of Rights of Individual Bondholders**

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or, in the case of an event of default under paragraph (b) of the provision of the Resolution summarized above under the caption "*Event of Default*", the Holders of not less than twenty-five



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

*(Section 11.08)*

### **Defeasance**

If the Authority shall pay or cause to be paid to the Holders of the Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other money and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all money or securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each 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 University. The 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 money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (a) in case any of such 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, (b) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee shall have received the written consent to such defeasance of each Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Provider, and (d) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by an Authorized Officer of the Authority,

## *Appendix D*

by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this section in the manner provided in the Resolution. Neither the Defeasance Securities nor money deposited with the Trustee pursuant to this section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; *provided, however*, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be; *provided further*, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each 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 University, and any such money 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 money, or Defeasance Securities and money, if any, in accordance with clause (b) of the preceding paragraph, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (b) of the preceding paragraph, the Trustee shall pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each 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 University, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

Option Bonds shall be deemed to have been paid in accordance with the second paragraph of this section only if, in addition to satisfying the requirements of clauses (a) and (b) above, there shall have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is

made with the Trustee pursuant to the second paragraph of this section, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each 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 University, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee, after such date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged and the Holders shall look only to the Authority for payment of such Bonds; *provided, however*, that, before being required to make any such payment to the Authority, the Trustee may, at the expense of the Authority cause to be published in an Authorized Newspaper a notice that such money 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 money then unclaimed shall be returned to the Authority.

*(Section 12.01)*



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**FORMS OF APPROVING OPINIONS OF BOND COUNSEL  
RELATING TO THE SERIES 2008 BONDS**

July , 2008

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 \$280,250,000 aggregate principal amount of New York University Revenue Bonds, Series 2008A (the “Series 2008A Bonds”), \$226,705,000 aggregate principal amount of New York University Revenue Bonds, Series 2008B (the “Series 2008B Bonds”) and \$98,805,000 aggregate principal amount of New York University Revenue Bonds, Series 2008C (the “Series 2008C Bonds,” and collectively with the Series 2008A Bonds and the Series 2008B Bonds, the “Series 2008 Bonds”), by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2008 Bonds are issued under and pursuant to the Act, the New York University Revenue Bond Resolution of the Authority, adopted on May 28, 2008 (the “Resolution”), the Series 2008A Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds, adopted on May 28, 2008 (the “Series 2008A Resolution”), the Series 2008B Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds, adopted on May 28, 2008 (the “Series 2008B Resolution”), the Series 2008C Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds, adopted on May 28, 2008 (the “Series 2008C Resolution,” and collectively with the Series 2008A Resolution and the Series 2008B Resolution, the “Series Resolutions”) and the Bond Series Certificates, each dated as of July 18, 2008, executed by the Authority and relating to the Series 2008A Bonds, the Series 2008B Bonds and the Series 2008C Bonds (each a “Bond Series Certificate”). Said resolutions and each Bond Series Certificate are herein collectively referred to as the “Resolutions.” Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Resolutions.

The Series 2008 Bonds are part of an issue of bonds of the Authority (the “Bonds”), which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount, except as provided in the Resolutions or as may be limited by law. The Series 2008 Bonds are being issued for the purposes set forth in the Resolutions.

*Appendix E*

The Authority is authorized to issue Bonds, in addition to the Series 2008 Bonds, only upon the terms and conditions set forth in the Resolution and such Bonds, when issued, will with the Series 2008 Bonds be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

The Series 2008A Bonds are dated their date of delivery and will bear interest at the rates and mature on July 1 of each of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2013	\$ 525,000	4.000%	2020	\$4,125,000	5.000%
2014	3,165,000	4.000	2021	4,330,000	5.000
2015	3,295,000	4.000	2022	4,545,000	5.000
2016	3,425,000	5.000	2023	4,775,000	5.000
2017	3,595,000	5.000	2029	34,095,000	5.000
2018	3,775,000	4.000	2038	74,065,000	5.000
2019	3,925,000	5.000	2048	132,610,000	5.250

The Series 2008B Bonds are dated their date of delivery and will bear interest at the rates and mature on July 1 of each of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$2,270,000	3.000%	2019	\$3,210,000	5.000%
2011	2,335,000	3.250	2020	3,370,000	5.000
2012	2,410,000	3.125	2021	3,535,000	5.000
2013	2,485,000	4.000	2022	3,710,000	5.000
2014	2,590,000	4.000	2023	3,895,000	5.000
2015	2,685,000	4.000	2029	12,710,000	4.700
2016	2,795,000	5.000	2029	15,030,000	5.000
2017	2,935,000	5.000	2038	59,995,000	5.000
2018	3,080,000	4.000	2048	97,665,000	5.250

The Series 2008C Bonds are dated their date of delivery and will bear interest at the rates and mature on July 1 of each of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$1,800,000	3.000%	2018	\$2,405,000	4.000%
2011	1,855,000	3.250	2019	2,500,000	4.125
2012	1,915,000	3.125	2020	2,600,000	4.250
2013	1,975,000	4.000	2021	2,715,000	4.300
2014	2,055,000	4.000	2022	2,830,000	4.375
2015	2,135,000	4.000	2023	2,955,000	4.400
2016	2,220,000	4.000	2029	20,975,000	5.000
2017	2,310,000	4.000	2038	45,560,000	5.000

The Series 2008 Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or any integral multiples thereof and are numbered consecutively from one upward in order of issuance.

The Series 2008 Bonds are subject to redemption prior to maturity and mandatory tender for purchase as provided in the Resolutions.

The Series 2008 Bonds are being issued to finance loans by the Authority to New York University (the “University”). The Authority and the University have entered into a Loan Agreement, dated as of May 28, 2008, by and between the Authority and the University (the “Loan Agreement”), by which the University is required to make payments sufficient to pay the principal and Redemption Price of and interest on Outstanding Bonds, including the Series 2008 Bonds, as well as the Authority’s annual administrative expenditures and costs. All amounts payable under the Loan Agreement which are required to be paid to the Trustee under the Resolution for payment of the principal or Redemption Price of or interest on the Bonds have been pledged by the Authority for the benefit of the Holders of Outstanding Bonds including the Series 2008 Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2008 Bonds thereunder.

2. The Series Resolutions have been duly adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolution and the Series Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2008 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2008 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions and are entitled to the 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 constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

5. The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2008 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 2008 Bonds to be included in gross income retroactive to the date of issue of the Series 2008 Bonds. The Authority has covenanted in the Series Resolutions and the Tax Certificate as to Arbitrage and the Provisions of Section 141–150 of the Internal Revenue Code (the “Tax Certificate”) and the University has covenanted in the Loan Agreement and the Tax Certificate to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2008 Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code. In addition, the Authority and the University have made certain representations and certifications in the Tax Certificate. We have also relied on the opinion of counsel to the University as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law and assuming compliance with the tax covenants described above, and the accuracy or the certain representations and certifications made by the Authority and the University described above, interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2008 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest on the Series 2008 Bonds is exempt, by virtue of the Act, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

*Appendix E*

We have examined an executed Tax-Exempt Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2008 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy. Except as stated in 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 2008 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2008 Bonds, or the interest thereon, if any action is taken with respect to Series 2008 Bonds or the proceeds thereof upon the advice or approval of other counsel.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the University. We have assumed due authorization, execution and delivery by the University of the agreements to which they are a party.

Very truly yours,

July , 2008

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 \$10,705,000 aggregate principal amount of New York University Revenue Bonds, Series 2008D (the "Series 2008D Bonds"), by the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the Public Authorities Law of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2008D Bonds are issued under and pursuant to the Act, the New York University Revenue Bond Resolution of the Authority, adopted on May 28, 2008 (the "Resolution"), the Series 2008D Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds, adopted on May 28, 2008 (the "Series Resolution") and the Bond Series Certificate, dated as of July 18, 2008, executed by the Authority and relating to the Series 2008D Bonds (the "Bond Series Certificate"). Said resolutions and Bond Series Certificate are herein collectively referred to as the "Resolutions." Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Resolutions.

The Series 2008D Bonds are part of an issue of bonds of the Authority (the "Bonds"), which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount, except as provided in the Resolutions or as may be limited by law. The Series 2008D Bonds are being issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue Bonds, in addition to the Series 2008D Bonds, only upon the terms and conditions set forth in the Resolution and such Bonds, when issued, will with the Series 2008D Bonds be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

The Series 2008D Bonds are dated their date of delivery and will bear interest at the rates and mature on July 1 of each of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$2,615,000	4.240%
2011	2,730,000	4.980
2012	2,865,000	5.230
2013	2,495,000	5.330

## *Appendix E*

The Series 2008D Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or any integral multiples thereof and are numbered consecutively from one upward in order of issuance.

The Series 2008D Bonds are subject to redemption prior to maturity and mandatory tender for purchase as provided in the Resolutions.

The Series 2008D Bonds are being issued to finance a loan by the Authority to New York University (the "University"). The Authority and the University have entered into a Loan Agreement, dated as of May 28, 2008, by and between the Authority and the University (the "Loan Agreement"), by which the University is required to make payments sufficient to pay the principal and Redemption Price of and interest on Outstanding Bonds, including the Series 2008D Bonds, as well as the Authority's annual administrative expenditures and costs. All amounts payable under the Loan Agreement which are required to be paid to the Trustee under the Resolution for payment of the principal or Redemption Price of or interest on the Bonds have been pledged by the Authority for the benefit of the Holders of Outstanding Bonds including the Series 2008D Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2008D Bonds thereunder.

2. The Series Resolution has been duly adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolution and the Series Resolution have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2008D Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2008D Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions and are entitled to the 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 constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

5. In the opinion of Bond Counsel, interest on the Series 2008D Bonds is included in gross income for Federal income tax purposes pursuant to the Code. The advice set forth in this paragraph was not intended or written by Bond Counsel to be used and cannot be used by an owner of the Series 2008D Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Series 2008D Bonds. The advice set forth herein is written to support the promotion or marketing of the Series 2008D Bonds. Each owner of the Series 2008D Bonds should seek advice based on its particular circumstances from an independent tax advisor.

6. Interest on the Series 2008D Bonds is exempt, by virtue of the Act, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

We have examined an executed Series 2008D Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2008D Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy. Except as stated in 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 2008D Bonds. Furthermore, we express no



opinion as to any federal, state or local tax law consequences with respect to the Series 2008D Bonds, or the interest thereon, if any action is taken with respect to Series 2008D Bonds or the proceeds thereof upon the advice or approval of other counsel.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the University. We have assumed due authorization, execution and delivery by the University of the agreements to which they are a party.

Very truly yours,

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