

NEW ISSUE



\$126,145,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK UNIVERSITY
INSURED REVENUE BONDS, SERIES 2007A

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

Payment and Security: The New York University Insured Revenue Bonds, Series 2007A (the “Series 2007A 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 February 26, 2003 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 Insured Revenue Bond Resolution, adopted February 26, 2003 (the “Resolution”), the New York University Series Resolution Authorizing up to \$230,000,000 Series 2007A Bonds (the “Series 2007A Resolution”) adopted on May 30, 2007.

Payment of the principal of and interest on the Series 2007A Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation (“Ambac Assurance” or the “Insurer”) simultaneously with the delivery of the Series 2007A Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007A BONDS – Bond Insurance.”

Ambac

The Loan Agreement is a general obligation of the University and requires the University to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2007A Bonds. The obligations of the University under the Loan Agreement are secured by a pledge of tuition and fees. The amount of tuition and fees subject to the pledge in any year is equal to the Maximum Annual Debt Service on Outstanding Bonds. Such pledge is subordinate to certain prior pledges of tuition and fees made by the University to secure certain of its outstanding indebtedness, as more fully described herein.

The Series 2007A 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 2007A 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.

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

Redemption: *The Series 2007A Bonds are subject to redemption or purchase in lieu of 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 2007A 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 Series 2007A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that, by virtue of the Act, interest on the Series 2007A Bonds is exempt from personal income taxes of the State of New

The Series 2007A Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2007A 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 Deputy 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 2007A Bonds in definitive form in New York, New York, on or about July 12, 2007.

Morgan Stanley

Banc of America Securities LLC

Janney Montgomery Scott LLC

JP Morgan

MR Beal & Company

Prager, Sealy & Co., LLC

June 14, 2007

\$126,145,000
New York University
Insured Revenue Bonds, Series 2007A

Interest Payment Date: Each January 1 and July 1 (commencing January 1, 2008)

<u>Due</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Due</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number¹</u>
2017	\$3,555,000	4.25%	4.30%	649903QB0	2023	\$4,730,000	5.00%	4.54%*	649903QH7
2018	3,705,000	5.00	4.36*	649903QC8	2024	4,965,000	5.00	4.56*	649903QJ3
2019	3,890,000	5.00	4.41*	649903QD6	2025	5,215,000	5.00	4.58*	649903QK0
2020	4,085,000	5.00	4.45*	649903QE4	2026	5,475,000	5.00	4.59*	649903QL8
2021	4,290,000	5.00	4.49*	649903QF1	2027	5,750,000	5.00	4.60*	649903QM6
2022	4,505,000	5.00	4.52*	649903QG9					

\$33,345,000 5.00% Term Bonds Due July 1, 2032, to Yield 4.63%* CUSIP Number¹ 649903QN4
\$42,635,000 5.00% Term Bonds Due July 1, 2037, to Yield 4.67%* CUSIP Number¹ 649903QP9

* Priced to the first par call on July 1, 2017.

¹ CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2007A 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 2007A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2007A Bonds.

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 2007A Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the University or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2007A 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, the Insurer and other sources that the Authority believes are reliable. The Authority does not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation of the Authority.

The University reviewed the parts of this Official Statement describing the University, the Estimated Sources and Uses of Funds, the 2007A Project, and Appendix B. It is a condition to the sale and the delivery of the Series 2007A 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.

Other than with respect to information concerning the Insurer or the Financial Guaranty Insurance Policy contained herein and in Appendix F, none of the information in this Official Statement has been supplied or verified by the Insurer and the Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2007A Bonds; or (iii) the tax status of the interest on the Series 2007A Bonds.

References in this Official Statement to the Act, the Resolution, the Series 2007A Resolution, the Loan Agreement and the Financial Guaranty Insurance Policy do not purport to be complete. Refer to the Act, the Resolution, the Series 2007A Resolution, the Loan Agreement and the Financial Guaranty Insurance Policy for full and complete details of their provisions. Copies of the Resolution, the Series 2007A Resolution, the Loan Agreement and the Financial Guaranty Insurance Policies 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.

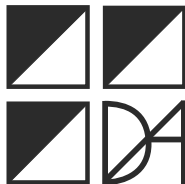
Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Authority, the University or the Insurer have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2007A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007A 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 -
DAVID D. BROWN, IV - EXECUTIVE DIRECTOR**

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

**OFFICIAL STATEMENT RELATING TO
\$126,145,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK UNIVERSITY
INSURED REVENUE BONDS, SERIES 2007A**

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 \$126,145,000 principal amount of its New York University Insured Revenue Bonds, Series 2007A (the "Series 2007A Bonds").

The following is a brief description of certain information concerning the Series 2007A Bonds, the Authority, the University and the Insurer. A more complete description of such information and additional information that may affect decisions to invest in the Series 2007A 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 2007A Bonds are being issued (i) to pay the costs of the 2007A Project, (ii) to pay a portion of the interest on the Series 2007A Bonds, and (iii) to pay the Costs of Issuance of the Series 2007A Bonds. See "PART 4 - ESTIMATED SOURCES AND USES OF FUNDS" and "PART 5 - THE 2007A PROJECT."

Authorization of Issuance

The Series 2007A Bonds will be issued pursuant to the Resolution and the Act. In addition to the Series 2007A 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 2007A Bonds. See "PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt."

The Series 2007A Bonds

The Series 2007A Bonds will be dated their date of delivery and will bear interest from such date (payable January 1, 2008 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 2007A BONDS - Description of the Series 2007A Bonds.”

Payment of the Series 2007A Bonds

The Series 2007A Bonds and all other Bonds which have been and 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 Loan Agreement is a general obligation of the University. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007A BONDS - Payment of the Series 2007A Bonds.”

Security for the Series 2007A Bonds

The Series 2007A Bonds are secured equally and ratably with all other Bonds which have been and may be issued under the Resolution by the pledge and assignment to the Trustee of the Revenues, by the security interest in the Pledged Revenues granted by the University to the Authority under the Loan Agreement, and by 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). The security interest in the Pledged Revenues will be subject to the Prior Pledges securing certain of the University’s outstanding indebtedness. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007A BONDS - Security for the Series 2007A Bonds” and “PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt.”

Bond Insurance

The Insurer has committed to issue its financial guaranty insurance policy guaranteeing the payment of the principal of and the interest on the Series 2007A Bonds when due. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007A BONDS – Bond Insurance” and “Appendix F - Specimen Financial Guaranty Insurance Policy.”

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 2007A Project

The 2007A 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 2007A PROJECT.”

PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007A BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2007A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2007A Resolution and the Financial Guaranty Insurance Policy. Copies of the Loan Agreement, the Resolution, the Series 2007A Resolution and the Financial Guaranty Insurance Policy are on file with the Authority and the Trustee. See

also “Appendix C - Summary of Certain Provisions of the Loan Agreement,” “Appendix D - Summary of Certain Provisions of the Resolution,” and “Appendix F - Specimen Financial Guaranty Insurance Policy” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2007A Bonds

The Series 2007A Bonds and all other Bonds which have been and 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 2007A Bonds and all other Bonds which have been and 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 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 20th day of each June and December 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 20th day of each June immediately preceding the July 1 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 2007A Bonds.

Security for the Series 2007A Bonds

The Series 2007A Bonds will be secured by the payments described above to be made under the Loan Agreement, 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) and the security interest in the Pledged Revenues. The security for the Series 2007A Bonds will also be for the benefit of all other Bonds issued under the Resolution, which Bonds will, regardless of their dates of issue, rank on a parity and be secured equally and ratably with each other and with the Series 2007A Bonds. See “Appendix D - Summary of Certain Provisions of the Resolution.”

Pledged Revenues

As security for its obligations under the Loan Agreement, the University has granted to the Authority a security interest in the Pledged Revenues, consisting of, during any Bond Year, an aggregate amount of tuition and fees charged to students and received or receivable by the University equal to the Maximum Annual Debt Service on the then Outstanding Bonds. The Authority has pledged and assigned to the Trustee for the benefit of the Holders of Bonds its security interest in the Pledged Revenues. The Authority’s and Trustee’s interest in the Pledged Revenues will be subordinate to Prior Pledges of tuition securing certain outstanding indebtedness of the University. See “PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt.” Pursuant to the Loan Agreement, however, the University has covenanted not to incur additional debt if the lien securing such debt would constitute a Prior Pledge.

Bond Insurance

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the “Financial Guaranty Insurance Policy”) relating to the Series 2007A Bonds effective as of the date of issuance of the Series 2007A Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, New York, New York or any successor thereto (the “Insurance Trustee”) that portion of the principal of and interest on the Series 2007A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by

the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one Business Day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2007A Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007A Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2007A Bonds, Ambac Assurance will remain obligated to pay the principal of and interest on outstanding Series 2007A Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2007A Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the University). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Financial Guaranty Policy shall be fully discharged.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2007A Bond that has become Due for Payment and that is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as set forth in the Financial Guaranty Insurance Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; and
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2007A Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2007A Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2007A Bond, appurtenant coupon, if any, or right to payment of the principal or interest on such Series 2007A Bond and will be fully subrogated to the surrendering Holder's rights to payment.

The insurance provided by the Financial Guaranty Insurance Policy is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$10,194,000,000 (unaudited) and statutory capital of approximately \$6,557,000,000 (unaudited) as of March 31, 2007. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency

reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the University.

Ambac Assurance makes no representation regarding the Series 2007A Bonds or the advisability of investing in the Series 2007A Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented under the heading "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007A BONDS – Bond Insurance."

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York, 10004 and its telephone number is (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;
2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007; and
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

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 or the

Insurers 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 shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee, upon the written request of (i) Holders of not less than 25% in principal amount of the Outstanding Bonds, or (ii) if one or more Insurers have deposited with the Trustee a sum sufficient to pay the principal of and interest on the Outstanding Bonds due upon the acceleration thereof, the Insurer or Insurers making such deposit, 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. For all purposes of the declaration of an event of default or the exercise of remedies under the Resolution, other than the exercise of any remedy as a result of the occurrence of an event of default described in clause (iii) of the first paragraph under this subheading, the Insurer of the Bonds of a Series will be deemed to be the Holder of such Bonds so long as such Insurer is not in default in the performance of its payment obligations under the policy of municipal bond insurance relating to the Bonds of such Series.

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 Insurer and 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 2007A 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, which Bonds may be issued at any time after the scheduled delivery date of the Series 2007A Bonds.

General

The Series 2007A Bonds will not be a debt of the State and the State will not be liable on the Series 2007A Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See "PART 7 - THE AUTHORITY."

PART 3 - THE SERIES 2007A BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2007A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2007A Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement" and "Appendix D - Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2007A Bonds.

General

The Series 2007A Bonds will be issued pursuant to the Resolution and the Series 2007A Resolution. The Series 2007A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2007A Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2007A Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2007A Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2007A Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2007A Bonds, the Series 2007A Bonds will be exchangeable for other fully registered Series 2007A 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."

Description of the Series 2007A Bonds

The Series 2007A Bonds will be dated their date of delivery, and will bear interest from such date (payable January 1, 2008 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. Interest on the Series 2007A Bonds will accrue based upon a 360-day year of twelve 30-day months.

The Series 2007A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2007A 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 days prior to the Record Date. If the Series 2007A 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 in lawful money of the United States of America at the principal corporate trust office of The Bank of New York, New York, New York, the Trustee and Paying Agent.

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2007A Bonds are subject to optional, special and mandatory redemption as described below.

Optional Redemption

The Series 2007A Bonds maturing on or before July 1, 2017, are not subject to optional redemption prior to maturity. The Series 2007A Bonds maturing after July 1, 2017, are subject to redemption prior to maturity on or after July 1, 2017 in any order (a) from amounts in the Debt Service Fund in excess of moneys required to pay interest, principal and Sinking Fund Installments and in excess of moneys set aside for special redemption, as a whole at any time or in part on any Interest Payment Date, or (b) at the option of the Authority, as a whole or in part at any time, at a price of par plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption

The Series 2007A Bonds maturing after July 1, 2017 are also subject to purchase in lieu of optional redemption prior to maturity at the election of the University, on or after July 1, 2017, in any order, in whole or in part at any

time, at a price of 100% of the principal amount thereof (the “Purchase Price”), plus accrued interest to the date set for purchase (the “Purchase Date”).

Special Redemption

The Series 2007A Bonds are also subject to redemption, in whole or in part, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, at the option of the Authority on any Interest Payment 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 2007A Bonds upon abandonment of all or a portion of the Project due to a legal or regulatory impediment.

Mandatory Redemption

The Series 2007A Bonds maturing on July 1, 2032 and on July 1, 2037, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2007A Bonds specified for each of the years shown below:

Term Bonds Maturing on July 1, 2032		Term Bonds Maturing on July 1, 2037	
Year	Sinking Fund Installments	Year	Sinking Fund Installments
2028	\$6,035,000	2033	\$7,705,000
2029	6,335,000	2034	8,090,000
2030	6,655,000	2035	8,495,000
2031	6,985,000	2036	8,915,000
2032 [†]	7,335,000	2037 [†]	9,430,000

[†]Final maturity.

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

In addition, the Authority has reserved the right to apply the principal amount of the Series 2007A Bonds subject to Sinking Fund Installments that have been purchased, defeased or optionally redeemed in part with moneys other than in the Debt Service Fund in reduction of one or more such Sinking Fund Installments in any order.

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2007A Bonds described above under the heading “*Optional Redemption*,” the Authority will select the Series and maturities of the Series 2007A Bonds to be redeemed. In the case of redemptions of Series 2007A Bonds described above under the heading “*Special Redemption*,” Series 2007A Bonds will be redeemed to the extent practicable pro rata among maturities within the Series 2007A Bonds to be redeemed. If less than all of the Series 2007A Bonds of a maturity are to be redeemed (pursuant to an optional, special or mandatory redemption), the Series 2007A Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

Generally, the Trustee is to give notice of the redemption of the Series 2007A Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to the registered owners of any Series 2007A Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than 10 business days prior to the date such notice is given. The failure of any owner of a Series 2007A Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2007A Bond. If directed in writing by an Authorized Officer of the Authority, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 60 days prior to the redemption date, but such publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2007A Bonds.

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

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Series 2007A Bonds will be given in the name of the University to the registered owners of the Series 2007A Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the Purchase Date specified in such notice. The Series 2007A Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2007A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2007A 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 2007A Bonds. Such Series 2007A 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 2007A 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 2007A 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 2007A Bonds to be purchased, the former registered owners of such Series 2007A 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 2007A 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 2007A Bonds in accordance with their respective terms.

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

For a more complete description of the redemption and other provisions relating to the Series 2007A 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 2007A 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 2007A Bonds. The Series 2007A 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 2007A Bond certificate will be issued for each maturity of the Series 2007A Bonds, totaling in the aggregate the principal amount of the Series 2007A 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 2007A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2007A 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 2007A 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 2007A Bonds, except in the event that use of the book-entry system for such Series 2007A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007A 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 2007A 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 2007A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2007A 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 2007A 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 2007A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2007A 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 shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2007A Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2007A Bonds by causing the Direct Participant to transfer the Participant's interest in such Series 2007A Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of the Series 2007A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2007A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2007A Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2007A 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 2007A 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 2007A 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 2007A 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 2007A BONDS.**

So long as Cede & Co. is the registered owner of the Series 2007A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2007A Bonds (other than under "PART 10 – TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2007A 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 2007A 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 2007A Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2007A 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 2007A 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 2007A 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 2007A Bonds and the total debt service on all indebtedness of the University, including the Series 2007A Bonds. For a discussion of the University's outstanding indebtedness, see "PART 6 - THE UNIVERSITY - Outstanding Long-Term Debt."

Series 2007A Bonds					
12 Month Period Ending August 31	Debt Service on Outstanding Indebtedness⁽¹⁾	Principal and Sinking Fund Installments	Interest Payments	Total Debt Service on the Series 2007A Bonds	Total Debt Service on all Outstanding Indebtedness⁽¹⁾
2007	\$ 91,037,853	\$ 0	\$ 0	\$ 0	\$ 91,037,853
2008	91,200,078	0	6,088,681	6,088,681	97,288,759
2009	99,448,345	0	6,280,588	6,280,588	105,728,933
2010	88,841,515	0	6,280,588	6,280,588	95,122,103
2011	113,115,533	0	6,280,588	6,280,588	119,396,121
2012 ⁽²⁾	207,385,480	0	6,280,588	6,280,588	213,666,068
2013	57,559,083	0	6,280,588	6,280,588	63,839,671
2014	77,244,953	0	6,280,588	6,280,588	83,525,541
2015	56,419,942	0	6,280,588	6,280,588	62,700,530
2016	47,832,071	0	6,280,588	6,280,588	54,112,659
2017	47,853,953	3,555,000	6,280,588	9,835,588	57,689,541
2018	47,778,748	3,705,000	6,129,500	9,834,500	57,613,248
2019	47,743,714	3,890,000	5,944,250	9,834,250	57,577,964
2020	47,752,411	4,085,000	5,749,750	9,834,750	57,587,161
2021	47,775,779	4,290,000	5,545,500	9,835,500	57,611,279
2022	47,785,388	4,505,000	5,331,000	9,836,000	57,621,388
2023	47,806,806	4,730,000	5,105,750	9,835,750	57,642,556
2024	47,845,619	4,965,000	4,869,250	9,834,250	57,679,869
2025	47,881,271	5,215,000	4,621,000	9,836,000	57,717,271
2026	47,904,173	5,475,000	4,360,250	9,835,250	57,739,423
2027	47,946,877	5,750,000	4,086,500	9,836,500	57,783,377
2028	29,650,109	6,035,000	3,799,000	9,834,000	39,484,109
2029	29,682,229	6,335,000	3,497,250	9,832,250	39,514,479
2030	29,706,506	6,655,000	3,180,500	9,835,500	39,542,006
2031	29,737,450	6,985,000	2,847,750	9,832,750	39,570,200
2032	29,793,730	7,335,000	2,498,500	9,833,500	39,627,230
2033	29,822,927	7,705,000	2,131,750	9,836,750	39,659,677
2034	29,879,473	8,090,000	1,746,500	9,836,500	39,715,973
2035	18,453,425	8,495,000	1,342,000	9,837,000	28,290,425
2036	18,451,750	8,915,000	917,250	9,832,250	28,284,000
2037	18,453,925	9,430,000	471,500	9,901,500	28,355,425
2038	18,452,850	0	0	0	18,452,850
2039	18,451,700	0	0	0	18,451,700
2040	18,453,375	0	0	0	18,453,375
2041	10,195,500	0	0	0	10,195,500

(1) Interest on the \$98,525,000 principal amount of Series 2004B Bonds is assumed to accrue at rates rising from 3.55% per annum to 3.66% per annum in 2009 and beyond.

(2) 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 2007A Bonds..	\$126,145,000.00
Net Original Issue Premium	<u>3,850,162.65</u>
 Total Sources of Funds.....	 <u>\$129,995,162.65</u>

Uses of Funds

Deposit to Construction Fund.....	\$114,156,069.42
Capitalized Interest.....	12,900,422.15
Costs of Issuance (including Bond Insurance) .	2,176,214.87
Underwriters' Discount	<u>762,456.21</u>
 Total Uses of Funds.....	 <u>\$129,995,162.65</u>

PART 5 - THE 2007A PROJECT

A portion of the proceeds of the Series 2007A Bonds will be used to pay or to reimburse the University for costs incurred in connection with 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 upgrade and expansion consists of the installation of new, more efficient equipment that will allow the University to provide electricity to many more buildings at the Washington Square campus, the construction of a new vault to house such equipment, and the installation of electrical distribution equipment and electrical feeders connecting the upgraded co-generation facility to more than twenty University buildings. 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.

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 6,700, 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
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New York University

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The Starr Foundation

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Principal
RD Management Corp.

Richard A. Grasso

Former Chairman & Chief Executive Officer
New York Stock Exchange

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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

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
Bear, Stearns & Co. Inc.

Courtney Sale Ross

William C. Rudin
President
Rudin Management Company, Inc.

Constance Silver
Director, Special Training
Indian Creek Public Safety Dept.

Henry R. Silverman
Chairman, Chief Executive Officer
Realogy Corporation

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

Michael H. Steinhardt
Managing Member
Steinhardt Management LLC

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General Partner
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Wasserman Media Group

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Foundation

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Former President &
Chief Executive Officer
Metropolitan Life Insurance Co.

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Chairman & CEO
C.V. Starr and Co., Inc.

Henry Kaufman
President
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Honorary Vice Chair
NYU Board of Trustees
Retired Chairman & Chief Executive
Officer
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Herbert M. Paul
Managing Partner
Herbert Paul, P.C.

William R. Salomon
Honorary Chairman
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Education & Health Research

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President
Solow Building Company

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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**

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Bruce Berger
President
Sutton Group Services, Inc.

Jane Eisner Bram, Ph.D.
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.
Cheryl Mills, B.A., J.D.

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, General Counsel, and Secretary of the University

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, 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 98th and 102nd 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 master's, 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 Shirley M. Ehrankranz 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 (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.

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.

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 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.

NYU is currently working with the American University in Paris ("AUP") to establish an academic cooperation. The cooperation began with the establishment of a study abroad program at AUP in the Fall of 2006, and, in the future may include construction of a campus facility on Ile Seguin, outside Paris, where both NYU and AUP would offer undergraduate and graduate degree programs and conduct related academic activities including research.

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"), together with all related liabilities. NYUHC is a membership corporation, the sole member of which is Mount Sinai/NYU Medical Center Health System (the "HSO").

In connection with the establishment of NYUHC, 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".

Originally, NYUHC and the other hospitals constituting the HSO were operated in a centralized manner by the HSO, but in 2002 the governance and management structure of the HSO and related hospitals shifted to a "campus-centric" model. The University and The Mount Sinai Medical Center, Inc. ("MSMC") were established as the two members of the HSO with the right to elect an equal number of trustees to the board of the HSO and a supermajority vote required for action. The management of NYUHC and the University's School of Medicine ("NYUSOM") were aligned, as was the management of The Mount Sinai Hospital and the Mount Sinai School of Medicine. The changes were intended to make decision-making more efficient and to enable the hospitals to revitalize their historically close alignments with their respective schools of medicine while maintaining some of the efficiencies realized by the previous structure.

Due to the changing healthcare environment, the University and MSMC have agreed to a restructuring through which the HSO will withdraw as the sole member of NYUHC and the University will become the sole member of NYUHC. The appointment of the University as the sole member of NYUHC requires an amendment to the University's charter to add specific language required by the New York State Department of Health that limits

the University's authority over certain matters relating to the operations of NYUHC and confines the University's role to that of an "inactive parent" entity. The amended charter must be approved by the Board of Trustees of the University and then by the New York State Department of Health and the New York State Board of Regents. If approved by all entities, the University will become the sole member of NYUHC no earlier than September 1, 2007.

NYUHC is currently independent of the University and is not consolidated for financial statement purposes with the University. Once the University becomes the sole member of NYUHC, NYUHC will continue to be a separate non-profit corporate entity, however the financial statements of the University and NYUHC will be consolidated.

Neither the HSO nor NYUHC are or will be obligated with respect to the Series 2007A 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

Academic Year	Applications	Acceptances	Percent Accepted	New Enrollment	Matriculation Yield
2002-03	29,202	8,019	27.5	3,107	38.7
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	33,795	9,898	29.3	N/A	N/A

Note: The above reflects data applicable to fall semesters' entering freshmen bachelor's degree candidates, and excludes students entering the University's two-year General Studies Program.

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

Academic Year	Full-Time				Part-Time				Grand Total	Full-Time Equivalent
	Under-Graduate	Graduate & Professional	Non-Degree Candidates	Total Full-Time	Under-Graduate	Graduate & Professional	Non-Degree Candidates	Total Part-Time		
2002-03	16,859	10,569	24	27,452	2,012	8,037	12,994	23,043	50,495	31,842
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	8,587	12,785	22,849	52,851	34,310

Enrollment Summary

The following table shows enrollment by school for the fall term of the 2006 – 2007 academic year.

ENROLLMENT BY SCHOOL Fall 2006

	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
<u>Undergraduate</u>			
College of Arts and Science	6,651	290	6,941
Steinhardt School of Education*	2,159	38	2,197
Leonard N. Stern School of Business – Undergraduate Division	2,199	34	2,233
School of Continuing and Professional Studies - Degree Credit Programs	2,552	831	3,383
Tisch School of the Arts	2,990	58	3,048
Gallatin School of Individualized Study – Undergraduate Division	1,110	71	1,181
Shirley M. Ehrenkranz School of Social Work	126	3	129
College of Dentistry	136	102	238
College of Nursing*	<u>477</u>	<u>50</u>	<u>527</u>
Total Undergraduate Students	18,400	1,477	19,877
<u>Graduate</u>			
Graduate School of Arts & Science	2,090	1,216	3,306
Institute of Fine Arts	88	22	110
Steinhardt School of Education	2,079	1,618	3,697
Leonard N. Stern School of Business – Graduate Division	1,044	2,062	3,106
Robert F. Wagner School of Public Service	403	419	822
Shirley M. Ehrenkranz School of Social Work	639	559	1,198
Tisch School of the Arts	580	24	604
Gallatin School of Individualized Study – Graduate Division	51	135	186
School of Continuing and Professional Studies - Graduate Program	468	1,436	1,904
College of Nursing*	<u>14</u>	<u>494</u>	<u>508</u>
Total Graduate Students	7,456	7,985	15,441
<u>Professional</u>			
School of Law	1,882	247	2,129
School of Medicine	726	49	775
College of Dentistry	<u>1,497</u>	<u>22</u>	<u>1,519</u>
Total Professional Students	4,105	318	4,423
<u>Non-Credit</u>			
College of Dentistry	0	284	284
School of Continuing and Professional Studies	<u>41</u>	<u>12,785</u>	<u>12,826</u>
Total Non-Credit	41	13,069	13,110
 GRAND TOTAL	 <u>30,002</u>	 <u>22,849</u>	 <u>52,851</u>

* College of Nursing had historically been counted as part of the Steinhardt School of Education prior to Fall 2005 and is now part of the College of Dentistry, but shown separately above for information purposes.

Degrees Conferred

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

<u>DEGREES CONFERRED</u>			
<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate and Professional</u>	<u>Total</u>
2001-02	4,115	6,678	10,793
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

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 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. The undergraduate charges for the 2007-08 academic year will be determined upon the Board's adoption of the budget for the 2007-08 academic year, which is expected to occur by July 15, 2007.

<u>TUITION CHARGES</u>				
	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>
Undergraduate Tuition	\$33,402 - \$36,662	\$31,690 - \$34,780	\$30,094 - \$33,033	\$28,496 - \$31,270
Graduate Tuition	\$1,136 per point	\$1,077 per point	\$1,023 per point	\$968 per point
Leonard N. Stern School of Business - Graduate Division	\$39,586	\$37,700	\$35,760	\$34,126
College of Dentistry	\$48,548	\$46,906	\$45,873	\$44,546
School of Law	\$40,967	\$38,069	\$36,588	\$34,908
School of Medicine	\$40,750	\$38,175	\$35,555	\$33,500

For the 2006-07 academic year, dormitory charges average approximately \$11,120. In 2005-06, dormitory charges averaged approximately \$10,800. It averaged approximately \$10,400 for 2004-05, and \$10,100 for 2003-04. For the 2006-07 academic year, board costs average approximately \$3,000. In 2005-06, they averaged approximately \$3,000, and \$2,900 for 2004-05, and \$2,900 for 2003-04.

For the fiscal year ended August 31, 2006, tuition and fees accounted for approximately 40.1% of the University's total unrestricted operating revenues. Auxiliary enterprise revenues, which include dormitory and board charges, amounted to approximately 13.3% 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 2005-06 academic year, approximately 30,200 students received financial aid. The University awarded scholarships totaling \$206.2 million from endowments, gifts, and general revenues. Funds from federal and State grant programs provided another \$31.4 million. In addition, students borrowed approximately \$593 million, including approximately \$1.8 million from University sources, participated in the federal College Work-Study Program earning wages of approximately \$8.4 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 2005-06, 2004-05 and 2003-04 New York State fiscal years (which ended March 31), the University received \$5.3 million, \$4.5 million, and \$4.9 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>
2002-03	2,697	3,484	6,181	3,394	22%
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%

* 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, 2007; negotiations to renew the agreement are expected to commence this month. Two contracts with Local 32BJ, Service Employees International Union (SEIU), AFL-CIO, covering apartment house service employees, expire on April 20, 2010. The University has two other contracts with Local 32BJ, one covering several academic building employees which expires December 31, 2007, and the other covering a small unit of window washers which expires on June 30, 2008. 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 and technical employees, expires on October 31, 2011. Two contracts with 1199, National Health and Human Services Employees Union SEIU, AFL-CIO, covering technical and clerical employees, expire on April 30, 2008. 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, 2006.

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. These requirements are effective as of August 31, 2007 and are expected to result in a decrease to unrestricted net assets as of August 31, 2007 of approximately \$73.2 million.

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Changes in unrestricted net assets:					
Operating revenues:					
Tuition and fees (net of financial aid awards of \$206,222 in 2006, \$196,654 in 2005, \$172,151 in 2004, \$162,364 in 2003, and \$154,344 in 2002)	\$985,803	\$910,115	\$847,788	\$795,992	\$756,928
Grants and contracts	273,215	277,311	260,736	250,618	235,277
Patient care	275,393	273,673	242,245	220,307	183,751
Hospital affiliations	130,115	113,744	106,879	99,320	89,477
New York State appropriation	5,284	5,152	5,530	5,252	5,471
Contributions	86,003	79,877	62,196	61,723	79,783
Investment return	84,942	75,716	70,176	69,743	68,526
Auxiliary enterprises	326,914	313,811	292,986	285,069	269,236
Royalties	93,934	78,328	65,703	52,524	36,187
Program fees and other	99,147	97,034	109,947	71,856	69,382
Net assets released from restrictions	92,424	98,117	83,950	93,034	71,834
Total operating revenues	<u>2,453,174</u>	<u>2,322,878</u>	<u>2,148,136</u>	<u>2,005,438</u>	<u>1,865,852</u>
Operating expenses:					
Instruction and other academic programs	1,004,015	940,645	859,640	864,006	805,449
Research and other sponsored programs	247,724	246,949	219,838	226,848	207,600
Patient care	245,740	241,348	209,782	187,587	165,039
Libraries	54,137	51,847	47,655	46,544	44,427
Student services	89,813	87,448	84,093	75,944	70,229
Hospital affiliations	133,098	116,660	108,857	101,100	90,908
Institutional services	208,560	192,300	180,354	162,048	149,108
Auxiliary enterprises	353,194	340,225	335,790	335,203	314,231
Total operating expenses	<u>2,336,281</u>	<u>2,217,422</u>	<u>2,046,009</u>	<u>1,999,280</u>	<u>1,846,991</u>
Excess of operating revenues over operating expenses	116,893	105,456	102,127	6,158	18,861
Non-operating activities:					
Investment return in excess of (less than) endowment distribution	130,542	106,040	66,085	67,229	(87,644)
Loss on refinancing of debt				(5,033)	
Other	(4,464)	2,026	(3,853)	(5,807)	(3,615)
Minimum pension liability adjustment	18,110	(21,219)	384	(11,133)	(8,951)
Increase (decrease) in unrestricted net assets before cumulative effect of change in accounting principle	<u>261,018</u>	<u>192,303</u>	<u>164,743</u>	<u>51,414</u>	<u>(81,349)</u>
Cumulative effect of change in accounting principle ⁽¹⁾	(79,752)				
Increase (decrease) in unrestricted net assets	<u>181,329</u>	<u>192,303</u>	<u>164,743</u>	<u>51,414</u>	<u>(81,349)</u>
Changes in temporarily restricted net assets:					
Contributions	123,184	111,464	93,401	54,999	97,248
Investment return, net	(571)	1,275	1,060	1,889	1,555
Other	(4,118)	(30,045)	(19,653)	(35,022)	(631)
Net assets released from restrictions	(92,424)	(98,117)	(83,950)	(93,034)	(71,834)
Increase (decrease) in temporarily restricted net assets	<u>26,071</u>	<u>(15,423)</u>	<u>(9,142)</u>	<u>(71,168)</u>	<u>26,338</u>
Changes in permanently restricted net assets					
Contributions	85,861	36,324	49,000	83,969	105,530
Unrealized gain (loss) on deposits with trustees	510	2,262	2,445	1,629	(4,473)
Other	(8,821)	(19,917)	(11,404)	(12,476)	(9,670)
Increase in permanently restricted net assets	<u>77,550</u>	<u>18,669</u>	<u>40,041</u>	<u>73,122</u>	<u>91,387</u>
Increase in net assets	<u>\$ 284,950</u>	<u>\$ 195,549</u>	<u>\$ 195,642</u>	<u>\$ 53,368</u>	<u>\$ 36,376</u>

(1) See note 11 to August 31, 2006 audited financial statements included in Appendix B.

Contributions, Grants and Contracts

Contributions (which include the net change in present value of collectible pledges receivable) for the fiscal years ended August 31, 2006, 2005, 2004, 2003, and 2002 were reflected in the Statements of Activities as follows:

CONTRIBUTIONS

(in thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Unrestricted net assets	\$ 86,003	\$ 79,877	\$ 62,196	\$ 61,723	\$ 79,783
Temporarily restricted net assets	123,184	111,464	93,401	54,999	97,248
Permanently restricted net assets	<u>85,861</u>	<u>36,324</u>	<u>49,000</u>	<u>83,969</u>	<u>105,530</u>
Total	\$295,048	\$227,665	\$204,597	\$200,691	\$282,561

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, 2006, approximately \$273.2 million was provided to the University for research and other sponsored programs, including \$247.4 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 \$1.8 billion at August 31, 2006. 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)

2002	\$1,400,018
2003	1,530,591
2004	1,702,755
2005	1,782,256
2006	1,848,709

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, 2006:

Restricted and Designated Investments at August 31, 2006 (in thousands)

	<u>COST</u>	<u>FAIR VALUE</u>
Permanently Restricted	\$763,052	\$ 763,052
Temporarily Restricted	51,790	55,076
Unrestricted - Designated	<u>765,697</u>	<u>1,055,192</u>
Total	\$1,580,539	\$1,873,320

As of March 31, 2007, the fair market value of the University's restricted and designated investments was \$2,049,300,000 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, 2006, the aggregate outstanding principal amount of long-term debt of the University was approximately \$1,063 million. All of the indebtedness is a general obligation of the University secured as described below.

Non-Dormitory Authority Indebtedness. At August 31, 2006, the University's outstanding long-term indebtedness to institutions other than the Dormitory Authority was approximately \$260 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, 2006, the outstanding principal amount of the loan was approximately \$1.7 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, 2006.

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, 2006, the outstanding principal amount of the loan was approximately \$151.7 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, 2006, 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 \$10.8 million in fiscal year 2006.

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 \$18.0 million as of August 31, 2006. 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.

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, 2006, the aggregate principal of the indebtedness to the Dormitory Authority and of Dormitory Authority bonds outstanding was approximately \$767 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, 2006, the outstanding principal amount was \$219.5 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, 2006, the outstanding principal amount was \$88.2 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 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 on the loans pertaining to the 1998 and 2001A Bonds, on a parity with the 2001 Series 2 Bonds and senior to the pledges under 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 on the loans pertaining to the 1998 and 2001A Bonds, on a parity with the 2001 Series 1 Bonds and senior to the pledges under the 2003, 2004 and 2007A Bonds, and the 2001 IDA loan.

5. The University is indebted to the Dormitory Authority in the principal amount of \$105.6 million for loans made on May 15, 2003. 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, 2006, the outstanding principal amount was \$65.3 million. The maximum annual debt service on this portion of the loan is \$16.6 million in the year ending August 31, 2008. The original principal amount of such portion of the loan and the balance at August 31, 2006 was \$101.1 million. 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 \$26,875,000 at maturity on July 1, 2011. The original principal balance of such portion of the loan and the balance at August 31, 2006 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 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 \$153.3 million. The loan and the Dormitory Authority's 2004A, 2004B1, and 2004B2 Bonds that financed it (collectively 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. The 2004B1 Bonds, in the principal amount of \$53.8 million, and the 2004B2 Bonds, in the principal amount of \$44.7 million, are variable auction rate bonds on which the interest rate is reset at the end of each auction rate period. Each will mature serially from July 1, 2014 through July 1, 2034 and may be redeemed without premium in whole or in part one day after the end of any auction rate period. Interest rates were 2.20% as of August 31, 2005 and 3.30% as of August 31, 2006. With interest rates assumed to rise to 3.98% per annum in 2009 and beyond, the maximum annual debt service payment will be \$7.1 million in the year ending August 31, 2034. Currently the 2004B1 and 2004B2 Bonds are in a weekly auction mode, and are convertible at the discretion of the University to other periods and also to a fixed rate.

The proceeds of the 2004 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 subordinate to the pledges securing all previously issued Dormitory Authority Bonds and the 2001 IDA loan, and is on a parity with the 2003 and 2007A Dormitory Authority Bonds.

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, 2006, the remaining obligation of NYU Hospitals Center is approximately \$10.8 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 and Mount Sinai Hospital.

Potential Borrowing Plans

The University has entered into an agreement with a commercial bank for a \$50 million unsecured revolving line of credit to support working capital cash needs during the months of the year when cash and short term investment balances are lowest as a result of the cyclical nature of the University's cash flow from operations. No amounts are outstanding under the line of credit.

The University's management is currently seeking trustee approval to enter into an agreement with a commercial bank for a \$200 million unsecured revolving line of credit which, if approved, would be available to provide funds for construction or acquisition of capital projects on a temporary basis and until tax-exempt financing can be arranged. Amounts would be drawn down only following further approval of the University's Board of Trustees with respect to specific capital projects. At this point in time, there are no specific projects for which this type of financing would be sought.

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.

Recent 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 \$650 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, 2007, the Authority had approximately \$33.6 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, 2007 were as follows:

Public Programs	Bonds and			
	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Notes Outstanding</u>
State University of New York Dormitory Facilities.....	\$ 1,975,416,000	\$ 752,200,000	\$ 0	\$ 752,200,000
State University of New York Educational and Athletic Facilities.....	11,351,092,999	4,804,109,869	0	4,804,109,869
Upstate Community Colleges of the State University of New York.....	1,366,010,000	575,980,000	0	575,980,000
Senior Colleges of the City University of New York.....	8,609,563,549	3,146,002,270	0	3,146,002,270
Community Colleges of the City University of New York.....	2,194,081,563	549,157,730	0	549,157,730
BOCES and School Districts.....	1,524,911,208	1,146,575,000	0	1,146,575,000
Judicial Facilities.....	2,161,277,717	745,382,717	0	745,382,717
New York State Departments of Health and Education and Other.....	3,182,915,000	2,001,240,000	0	2,001,240,000
Mental Health Services Facilities.....	5,682,130,000	3,720,620,000	0	3,720,620,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	913,895,000	829,085,000	0	829,085,000
Totals Public Programs.....	<u>\$ 39,734,768,036</u>	<u>\$ 18,270,352,586</u>	<u>\$ 0</u>	<u>\$ 18,270,352,586</u>
Non-Public Programs	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
Independent Colleges, Universities and Other Institutions.....	\$ 14,187,576,020	\$ 6,764,268,039	\$115,998,000	\$ 6,880,266,039
Voluntary Non-Profit Hospitals.....	11,747,969,309	7,328,265,000	0	7,328,265,000
Facilities for the Aged.....	1,960,585,000	1,126,815,000	0	1,126,815,000
Supplemental Higher Education Loan Financing Program.....	95,000,000	0	0	0
Totals Non-Public Programs.....	<u>\$ 27,991,130,329</u>	<u>\$ 15,219,348,039</u>	<u>\$115,998,000</u>	<u>\$ 15,335,346,039</u>
Grand Totals Bonds and Notes.....	<u>\$ 67,725,898,365</u>	<u>\$ 33,489,700,625</u>	<u>\$115,998,000</u>	<u>\$ 33,605,698,625</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At March 31, 2007, the Agency had approximately \$632 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, 2007 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	\$ 3,930,000
Insured Mortgage Programs	6,625,079,927	592,999,927
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>34,635,000</u>
Total Non-Public Programs.....	<u>9,265,549,927</u>	<u>631,564,927</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 631,564,927</u>

Governance

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

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

The current members of the Authority are as follows:

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

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

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on April 26, 2004. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expired on March 31, 2007 and by law he continues to serve until a successor shall be chosen and qualified.

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

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

BRIAN RUDER, Scarsdale.

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

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. He is a member of the Board of Directors of Natural Health Trends Inc., a public company, where he chairs the Audit Committee. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2007.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of

the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

ROMAN B. HEDGES, Delmar.

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

KEVIN R. CARLISLE, Averill Park.

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

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

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

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

Mr. Francis was appointed Director of the Budget on January 1, 2007. As Director of the Budget, Mr. Francis heads the New York State Division of the Budget and serves as the chief fiscal policy advisor to the Governor. Mr. Francis is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Francis also currently serves as a Senior Advisor to the Governor. Prior to his appointment to Director of the Budget and Senior Advisor to the Governor, Mr. Francis served as policy director for Governor Spitzer's gubernatorial campaign and transition team. His private sector experience includes managing partner of the Cedar Street Group, a venture capital firm he founded in 2001; chief financial officer for Priceline.com from its formation in 1997 to 2000; chief financial officer for Ann Taylor stores from 1993 to 1997; and managing director at

Merrill Lynch & Co., where he worked from 1986 to 1993. Mr. Francis is a graduate of Yale College and New York University Law School.

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

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke's-Roosevelt Hospital Center since 2002. Before joining St. Luke's-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

The principal staff of the Authority is as follows:

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

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

PORTIA LEE is the Managing Director of Public Finance. 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. 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 ten 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.

LORA K. LEFEBVRE is the Managing Director of Portfolio Management. She is responsible for the supervision and direction of the Authority's health care monitoring and higher education monitoring groups. Prior to joining the Authority in 1995, Ms. Lefebvre worked for the New York State Division of Budget for nine years in a number of different capacities, working in subject areas that included the State University of New York, school aid and public authority oversight. She holds a Bachelor of Arts in Political Science from Alfred University and a Master's degree in Public Administration from the State University of New York at Albany.

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

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

JAMES M. GRAY, R.A., is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. He has been with the Authority since 1986, and has held increasingly responsible positions within the Office of Construction, including Director of the State University of New York (SUNY) and Independent Institutions Construction Program. He began his public service career in 1977 in the New York State Office of General Services. He has been a registered architect in New York since 1983. Mr. Gray holds a Bachelor's degree in architecture from the New York Institute of Technology.

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2007A 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 2007A Project to the extent such acts and regulations are applicable.

Independent Auditors

The financial statements as of March 31, 2006 and 2005 and for the two years in the period ended March 31, 2006, included in this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent auditor, as stated in their report appearing herein.

PART 8 - LEGALITY OF THE SERIES 2007A BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2007A 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 2007A 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 2007A 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 2007A Bonds.

PART 10 - TAX MATTERS

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 Series 2007A 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 2007A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2007A Bonds. The Authority has covenanted in the Series 2007A Resolutions 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 Series 2007A 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 Series 2007A 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 Series 2007A 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 Series 2007A 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 Series 2007A Bonds nor as to the taxability of the Series 2007A Bonds or the income therefrom under the laws of any state other than the State of New York.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2007A Bonds maturing July 1, 2017 (the “Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2007A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Series 2007A Bonds maturing on and after July 1, 2018 (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 Series 2007A 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 Series 2007A Bonds.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Series 2007A 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 Series 2007A 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 Series 2007A 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 Series 2007A Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Series 2007A 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 Series 2007A 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 Series 2007A Bonds may occur. Prospective purchasers of the Series 2007A Bonds should consult their own tax advisers regarding such matters.

On May 21, 2007, the U.S. Supreme Court agreed to hear the Davis v. Kentucky Dep’t Of Revenue of The Finance and Admin. Cabinet, 97 S.W.3d 557 (2006), a case that has 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 the State of New York and its subdivisions and instrumentalities while taxing the interest on obligations issued by other states or their subdivisions or instrumentalities.

BOND COUNSEL HAS NOT UNDERTAKEN TO ADVISE IN THE FUTURE WHETHER ANY EVENTS AFTER THE DATE OF ISSUANCE AND DELIVERY OF THE SERIES 2007A BONDS MAY AFFECT THE TAX STATUS OF INTEREST ON THE SERIES 2007A BONDS. BOND COUNSEL EXPRESSES NO OPINION AS TO ANY FEDERAL, STATE OR LOCAL TAX LAW CONSEQUENCES WITH RESPECT TO THE SERIES 2007A BONDS, OR THE INTEREST THEREON, IF ANY ACTION IS TAKEN WITH RESPECT TO THE SERIES 2007A BONDS OR THE PROCEEDS THEREOF UPON THE ADVICE OR APPROVAL OF OTHER COUNSEL.

PART 11 - STATE NOT LIABLE ON THE SERIES 2007A 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 2007A 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 2007A 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 2007A 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 Deputy 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 2007A Bonds or questioning or affecting the validity of the Series 2007A 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 2007A Bonds from the Authority at an aggregate purchase price of \$129,232,706.44 and to make a public offering of Series 2007A 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 2007A Bonds if any are purchased.

The Series 2007A 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, 2007, 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 2007A 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 2007A 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 2007A 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 2007A Bonds; (7) modifications to the rights of holders of the Series 2007A Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2007A Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Series 2007A 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 2007A 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 2007A Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2007A 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 2007A 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 2007A 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 2007A Resolution 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 2007A 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 2007A Bonds will be on file at the principal office of the Authority.

PART 16 - MISCELLANEOUS

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

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 the Insurer and the Financial Guaranty Insurance Policy under "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007A BONDS – Bond Insurance" and in Appendix F has been furnished by the Insurer. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

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, 2006 and 2005 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 2007A Project and Appendix B. The University, as a condition to issuance of the Series 2007A 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.

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

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: /s/ David D. Brown, IV

Authorized Officer

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CERTAIN DEFINITIONS

Appendix A

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CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined in the Resolution or 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 semi-annual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates;

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

“*Ambac Assurance*” shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company;

“*Appreciated Value*” means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or in the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semi-annual 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;

“*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;

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

“*Authorized Officer*” means (i) in the case of the Authority, the Chairman, the Vice-Chairman, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, a Deputy Executive Director, the General Counsel, the Deputy General Counsel, an Associate General Counsel, the Director, Asset Management, and the Comptroller, 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, the person or persons authorized to perform any act or sign any document by or pursuant to a resolution of the University’s Board of Trustees or its Executive Committee or the by-laws of the University; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee;

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

“*Bond Counsel*” means 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;

Appendix A

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

“*Business Day*” means any day which is not a Saturday, Sunday or a day on which banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; provided, however, that, with respect to Option Bonds or Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the Facility Provider of a Liquidity Facility for such Bonds are legally authorized to close in The City of New York;

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

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

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

“*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;

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

“*Cost*” or “*Costs of the Project*” means costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with 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 such Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses 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 moneys borrowed from parties other than the University), (viii) interest on the Bonds 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 such Project or pursuant to the Resolution or the Loan Agreement, a Liquidity Facility or a Remarketing Agreement;

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

“*Debt Service Reserve Fund*” means a reserve fund for the payment of the principal and Sinking Fund Installments of and interest on one or more Series of Bonds so designated, created and established by the Authority by or pursuant to a Series Resolution;

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

“*Defeasance Security*” means (a) a Government Obligation, (b) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations and (c) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two of the Rating Services in the highest rating category for such Exempt Obligation; provided, however, that (1) such term shall not mean any interest in a unit investment trust or mutual fund 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 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 the second highest rating category for such obligation by at least two of the Rating Services, (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations;

“*Facility Provider*” means the issuer of any Reserve Fund Facility or of a Liquidity Facility;

“*Federal Agency Obligation*” means (i) an obligation issued by any federal agency or instrumentality approved by the Authority, (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by the Authority, and (iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing;

“*Financial Guaranty Insurance Policy*” shall mean the financial guaranty insurance policy issued by Ambac Assurance insuring the payment when due of the principal of and interest on the Obligations as provided therein.

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“*Government Obligation*” means (i) a direct obligation of the United States of America, (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to the payment of principal and interest by the United States of America, (iii) an obligation to which the full faith and credit of the United States of America are pledged and (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;

“*Insurer*” means any firm, association or corporation, including public bodies and governmental agencies, acceptable to an Authorized Officer of the Authority, which has issued a policy of municipal bond insurance in connection with one or more Series of Outstanding Bonds, and the successors or assigns of the obligations of such firm, association or corporation under such policy;

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

“*Liquidity Facility*” means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which moneys are to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds;

“*Loan Agreement*” means the Loan Agreement, dated as of February 26, 2003, as amended, by and between the Authority and the University in connection with the issuance of Bonds, as the same shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement;

“*Major Portion*” means when used in connection with a Project, (i) any improvement, fixture or furnishing, or items of equipment or machinery, the cost of which is in excess of \$500,000, and (ii) any building; provided, however, that substantially all of the cost of acquisition or construction of such improvement, fixture, furnishing, equipment, machinery or building was paid from the proceeds of Bonds or twenty-five percent (25%) or more of the proceeds of the sale of all Bonds of a Series was used to acquire such improvement, fixture, furnishing, equipment, machinery or building, or to construct, reconstruct, renovate or rehabilitate such building;

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

“*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 in the Bond Series Certificate relating to such Bond, that shall be the maximum rate at which such Bond may bear interest at any time;

“*Option Bond*” means any Bond which by its terms may be or is required to be tendered by the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof 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 cancelled by the

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

“*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 Resolution or 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 Obligations, (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations, (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one 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 rated by at least one nationally recognized rating service 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) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations;

“*Pledged Revenues*” means an amount equal to the Maximum Annual Debt Service from (i) tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof, and (ii) any other moneys, income, rents or revenues of the University, the right to receive the same and the proceeds thereof pledged to the Authority in connection with the issuance of a Series of Bonds, which other moneys, income, rents or revenues or the right to receive the same may be subject to pledges thereof made prior to the issuance of the Series of Bonds in connection with which such moneys, income, rents or revenues, the right to receive the same and the proceeds thereof are pledged to the Authority;

“*Prior Pledges*” means (i) with respect to tuition and fees charged to students for academic instruction, the pledges made by the University pursuant to or in connection with (a) the Loan Agreement by and between the University and the Authority, dated as of February 25, 1998, (b) the Loan Agreement by and between the University and the Authority, dated as of December 6, 2000 and (c) the Lease Agreement by and between the University and the New York City Industrial Development Agency, dated as of October 18, 2001; and (ii) with respect to any and all other property of the University, whether real or personal, tangible or intangible, including moneys, income, rents or revenues of the University, the right to receive the same and the proceeds thereof which are pledged as Pledged Revenues in connection with the issuance of a Series of Bonds, any lien, charge or encumbrance thereupon, pledge thereof or security interest therein, which lien, charge, encumbrance, pledge or security interest is existing at the date such property, including moneys, income, rents or revenues of the University, or the right to receive such property, is pledged as Pledged Revenues;

“*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 or in any Series Resolution;

Appendix A

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

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

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

“*Redemption Price*”, when used with respect to a Bond, 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 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 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, 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 Reserve Fund Facility or Liquidity Facility, to which the University is a party;

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

“*Resolution*” means the New York University Insured Revenue Bond Resolution, adopted by the Authority on February 26, 2003, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof;

“*Revenues*” means all payments received or receivable by the Authority which pursuant to the Loan Agreement are 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*” mean the Bonds so designated in a Series Resolution or 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, 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;

“*Series 2007A Bonds*” means, the Authority’s New York University Insured Revenue Bonds, Series 2007A, authorized to be issued under the Resolution pursuant to the Authority’s New York University Series 2007A Resolution Authorizing Up To \$230,000,000 Series 2007A Bonds, adopted May 30, 2007.

“*Sinking Fund Installment*” means, as of any date of calculation, 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 when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said

future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment;

“*State*” means the State of New York;

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

“*Tax Certificate*” means the “*Tax Certificate as to Arbitrage and the Provisions of Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986*” executed by the Authority in connection with and relating to the issuance of a Series of Bonds, including the appendices, schedules and exhibits thereto, 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*” mean 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, 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;

“*Variable Interest Rate*” means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds and which shall be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; provided, however, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case, as provided in such Series Resolution or Bond Series Certificate 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, further, that such Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner or determining such time or times; and

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

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

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New York University
Consolidated Financial Statements
August 31, 2006 and 2005

New York University
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August 31, 2006 and 2005

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PricewaterhouseCoopers LLP
300 Madison Avenue
New York NY 10017
Telephone (646) 471 3000
Facsimile (813) 286 6000

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, 2006 and 2005, 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 Note 11 to the financial statements, the University applied the provisions of FASB Interpretation No. 47 "Accounting for Conditional Asset Retirement Obligations."

PricewaterhouseCoopers LLP

November 17, 2006

New York University
Consolidated Balance Sheets
August 31, 2006 and 2005

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ 9,863	\$ 15,585
Short-term investments (Note 3)	559,306	489,807
Accounts and loans receivable, net (Note 4)	304,189	268,974
Contributions receivable, net (Note 5)	312,026	299,298
Other assets	84,816	66,998
Deposits with trustees (Note 6)	147,652	172,409
Collateral for securities loaned (Note 3)	97,385	82,376
Long-term investments (Note 3)	1,873,320	1,643,177
Land, buildings, and equipment, net (Notes 7 and 11)	1,848,709	1,782,256
Total assets	<u>\$ 5,237,266</u>	<u>\$ 4,820,880</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 272,067	\$ 270,199
Deferred revenue	538,934	471,898
Security loan agreements payable (Note 3)	97,385	82,376
Bonds and notes payable (Note 8)	1,063,377	1,105,447
Federal grants refundable	69,162	69,471
Accrued pension benefits (Note 9)	43,759	65,561
Accrued postretirement benefits (Note 10)	209,194	192,671
Asset retirement obligation (Note 11)	95,181	-
Total liabilities	<u>2,389,059</u>	<u>2,257,623</u>
Net assets		
Unrestricted	1,549,123	1,367,794
Temporarily restricted (Note 16)	327,896	301,825
Permanently restricted (Note 16)	971,188	893,638
Total net assets	<u>2,848,207</u>	<u>2,563,257</u>
Total liabilities and net assets	<u>\$ 5,237,266</u>	<u>\$ 4,820,880</u>

The accompanying notes are an integral part of these consolidated financial statements.

New York University
Consolidated Statements of Activities
Years Ended August 31, 2006 and 2005

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Changes in unrestricted net assets		
Operating revenues		
Tuition and fees (net of financial aid awards of \$206,222 in 2006 and \$196,654 in 2005)	\$ 985,803	\$ 910,115
Grants and contracts (Note 13)	273,215	277,311
Patient care	275,393	273,673
Hospital affiliations (Note 14)	130,115	113,744
New York State appropriation	5,284	5,152
Contributions	86,003	79,877
Endowment distribution and return on short-term investments (Note 3)	84,942	75,716
Auxiliary enterprises	326,914	313,811
Royalties	93,934	78,328
Program fees and other	99,147	97,034
Net assets released from restrictions	92,424	98,117
Total operating revenues	<u>2,453,174</u>	<u>2,322,878</u>
Operating expenses (Notes 14 and 15)		
Instruction and other academic programs	1,004,015	940,645
Research and other sponsored programs	247,724	246,949
Patient care	245,740	241,348
Libraries	54,137	51,847
Student services	89,813	87,448
Hospital affiliations	133,098	116,660
Institutional services	208,560	192,300
Auxiliary enterprises	353,194	340,225
Total operating expenses	<u>2,336,281</u>	<u>2,217,422</u>
Excess of operating revenues over operating expenses	116,893	105,456
Nonoperating activities		
Investment return in excess of endowment distribution, net (Note 3)	130,542	106,040
Other	(4,464)	2,026
Minimum pension liability adjustment (Note 9)	18,110	(21,219)
Increase in unrestricted net assets before cumulative effect of change in accounting principle	261,081	192,303
Cumulative effect of change in accounting principle (Note 11)	<u>(79,752)</u>	<u>-</u>
Increase in unrestricted net assets	181,329	192,303
Changes in temporarily restricted net assets		
Contributions	123,184	111,464
Investment return, net (Note 3)	(571)	1,275
Other	(4,118)	(30,045)
Net assets released from restriction	(92,424)	(98,117)
Increase (decrease) in temporarily restricted net assets	<u>26,071</u>	<u>(15,423)</u>
Changes in permanently restricted net assets		
Contributions	85,861	36,324
Unrealized gain on deposits with trustees (Note 6)	510	2,262
Other	(8,821)	(19,917)
Increase in permanently restricted net assets	<u>77,550</u>	<u>18,669</u>
Increase in net assets	<u>\$ 284,950</u>	<u>\$ 195,549</u>

The accompanying notes are an integral part of these consolidated financial statements.

New York University
Consolidated Statements of Cash Flows
Years Ended August 31, 2006 and 2005

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Increase in net assets	\$ 284,950	\$ 195,549
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	123,765	110,626
Net gain on investments and deposits with trustees	(77,631)	(92,831)
Other nonoperating changes	5,014	(4,163)
Minimum pension liability adjustment	(18,110)	21,219
Cumulative effect of change in accounting principle	79,752	-
Contributions restricted for permanent investment and capital	(75,176)	(31,857)
Contributed royalty interest	(586)	(4,898)
Adjustments to contributions receivable, net	-	23,352
Changes in operating assets and liabilities		
Increase in accounts and loans receivable	(37,579)	(2,318)
Decrease in nonendowment and noncapital contributions receivable	7,475	22,895
Increase in other assets	(5,318)	(5,560)
(Increase) decrease in accounts payable and accrued expenses	(10,571)	26,616
Increase in deferred revenue	67,036	1,149
Decrease in accrued pension benefits	(3,692)	(6,450)
Increase in postretirement benefits	16,523	20,139
Net cash provided by operating activities	<u>355,852</u>	<u>273,468</u>
Cash flows from investing activities		
Purchases of investments	(6,460,783)	(4,656,787)
Sales of investments	6,237,771	4,505,730
Drawdowns of unexpended bond proceeds	30,474	38,948
Additions to land, buildings, and equipment, net of disposals	(180,982)	(191,682)
Net cash used in investing activities	<u>(373,520)</u>	<u>(303,791)</u>
Cash flows from financing activities		
Contributions restricted for permanent investment and capital	75,176	31,857
(Increase) decrease in endowment & capital contributions receivable	(20,203)	11,516
Principal payments on bonds and notes payable	(39,909)	(30,779)
Decrease in receivable from NYUHC	2,364	2,290
Proceeds from long-term borrowings	34	155,277
(Decrease) increase in Federal grants refundable	(309)	603
Increase in deposits with bond trustees	(5,207)	(151,923)
Net cash provided by financing activities	<u>11,946</u>	<u>18,841</u>
Net decrease in cash	(5,722)	(11,482)
Cash		
Beginning of year	15,585	27,067
End of year	<u>\$ 9,863</u>	<u>\$ 15,585</u>
Supplemental data		
Interest paid	\$ 58,474	\$ 55,769
Non-cash FIN 47	\$ 10,241	\$ -

New York University
Notes to Consolidated Financial Statements
August 31, 2006 and 2005

(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 fifteen schools and colleges 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 Education, 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, and the College of Nursing. 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 three separately incorporated affiliates: the New York University School of Law Foundation, the Institute of Fine Arts Foundation, and the New York University Medical Center Foundation. 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 (SFAS 117), *Financial Statements of Not-for-Profit Organizations*. SFAS 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. Unrestricted net assets include all resources that are not subject to donor-imposed restrictions. Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. 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. Temporarily restricted gifts received and contributions receivable payments and investment return spent subsequent to the fiscal year received or earned are reported as net assets released from restrictions. Permanently restricted net assets are subject to donor-imposed restrictions that never lapse, thus requiring that the funds be retained in perpetuity.

New York University

Notes to Consolidated Financial Statements

August 31, 2006 and 2005

(in thousands of dollars)

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 or less than 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.

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.

The fair value of alternative investments is based on values reported by the respective external investment managers, and consists of primarily readily marketable securities but 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, 2006 and 2005. 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. The amount of gain or loss associated with these alternative instruments is reflected in the accompanying financial statements using the equity method of accounting.

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.

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.

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.

New York University
Notes to Consolidated Financial Statements
August 31, 2006 and 2005

(in thousands of dollars)

Fair Value of Financial Instruments

The carrying amounts of financial instruments such as accounts receivable, accounts payable and accrued expenses approximate fair value because of their short-term maturity. The carrying value of bonds and notes payable approximates fair value because these financial instruments in the aggregate bear interest at rates which approximate current market rates for loans with similar maturities and credit quality.

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 University 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.

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 and 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 2005 consolidated financial statements have been reclassified to conform to the current year's presentation.

Change in Accounting Principle

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).

New York University
Notes to Consolidated Financial Statements
August 31, 2006 and 2005

(in thousands of dollars)

3. Investments

The following table summarizes the fair value of investments at August 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Long-term investments		
Fixed income securities	\$ 360,422	\$ 425,566
Equity securities	890,873	708,638
Alternative investments	584,424	471,525
Real estate	27,843	27,841
Other	9,758	9,607
Subtotal long-term investments	<u>1,873,320</u>	<u>1,643,177</u>
Short-term investments (principally fixed income securities)		
Working capital	526,589	457,627
Other	32,717	32,180
Subtotal short-term investments	<u>559,306</u>	<u>489,807</u>
Total	<u>\$ 2,432,626</u>	<u>\$ 2,132,984</u>

Long-term investments and accounts payable at August 31, 2006 and 2005 include \$23,457 and \$20,887, respectively, that are managed by the University on behalf of the New York University Hospitals Center (NYUHC).

Investment securities having a fair value of \$94,200 and \$79,997 at August 31, 2006 and 2005, respectively, were lent to various brokerage firms. The securities are returnable on demand and were collateralized by cash deposits of \$97,385 and \$82,376 at August 31, 2006 and 2005, 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 support to operations. This policy permits the use of total return at approved spending rates (5% in 2006 and 2005) 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.

At August 31, 2006 and 2005, the University had capital commitments remaining to various private capital equity programs of approximately \$65,228 and \$57,270, respectively.

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Investment return for the years ended August 31, 2006 and 2005 was as follows:

	<u>2006</u>	<u>2005</u>
Dividends and interest	\$ 53,938	\$ 51,144
Realized and unrealized gains, net	164,530	135,226
Investment expenses	<u>(3,555)</u>	<u>(3,339)</u>
Total investment return, net	214,913	183,031
Less investment return approved for operations	<u>84,942</u>	<u>75,716</u>
Investment return in excess of endowment distribution	<u>\$ 129,971</u>	<u>\$ 107,315</u>
Unrestricted	\$ 130,542	\$ 106,040
Temporarily restricted	\$ (571)	\$ 1,275

During 2005, the Partners Program was established as the cornerstone of an intensive University effort over the next several years to hire up to 125 new distinguished faculty in arts and science. Partner Trustees will provide initial funding of approximately \$50 million, to be matched three to one, in part, with unrestricted University endowment funds. The Partners Fund will stimulate an intensified focus on core arts and science research and teaching, elevating the University's national and international visibility and prominence as a major research university.

The matching endowment funds are segregated within the endowment pool and will be retained in the pool until needed for the program. Management has segregated these funds as described above, but the intention is to meet the matching requirements, to the extent possible, through additional fundraising or surpluses generated on other programs, with the segregated endowment funds viewed as the matching source of last resort. During 2006, new appointments were made to 29 mid-career and senior Partners Program faculty.

4. Accounts and Loans Receivable

Accounts and loans receivable consist of the following at August 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Student and other	\$ 86,613	\$ 78,010
Patient care	41,381	43,382
Grants and contracts	42,883	28,687
Royalties	41,172	13,245
Student loans	89,784	90,436
Receivable from NYUHC	<u>14,891</u>	<u>26,795</u>
	316,724	280,555
Allowance for uncollectible amounts	<u>(12,535)</u>	<u>(11,581)</u>
Accounts and loans receivable, net	<u>\$ 304,189</u>	<u>\$ 268,974</u>

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The allowance for uncollectible amounts of accounts and loans receivable at August 31, 2006 and 2005 consists of the following:

	<u>2006</u>	<u>2005</u>
Student and other	\$ (6,725)	\$ (6,165)
Patient care	(2,279)	(1,885)
Student loans	<u>(3,531)</u>	<u>(3,531)</u>
Total allowance for uncollectible amounts	<u>\$ (12,535)</u>	<u>\$ (11,581)</u>

5. Contributions Receivable

Contributions receivable consist of the following at August 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Amounts expected to be collected in:		
Less than one year	\$ 35,930	\$ 35,287
One to five years	289,205	319,059
More than five years	<u>77,430</u>	<u>66,459</u>
	402,565	420,805
Discount to present value (4.5% in 2006 and 2005)	(51,530)	(81,856)
Allowance for uncollectible amounts	<u>(39,009)</u>	<u>(39,651)</u>
Contributions receivable, net	<u>\$ 312,026</u>	<u>\$ 299,298</u>

Contributions receivable activity for the years ended August 31, 2006 and 2005 was as follows:

	<u>2006</u>	<u>2005</u>
Contributions receivable at beginning of year, net	\$ 299,298	\$ 357,062
Add discount to present value and allowance	<u>121,507</u>	<u>106,910</u>
Contributions receivable beginning of year, gross	420,805	463,972
New pledges received (undiscounted)	126,731	151,438
Adjustments and writeoffs	(15,961)	(49,751)
Pledge payments received	<u>(129,010)</u>	<u>(144,854)</u>
Subtotal	402,565	420,805
Deduct discount to present value and allowance	<u>(90,539)</u>	<u>(121,507)</u>
Contributions receivable at end of year, net	<u>\$ 312,026</u>	<u>\$ 299,298</u>

Expenses related to fundraising activities were \$15,787 and \$15,426 for the years ended August 31, 2006 and 2005, respectively.

In 2006, the University received a conditional gift in the amount of \$48,000 of which \$4,000 was recorded for funds received during the year. 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 principally (\$123,677 in 2006 and \$148,985 in 2005) of various unexpended funds that relate to the DASNY insured revenue bonds.

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, 2006 and 2005 at its estimated present value, which approximates the fair value of the trust (\$23,075 and \$22,524, respectively).

7. Land, Buildings and Equipment

Land, buildings and equipment consist of the following at August 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Land	\$ 139,387	\$ 139,387
Buildings and building improvements	2,429,513	2,182,844
Equipment	502,826	479,526
Construction in progress	101,679	174,179
	<u>3,173,405</u>	<u>2,975,936</u>
Less accumulated depreciation	<u>(1,324,696)</u>	<u>(1,193,680)</u>
Land, buildings, and equipment, net	<u>\$ 1,848,709</u>	<u>\$ 1,782,256</u>

The adoption of FIN 47 resulted in a \$10,241 increase in land, buildings and equipment, net, at August 31, 2006 (see Note 11).

Depreciation expense was \$120,797 and \$112,181 at August 31, 2006 and 2005, respectively.

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8. Bonds and Notes Payable

Bonds and notes payable at August 31, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Bonds and notes payable attributable to the University	\$ 1,051,915	\$ 1,091,621
Bonds and notes payable attributable to NYUHC	<u>11,462</u>	<u>13,826</u>
Bonds and notes payable	<u>\$ 1,063,377</u>	<u>\$ 1,105,447</u>

Principal and interest payments relating to \$11,462 and \$13,826 of bonds and notes outstanding at August 31, 2006 and 2005, respectively, will be funded by payments from New York University Hospitals Center (NYUHC). A receivable has been recorded for these amounts (see Note 4).

On September 9, 2004, DASNY issued \$54,785 of Series 2004A bonds, \$53,775 of Series 2004B-1 bonds and \$44,750 of Series 2004B-2 bonds (collectively, the 2004 bonds) on behalf of the University. The proceeds of the 2004 bonds are being used to reimburse the University for costs incurred in connection with the acquisition of a building in Manhattan and to pay for the costs of reconstruction, renovation and deferred maintenance and purchase of equipment and information systems for certain facilities at the Washington Square campus and certain other properties in Manhattan. The 2004A bonds will mature serially from July 1, 2014 through July 1, 2034 and bear interest at rates ranging from 3.5% to 5.0%. The 2004B-1 and 2004B-2 bonds are variable auction rate bonds on which the interest rate is reset at the end of each auction rate period. Such bonds will mature serially from July 1, 2014 through July 1, 2034 and may be redeemed without premium, in whole or in part, one day after the end of any auction rate period.

The fair value of bonds and notes payable is estimated based on the quoted market prices for the same or similar issues or on the current rates available to the University for the debt with the same remaining maturities. The carrying value and market value of the University's bonds and notes payable were \$1,063,377 and \$1,130,851, respectively, at August 31, 2006.

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The principal amounts outstanding for bonds and notes payable at August 31, 2006 and 2005 are as follows:

Issuer	Description	Principal Outstanding		
		2006	2005	
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 \$16,994 and \$17,673 in 2006 and 2005, respectively)	\$ 236,524	\$ 242,607	
	Series 2001A bonds, with interest rates ranging from 5.25% to 5.7%, maturing serially through July 2015 (including premium of \$3,265 and \$3,628 in 2006 and 2005, respectively)	91,420	99,614	
	2001 Series 1 bonds, with interest rates ranging from 4.4% to 5.5%, maturing serially through July 2040 (including premium of \$8,009 and \$8,244 in 2006 and 2005, respectively)	128,009	128,244	
	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 \$164 and \$168 in 2006 and 2005, respectively)	94,136	94,132	
	Series 2003A bonds, with interest rates ranging from 1.5% to 5.0%, maturing serially through July 2011 (including premium of \$4,322 and \$5,196 in 2006 and 2005, respectively)	69,628	83,966	
	Series 2003B bonds, with fixed interest rates at 5.0%, maturing in July 2011 (including premium of \$2,302 and \$2,763 in 2006 and 2005, respectively)	29,177	29,638	
	Series 2004A bonds, with interest rates ranging from 3.5% to 5.0%, maturing serially from July 2014 through July 2034 (including premium of \$1,203 and \$1,247 in 2006 and 2005, respectively)	55,988	56,032	
	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	
	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 \$1,440 and \$1,481 in 2006 and 2005, respectively)	62,770	62,729
	Student Loan Marketing Association	Term loans, 7.0% and 8.4%, due August 2012 and December 2013, respectively	176,613	188,612
Other bonds, loans, and notes	Various, with interest rates ranging from 3.0% to 16.5%, due through November 2017	20,587	21,348	
	Total amounts outstanding	<u>\$ 1,063,377</u>	<u>\$ 1,105,447</u>	

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Interest expense on long-term debt totaled \$56,457 and \$55,242 for the years ended August 31, 2006 and 2005, respectively. This excluded \$2,517 and \$4,186 of capitalized interest (net of income earned on deposits with bond trustees) for the years ended August 31, 2006 and 2005, 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	
2007	\$ 33,584
2008	35,150
2009	45,592
2010	37,196
2011	63,586
Thereafter	<u>813,777</u>
Total principal payments	1,028,885
Unamortized premiums and discounts, net	<u>34,492</u>
	<u>\$ 1,063,377</u>

9. Retirement Plans

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 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 \$57,135 and \$52,237 in 2006 and 2005, respectively. Contributions to multi-employer retirement plans totaled \$2,663 and \$2,795 for the years ended August 31, 2006 and 2005, 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.

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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, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Change in benefit obligation		
Benefit obligation at beginning year	\$ 248,787	\$ 192,494
Service cost	7,739	9,249
Interest cost	13,106	12,431
Actuarial (gain) loss	(29,496)	39,785
Benefits paid	(6,089)	(5,002)
Plan amendment	(8,217)	-
Administrative expenses	(488)	(170)
	<u>\$ 225,342</u>	<u>\$ 248,787</u>
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	\$ 142,622	\$ 112,894
Actual return on plan assets	11,983	13,881
Employer contributions	15,549	21,019
Benefit paid	(6,089)	(5,002)
Administrative expenses	(488)	(170)
Fair value of plan assets at end of year	<u>\$ 163,577</u>	<u>\$ 142,622</u>
Reconciliation of funded status		
Funded status	\$ 61,765	\$ 106,165
Unrecognized actuarial loss	(39,205)	(82,048)
Unrecognized net asset at transition	269	537
Unrecognized prior service cost	(1,867)	(2,558)
Accrued pension benefit cost	20,962	22,096
Minimum pension liability adjustment	22,797	40,907
Intangible asset (included in other assets)	-	2,558
Accrued pension benefit cost recognized	<u>\$ 43,759</u>	<u>\$ 65,561</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%

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The benefit obligation disclosed above represents the actuarial present value of future payments to plan participants based upon the pension benefit formula. In calculating the value, the participants' compensation levels are projected to retirement. The accumulated benefit obligation differs from the projected benefit obligation above in that it includes no assumption about future compensation levels. It represents the actuarial present value of future payments to plan participants for service rendered prior to that date, using current and past compensation levels. The accumulated benefit obligation for the plans was \$202,639 and \$208,184 for the years ended August 31, 2006 and 2005, respectively.

In 2005, the accumulated benefit obligation with respect to the University's defined benefit pension plans exceeded those plans' assets by more than the actuarially determined accrued pension cost. This situation required an adjustment to the minimum pension liability of \$21,219 in 2005, which is reported as a non-operating charge to unrestricted net assets. In 2006, the plan assets increased relative to the benefits obligation, resulting in a decrease in the additional minimum pension liability of \$18,110.

Net Periodic Benefit Cost:

	<u>2006</u>	<u>2005</u>
Components of net periodic benefit cost:		
Service cost	\$ 7,739	\$ 9,249
Interest cost	13,106	12,431
Expected return on plan assets	(11,856)	(10,266)
Amortization of prior service cost	691	2,312
Recognized actuarial gain	5,002	461
Amortization of transition asset	(269)	(269)
Net periodic benefit cost	<u>\$ 14,413</u>	<u>\$ 13,918</u>

Weighted average assumptions as of August 31

(Washington Square, School of Medicine)

Discount rate	5.25%, 5.50%	6.25%, 6.50%
Rate of increase in compensation levels	4.00%, 4.00%	4.00%, 4.00%
Expected long-term rate of return on plan assets	8.00%, 8.25%	8.25%, 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.

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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, 2006 and 2005, by asset category are as follows:

	<u>2006</u>	<u>2005</u>
Equity securities	58%	59%
Fixed income securities	34%	33%
Real estate	6%	7%
Other	2%	1%

Contributions:

Annual contributions are determined by the University, based upon calculations prepared by the plans' actuaries. Expected contributions for the 2007 fiscal year are \$24,909.

Benefit Payments:

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

Year ending August 31	
2007	\$ 7,810
2008	8,311
2009	9,136
2010	10,049
2011	11,070
2012-2016	72,598

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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. In 2006, the School of Medicine 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. The costs related to these plans are accrued during the period the employees provide service to the University. Information with respect to these plans as of and for the years ended August 31, 2006 and 2005 is as follows:

Plans' Funded Status:

	<u>2006</u>	<u>2005</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 286,972	\$ 250,728
Service cost	12,711	12,547
Interest cost	13,626	14,623
Plan amendment	(13,848)	-
Actuarial (gain) loss	(31,107)	17,399
Benefits paid, net	(9,078)	(8,325)
Benefit obligation at end of year	<u>259,276</u>	<u>286,972</u>
Fair value of plan assets	(17,692)	(16,959)
Funded status	<u>241,584</u>	<u>270,013</u>
Unrecognized actuarial loss	(32,390)	(77,342)
Accrued postretirement benefits	<u>\$ 209,194</u>	<u>\$ 192,671</u>

Weighted average assumptions as of August 31

Discount rate	6.00%	5.50%
Projected retiree health-care cost trend rate	8.00%	9.00%
Ultimate retiree health-care cost trend	5.00%	5.00%
Year ultimate trend rate is achieved	2014	2013

Net Periodic Benefit Cost:

	<u>2006</u>	<u>2005</u>
Components of net periodic benefit cost		
Service cost	\$ 12,711	\$ 12,547
Interest cost	13,626	14,623
Actuarial loss	664	2,659
Return on plan assets	(1,399)	(1,365)
Net periodic benefit cost	<u>\$ 25,602</u>	<u>\$ 28,464</u>

Weighted average assumptions as of August 31

Discount rate	5.50%	6.00%
Expected long-term rate of return	8.25%	8.25%
Projected retiree health-care cost trend rate	8.00%	9.00%
Ultimate retiree health-care cost trend	5.00%	5.00%
Year ultimate trend rate is achieved	2014	2013

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In 2006, 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	\$ 5,715	\$ 4,471
Effect on postretirement benefit obligation	<u>40,857</u>	<u>(33,248)</u>
Net periodic benefit cost	<u>\$ 46,572</u>	<u>\$ (28,777)</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, 2006 and 2005.

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:

	<u>Benefit Payments</u>
Year ending August 31	
2007	\$ 10,290
2008	11,036
2009	11,773
2010	12,665
2012-2016	13,549
Thereafter	85,081

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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 to September 1, 2005. As of August 31, 2006, \$9,819 (\$10,241 at beginning of year less \$422 current year depreciation) of asset retirement costs, net of accumulated depreciation, has been included in land, buildings, and equipment. An asset retirement obligation of \$95,181 (\$89,993 obligation at beginning of year plus \$5,188 current year accretion) was also recorded as of August 31, 2006.

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

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, 2006 and 2005, no amounts were outstanding under the LOC.

13. Grants and Contracts

Grants and contracts revenues represent 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 \$74,066 and \$73,500 for the years ended August 31, 2006 and 2005, respectively.

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14. Hospital Affiliations

Certain services are shared between the University and New York University Hospitals Center (NYUHC). Hospital affiliations revenue relating to NYUHC includes \$40,979 and \$29,981 for the years ended August 31, 2006 and 2005, respectively. As of August 31, 2006 and 2005, accounts and loans receivable includes \$3,503 and \$7,941, 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, 2006 and 2005 include \$154 and \$501, 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 (\$11,462 and \$13,826 at August 31, 2006 and 2005, 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 was effective through June 30, 2005. A new contract that will terminate on June 30, 2008 has been negotiated. Hospital affiliations revenue relating to HHC includes \$89,136 and \$83,763 for the years ended August 31, 2006 and 2005, respectively.

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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 in 2006 resulted in a \$5,610 increase in total depreciation and amortization (see Note 11). These expenses, which are included in total operating expenses, for the years ended August 31, 2006 and 2005 are presented below:

	2006			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	Total
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>

	2005			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	Total
Instruction and other academic programs	\$ 54,018	\$ 19,075	\$ 40,591	\$ 113,684
Research and other sponsored programs	19,103	4,615	13,014	36,732
Patient care	1,531	563	982	3,076
Libraries	4,335	499	3,207	8,041
Student services	12,931	174	9,862	22,967
Institutional services	13,160	2,340	9,366	24,866
Auxiliary enterprises	46,906	27,976	33,604	108,486
Total	<u>\$ 151,984</u>	<u>\$ 55,242</u>	<u>\$ 110,626</u>	<u>\$ 317,852</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2006 and 2005

(in thousands of dollars)

16. Components of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at August 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Contributions and earnings for operating purposes	\$ 235,905	\$ 214,383
Contributions for buildings and equipment	65,136	63,778
Annuity trust agreements	18,573	15,855
Scholarships and fellowships	8,282	7,809
Total	<u>\$ 327,896</u>	<u>\$ 301,825</u>

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

Permanently restricted net assets at August 31, 2006 and 2005 are retained in perpetuity with investment return available to support the following activities:

	<u>2006</u>	<u>2005</u>
Program support	\$ 242,050	\$ 220,402
Faculty and staff salaries	462,919	429,167
Scholarships and fellowships	214,953	194,947
Library books	11,230	11,203
Research and sponsored programs	36,002	34,104
Buildings and equipment	3,379	3,188
Student Loans	655	627
Total	<u>\$ 971,188</u>	<u>\$ 893,638</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2006 and 2005

(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:

Year ending August 31	
2007	\$ 96,059
2008	84,222
2009	78,211
2010	58,944
2011	58,543
Thereafter	291,166

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.

The University has historically maintained close clinical and academic relationships with New York University Hospitals Center (NYUHC). Currently, NYUHC provides services to the School of Medicine on a fee-for-service basis. In the coming year, the University will be reviewing potential new governance structures for NYUHC, including, among others, whether NYUHC will become a "stand-alone" entity with a self-perpetuating board or whether the University would become the sole member of NYUHC.

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. 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 the Project

The University agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Loan Agreement, the University shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the Contract Documents relating thereto. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available in the Construction Fund, cause the 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, which approval shall not be unreasonably withheld.

(Section 5)

Amendment of the Project

The University, with the prior written consent of the Authority, which consent will not be unreasonably withheld, may amend a Project 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; provided, however, that any moneys required for the cost of completing the Project, whether as a result of an increase in the scope of the Project or otherwise, in excess of the moneys in the Construction Fund, will be provided by the University unless the Authority in its sole discretion determines to issue additional Bonds as permitted by the Resolution. Nothing contained in the Loan Agreement or in the Resolution may be construed as creating any obligation upon the Authority to issue Bonds for such purpose. The proceeds of any additional Bonds are required to be deposited and applied as specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Series of Bonds.

(Section 6)

Security Interest in Pledged Revenues; Collection of Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the University pursuant to the Loan Agreement, the University agrees to continuously pledge, grant a security interest in, and assign to the Authority the Pledged Revenues, together with the University's right to receive and collect the same, and the proceeds of the Pledged Revenues, and of such right. This pledge, grant of a security interest in and assignment of the Pledged Revenues is subordinate only to the Prior Pledges.

The University represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than the Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the University's performance under the Loan Agreement. The University agrees that it shall not after the date of the Loan Agreement create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by the Loan Agreement.

The University further agrees that the Pledged Revenues (i) shall be stated separately in billing or shall be allocated as such by the University from the aggregate fees and charges imposed on students, (ii) shall be separately identified on the records of the University, and (iii) shall be accounted for separate and apart from any other fees or charges imposed by the University.

Subject to the limitation summarized in the next following paragraph, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the University is required to deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the University's receipt thereof unless and until there is

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on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, assuming that Variable Interest Rate Bonds will, from and after the next succeeding date on which the rates at which such Variable Interest Rate Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum at which such Variable Interest Rate Bonds then bear interest, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased (other than Option Bonds tendered or deemed to have been tendered for purchase or redemption), and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the University that account debtors are to make payments directly to the Authority or the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in the Loan Agreement, but the University is required to continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the University with respect to the Pledged Revenues (other than such amounts subject to the Prior Pledges).

In the event that, on or prior to the date on which a payment is to be made pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the University has made such payment from its general funds or from any other money legally available to it for such purpose, the University shall not be required solely by virtue of the preceding paragraph, to deliver Pledged Revenues to the Trustee.

Any Pledged Revenues collected by the University that are not required to be paid to the Trustee as described in the two immediately preceding paragraphs or paragraph (d) of the Event of Default section of the Loan Agreement (as hereinafter set forth in this summary of the Loan Agreement) will be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the University for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement) nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.

(Sections 10 and 11)

Additional Representations and Covenants of the University

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

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

(Section 14)

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

(Section 15)

Securities Acts Status

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

(Section 16)

Maintenance of Corporate Existence

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

(Section 17)

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Environmental Quality Review and Historic Preservation

For the purpose of assisting the Authority in making any findings or determinations which might be required by (i) Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereunder or (ii) the New York State Historic Preservation Act of 1980 and the regulations promulgated thereunder, the University agrees to abide by the requirements relating thereto set forth in the Loan Agreement.

(Section 18)

Use of the Project; 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 of, possession of and responsibility for (i) the Project, (ii) the operation of the Project and supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project.

The University agrees that with respect to the Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or portion thereof will not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction will not prohibit the free exercise of any religion; provided, further, that if at any time after the effective date of the Loan Agreement, in the opinion of Bond Counsel, the then applicable law would permit the Project or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof.

(Sections 19 and 20)

Sale of the Project

The University covenants that it will not transfer, sell or convey a Major Portion of the Project or any part thereof or interest therein, including development rights, without the prior approval of an Authorized Officer of the Authority, unless (a) in the opinion of Bond Counsel, the same will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes and (b) the University pays to the Trustee either for deposit into the Debt Service Fund, or to defease the Bonds in accordance with the Resolution, to be set aside or to purchase direct obligations of the United States in accordance with the direction of an Authorized Officer of the Authority, an amount equal to the greater of: (i) the amount, if any, which is sufficient to redeem or provide for payment in accordance with the provisions of the Resolution of any Outstanding Bonds required to be redeemed or deemed paid in order to preserve the exclusion of interest on Bonds from gross income for federal income tax purposes; and (ii) the lesser of (A) the net proceeds of such transfer, sale or conveyance or (B) a percentage of the Outstanding Bonds determined by dividing (1) the principal amount of Bonds issued to finance the portion of such Project being transferred, sold or conveyed (which principal amount shall be reasonably determined by an Authorized Officer of the Authority) by (2) the aggregate principal amount of Bonds issued.

Notwithstanding the foregoing, the University may remove equipment, furniture or fixtures in the Project provided that the University substitutes for such equipment, furniture or fixtures additional equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 21)

Maintenance, Repair and Replacement

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

value and utility than the fixtures, furnishings and equipment so removed or replaced. The University further agrees that it will pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Project except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 22)

Covenant as to Insurance

The University, at its sole cost and expense, is obligated to procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable (i) from responsible insurers reasonably acceptable to an Authorized Officer of the Authority, insurance of the type and in the amounts customarily maintained by institutions of higher education providing programs substantially similar to those of the University and (ii) from the responsible insurers reasonably acceptable to the Authority, certain other types and amounts of insurance specified under the Loan Agreement.

The Loan Agreement permits the University to self-insure against any risk at the recommendation of an insurance consultant chosen by the University and approved by an Authorized Officer of the Authority, which approval may not be unreasonably withheld; provided, however, that the University is obligated to provide adequate funding of such self-insurance if and to the extent recommended by such insurance consultant and approved by an Authorized Officer of the Authority.

(Section 23)

Damage or Condemnation

In the event of a taking of a Major Portion of the Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of such Major Portion of the Project, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award are required to be paid upon receipt thereof by the University or the Authority to the Trustee for deposit in the Construction Fund established in connection with such Project. If within thirty (30) days after such taking, condemnation, damage or destruction occurs (i) the University notifies the Authority in writing of its intention to repair, replace or restore the Project, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as will then be appropriate to the needs of the University and (ii) the Authority has not within sixty (60) days after such notice is given notified the University that it objects thereto for a substantial reason, or, if it has so notified the University, such objection is withdrawn within sixty (60) days after the date of such notice, the University may proceed with such repair, replacement or restoration. The moneys required for such repair, replacement or restoration are required to be paid, subject to such conditions and limitations as the Authority may reasonably impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence or from funds to be provided by the University; provided, however, that no disbursements of moneys may be made from a Construction Fund except to pay or reimburse the University of expenditures made in accordance with plans and specifications approved by an Authorized Officer of the Authority, which approval may not be unreasonably withheld. If within thirty (30) days after such taking, condemnation, damage or destruction occurs the University does not notify the Authority in writing of its intention to repair, replace or restore the Project, or if the objections of the Authority thereto have not been withdrawn within sixty (60) days after the date of the notice thereof, all respective proceeds are required to be transferred from the Construction Fund in which such proceeds were deposited to the Debt Service Fund.

(Section 24)

Taxes and Assessments

The University is obligated to pay when due at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon a Major Portion of the Project or any part thereof, and upon all ordinary costs of operating, maintaining, repairing and replacing such Major Portion and its equipment. The University is obligated to file exemption certificates as required by law. The University agrees to exhibit to an Authorized Officer of the Authority within ten (10) days after written demand by such Authorized Officer, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; provided, however, that the good faith contest of such impositions will be deemed to be in complete compliance with the requirements set forth

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in the Loan Agreement if the University sets aside such reserves as may be required by good accounting practice. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the University, may pay any such charges, taxes and assessments if, in the reasonable judgment of an Authorized Officer of the Authority, a Major Portion of the Project or any part thereof, would be in substantial danger by reason of the University's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair (i) the interests or security of the Authority under the Loan Agreement or the Resolution; (ii) the ability of the Authority to enforce its rights thereunder; (iii) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement or the Resolution; or (iv) the ability of the University to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the University agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 25)

Defaults and Remedies

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

(a) the University (i) defaults in the timely payment of any amount payable pursuant to the Loan Agreement or in the delivery of Securities 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 (ii) default in the timely payment of any amount payable pursuant to the Loan Agreement; or

(b) the University defaults in the due and punctual performance of any other covenant in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the University by the Authority or 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; or

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

(d) the University (i) is not generally paying its debts as they become due, (ii) files, or consents 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) makes a general assignment for the benefit of its general creditors, (iv) consents 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) is adjudicated insolvent or liquidated or (vi) takes corporate action for the purpose of any of the foregoing; or

(e) a court or governmental authority of competent jurisdiction enters 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 is 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 is filed against the University and such petition is not dismissed or stayed within ninety (90) days; or

(f) the charter of the University is suspended or revoked; or

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

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

(i) a petition is filed with a court having jurisdiction for an order directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the University, which petition remains undismissed or unstayed for an aggregate of ninety (90) days from the date such order shall have been made; or

(j) an order of a court having jurisdiction is entered directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the University, which order remains 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

(k) a final judgment for the payment of money, at least one million dollars (\$1,000,000) of which is not covered by insurance or reserves set aside by the University, which in the judgment of the Authority will adversely affect the rights of the Holders of the Bonds is rendered against the University and at any time after forty-five (45) days from the entry thereof, (i) such judgment has not been discharged or paid, or (ii) the University has not taken and is not 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 has not 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 the 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 moneys 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;

(e) realize upon any pledge or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following actions: (i) enter the University and examine and make copies of the financial books and records of the University relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the University representing Pledged Revenues or proceeds thereof; (ii) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that (x) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor, subject to the Prior Pledges, and may continue to do so commencing on each such interest payment date to the extent of amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (y) written notice of such notification shall be mailed to the University five (5) days prior to mailing or otherwise making such notification to account debtors, and (z) until the University receives such notice it will have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (iii) following the above-mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the University's account debtors by suit or other means and give a full acquaintance therefor and receipt therefor in the name of the University whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (iv) require the University to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Resolution within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority; provided, however, that (x) the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the University under the Loan Agreement, including the fees and expenses of the Authority; (y) the Authority in its sole discretion may authorize

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the University to make withdrawals from such fund or account for its corporate purposes, and (z) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the University when all Events of Default under the Loan Agreement by the University have been cured; (v) forbid the University to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (vi) endorse in the name of the University any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

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

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

All rights and remedies given or granted to the Authority in the Loan Agreement are cumulative, nonexclusive 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.

(Section 29)

Investment of Moneys

The Authority may in its sole discretion direct the investment of certain moneys held under the Resolution as provided therein.

(Section 31)

Limitation on Agreements

The University agrees not to enter into any contract or agreement which impairs the University's ability to comply with the provision of the Loan Agreement relating to the financial obligation of the University in any material respect.

(Section 33)

Arbitrage; Tax Exemption

Each of the University and the Authority covenants that it will take no action, nor will it approve the Trustee's taking any action or making any investment or use of the proceeds of Bonds, which would cause the Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. The University (or any related person, as defined in Section 147(a)(2) of the Code) may not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the University by the Authority.

The University covenants that it will not take any action or fail to take any action which would cause any representation or warranty of the University contained in a Tax Certificate then to be untrue and shall comply with all covenants and agreements of the University contained in each Tax Certificate, in each case to the extent required by and otherwise in compliance with the Tax Certificate.

(Section 34)

Limitation on Authority Rights

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

(Section 35)

Certificate as to Representations and Warranties

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

(Section 38)

Amendments to Loan Agreement

The Loan Agreement may be amended only in accordance with the Resolution and each amendment must be made by an instrument in writing signed by an Authorized Officer of the University and the Authority, an executed counterpart of which must be filed with the Trustee.

(Section 42)

Termination

The Loan Agreement will 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

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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 under the Loan Agreement shall nevertheless survive any such termination.

(Section 43)

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 2007A Bonds. 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 or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Additional Bonds and Other Obligations

The issuance of Bonds shall be authorized by a Series Resolution or Series Resolutions. The Authority shall, in addition to other requirements, deliver to the Trustee an opinion of Bond Counsel concerning the validity of the Resolution and the Bonds, (except in the case of Refunding Bonds) a certificate of an Authorized Officer of the University stating that the University is not in default under the Loan Agreement, and a municipal bond insurance policy issued by an Insurer in connection with such Series of Bonds.

(Section 2.02)

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, or prior or equal to the rights of the Authority and Holders of Bonds.

(Section 2.05)

Selection of Bonds to Be Redeemed

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

For purposes of the Resolution, the lowest denomination in which a Capital Appreciation Bond is authorized to be issued shall be the lowest Accreted Value authorized to be due at maturity on such Bonds and the lowest

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denomination in which a Deferred Income Bond is authorized to be issued shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Bonds.

(Section 4.04)

Notice of Redemption

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) of each such Bond, the principal amount thereof to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption and (ix) if the Authority's obligation to redeem the Bonds is subject to conditions, a statement that describes the conditions to such redemption. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to (i) the Insurer of any of the Bonds which are to be redeemed and (ii) the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. The failure of any Insurer or Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds. If directed in writing by an Authorized Officer of the Authority, the Trustee shall also give such notice by publication thereof once in an Authorized Newspaper, such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date; provided, however, that such publication shall not be a condition precedent to such redemption, and failure to so publish any such notice or a defect in such notice or in the publication thereof shall not affect the validity of the proceedings for the redemption of the Bonds.

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

(Section 4.05)

Pledge of Revenues, Funds and Accounts

Pledge of Revenues

The proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established thereby, other than the Arbitrage Rebate Fund, 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 under any Series Resolution, all in accordance with the provisions thereof. The

pledge of the Revenues and the assignment of the Authority's security interest in the Pledged Revenues shall also be for the benefit of each Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution; provided, however, that such pledge and assignment shall, in all respects, be subject and subordinate to the rights and interest therein of the Bondholders. Such pledge is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Pledged Revenues and all funds and accounts established under the Resolution and by 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. 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, the Authority's security interest in the Pledged Revenues and the funds and accounts established under the Resolution and which are pledged thereby as provided therein, which pledge shall constitute a first lien thereon, subject only to the Prior Pledges.

(Section 5.01)

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.

(Section 5.02)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing the issuance of such Series of Bonds or by the Bond Series Certificate relating to such Series. Moneys deposited in the Construction Fund shall be used only to pay Costs of Issuance of the applicable Series of Bonds and the Costs of the Project. The Trustee shall also deposit in the Construction Fund all amounts paid to it by the University which by the terms of the Loan Agreement are required to be deposited therein.

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

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

Second: To the Debt Service Fund, any balance remaining.

(Section 5.04)

Allocation of Revenues

The Revenues and any other moneys which are required under the Loan Agreement to be paid to the Trustee will upon receipt be deposited or paid by the Trustee 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 on deposit 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

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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 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 on deposit in the Debt Service Fund equal to (a) interest on and the principal amount 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, plus accrued interest thereon to the date of purchase or redemption;

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

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

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Project, 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, promptly after mailing the above required payments, notify the Authority and the University of any balance of Revenues remaining on the immediately succeeding July 1. After making the above required payments by the preceding paragraph, 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, free and clear of any pledge, lien, encumbrance or security interest created thereby.

(Section 5.05)

Debt Service Fund

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

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

The amounts paid out pursuant to the preceding sentence shall be irrevocably pledged to and applied to such payments.

(b) Notwithstanding the provisions of paragraph (a) above, the Authority may, at any time subsequent to the first day of July of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds 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 cancelled 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 cancelled shall be credited against the Sinking Fund Installment due on such date; provided, however, that such Term Bond is cancelled by the Trustee prior to the date on which notice of redemption is given.

(c) Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds 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 January 1 or July 1, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, and the purchase price or Redemption Price of Outstanding Bonds 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 moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in the Resolution, at the Redemption Prices specified in the 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 is required to deposit to the Arbitrage Fund any moneys delivered to it by the University for deposit therein and, notwithstanding any other provisions of the Resolution, is required to transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, moneys on deposit in any other funds held by the Trustee pursuant to the Resolution at such times and in such amounts as are set forth in such directions.

Moneys on deposit in the Arbitrage Rebate Fund are required to 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 determines to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated are to be deposited to any fund or account established under the Resolution in accordance with the directions of such Authorized Officer.

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

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Debt Service Fund and each Debt Service Reserve 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 of redemption when all such Bonds are redeemable, (ii) the amounts held in the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Series secured thereby and the interest accrued and unpaid and to accrue on such Bonds to the next date on which such Bonds may be redeemed or (iii) in either case, to make

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provision pursuant to the Resolution for the payment of Outstanding Bonds at the maturity or redemption dates thereof, the Trustee is required to 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, upon receipt of such request in writing by the Authority, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by each Series Resolution or (ii) give the Trustee irrevocable instructions and make provision for the payment of Outstanding Bonds at the maturity or redemption dates thereof in accordance with the Resolution.

(Section 5.08)

Transfer of Investments

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

(Section 5.09)

Computation of Assets of Certain Funds

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority and (iii) upon the request of the University, but not more frequently than once a calendar month, shall compute the value of the assets of each fund and account established by the Resolution or by or pursuant to a Series Resolution. Such value shall be computed, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to clause (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such deposit. The Trustee shall notify the Authority and the University as to the results of such computation.

(Section 5.10)

Security for Deposits and Investment

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

(a) Moneys held under the Resolution by the Trustee, if permitted by law, are required, as nearly as may be practicable, to be invested by the Trustee upon direction of the Authority in Government Obligations, Federal Agency Obligations, Exempt Obligations and, if not inconsistent with the investment guidelines of an Insurer or a Rating Service applicable to funds held under the Resolution, any Permitted Investment; provided, however, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes 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.

(b) Permitted Investments purchased as an investment of moneys in any fund or account held by the Trustee under the provisions of the Resolution are to 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 will be retained in, credited or charged to, as the case may be, to such fund or account.

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

(d) The Authority, in its discretion, may direct the Trustee to sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in the Resolution. Except as otherwise provided in the Resolution, the Trustee must sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account in which such obligation is held. The Trustee shall advise the Authority, the University, and, upon the written consent of an Insurer, such Insurer on or before the fifteenth day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of paragraphs (a) and (b) of this Section. The details of such investments must 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 must also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

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

(Section 6.02)

Payment of Principal and Interest

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

(Section 7.01)

Accounts and Audits

The Authority covenants to keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries must be made of its transactions relating to each Series of Bonds, including but not limited to the objects and purposes for which proceeds of the Bonds were expended and the respective amounts expended for such objects and purposes. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, are required to be subject to the inspection of the University, the Insurers, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Facility Provider and to the University. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the Authority’s transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

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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 Bonds, the Revenues, the Pledged Revenues or the funds and accounts established by the Resolution or by any Series Resolution which are pledged under the Resolution; provided, however, that nothing contained in the Resolution prevents the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

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

(Section 7.07)

Deposit of Certain Moneys in the Construction Fund

In addition to the proceeds of Bonds to be deposited in the Construction Fund for the Project, any moneys paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of such Project are required to be deposited in the Construction Fund for such Project.

(Section 7.08)

Offices for Payment and Registration of Bonds

The Authority covenants at all times to maintain an office or agency in the State where Bonds may be presented for payment. The Authority may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Resolution, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Authority is required at all times to maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed under the Resolution as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

(Section 7.09)

Amendment of Loan Agreement

The Loan Agreement may not be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of Outstanding Bonds without the prior written consent of (a) the Insurers of at least a majority in aggregate principal amount of the Bonds then Outstanding and 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 Insurer of the Outstanding Bonds of each Series so affected and 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 modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Insurer or the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution; provided, further, that no such amendment, change, modification, alteration or 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 or extend the time of payment thereof.

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 a Project or (ii) with the consent of the Trustee and the Insurers, 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 herein or in the Loan Agreement. Except as otherwise provided in the Resolution, the Loan Agreement may be amended, changed, modified or altered without the consent of the Insurers, 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 each Insurer and the Trustee.

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

The Authority covenants to notify each Insurer and the Trustee in writing that an “Event of Default” under the Loan Agreement, as such term is defined in the Loan Agreement, has occurred and is continuing, which notice is required to be given as soon as practicable after the Authority has obtained actual knowledge thereof.

(Section 7.12)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

The Authority may adopt at any time or from time to times Series Resolutions or Supplemental Resolutions: (a) to provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; (b) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution; (c) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution; (e) to confirm, as further assurance, any pledge under 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 moneys, Securities or funds; (f) to modify any of the provisions of the Resolution or any previously adopted Supplemental Resolution or Series Resolution in any other respects, provided that such modifications will 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 ceases to be Outstanding, and all Bonds issued under such Resolutions contains a specific reference to the modifications contained in such subsequent Resolutions; (g) to modify or amend a Project; or (h) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable; provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect,

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provided that such modification does not adversely affect the interests of the Holders of Bonds in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent of Insurers and Bondholders

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Insurers and the Holders of Bonds in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolutions may not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution may affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere provided in the Resolution or permitted to be delivered to the Trustee or any Paying Agent.

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

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

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

(Section 9.03)

Amendments of Resolutions

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 provided in the Resolution, (i) of the Insurers of at least a majority in principal amount of the Outstanding Bonds at the time such consent is given and the Holders of a least a majority in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendments, of the Insurer of each Series so affected and Outstanding at the time such consent is given and the 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 Insurer of the Bonds of the Series so affected and 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 Insurer and the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution. No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a

reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Insurer and the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(Section 10.01)

Consent of Holders of Bonds

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 Insurers and the Holders of Bonds for their consent thereto in form satisfactory to the Trustee is required promptly after adoption to be mailed by the Authority to the Insurers and the Holders of Bonds (but failure to mail such copy and request will not affect the validity of the Supplemental Resolution when consented to as in the Resolution provided). Such Supplemental Resolution will not be effective unless and until (i) there has been filed with the Trustee (a) the written consent of each Insurer and the written consents of Holders of the percentages of Outstanding Bonds specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) if the Insurers are not then the Holders of all Outstanding Bonds, a notice shall have been mailed as provided for in the Resolution. Each such consent will 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 permitted by the Resolution. Any consent given by an Insurer or the Holder of a Bond will be binding upon such Insurer or Holder of the Bonds giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Insurer or Holder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Insurer or Holder thereof has notice thereof), unless such consent is revoked in writing by the Insurer or the Holder of such Bonds giving such consent or a subsequent Holder of such Bond by filing with the Trustee, prior to the time when the written statement of the Trustee is filed as provided for in the Resolution, such revocation and, if such Bonds are transferable by delivery, proof that such bonds are held by the signer of such revocation in the manner permitted by the Resolution. 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 Insurers and the Holders of the required percentages of Bonds have filed their consents to the Supplemental Resolution, the Trustee must make and file with the Authority and the Trustee a written statement that such Insurers and the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Insurers and Holders of the required percentages of Bonds and will be effective as provided in the Resolution, is required to be given to the Insurers and the Holders of Bonds by the Authority by mailing such notice to the Insurers and the Holders of Bonds and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after such consents have been filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in the Resolution provided). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof.

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

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority

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of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Insurers and the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to Holders of Bonds either by mailing or publication shall be required.

(Section 10.03)

Defaults and Remedies

Events of Default

Events of default under the Resolution include: failure to pay the principal or Redemption Price of, or an installment of interest on, any Bond when the same shall become due and payable; default in the due and punctual performance of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolutions or any Series Resolution on the part of the Authority to be performed and such default continues for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee, which may give such notice in its discretion and must give such notice upon the written request of the Holders of not less than twenty-five per centum (25%) of the Outstanding Bonds or the Insurers of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds; the Authority defaults in the due and punctual performance of the tax covenants contained in the Resolution and, as a result thereof, the interest on the Bonds for a Series is no longer excludable from gross income under Section 103 of the Code (a "Taxability Default"); or an "Event of Default," as defined in the Loan Agreement, arising out of or resulting from the failure of the University to comply with the requirements of 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.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default other than a Taxability Default, the Trustee upon the written request of (i) the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds or, (ii) if one or more Insurers have deposited with the Trustee a sum sufficient to pay the principal of and interest on the Outstanding Bonds due on the acceleration thereof, upon the request of the Insurer or Insurers making such deposit, shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be due and payable. At the expiration of thirty (30) days after notice of such acceleration has been given, such principal and interest shall become and be immediately due and payable. If all defaults shall have been remedied to the satisfaction of the Trustee, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and Outstanding, by written notice to the Authority the Trustee may, provided certain conditions are satisfied, annul such declaration and its consequences.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default, the Trustee may proceed, and upon the written request of the Facility Provider or of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds or, in the case of a happening and continuance of a Taxability Default, upon the written request of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (upon receiving indemnity to its satisfaction), 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 by such suits, actions or special proceedings in equity or law, as the Trustee deems most effectual to protect and enforce such rights.

(Section 11.04)

Limitation of Rights of Individual Bondholders

Neither a Holder of any of the Bonds or any Insurer 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 remedy under the

Resolution, unless such Holder or Insurer previously has 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 a Taxability 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 rights 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.

(Section 11.08)

Intervention in Proceedings

Subject to indemnification of the Trustee as set forth in the Resolution, the Trustee shall, at the request of an Insurer, seek to intervene on behalf of the Holders of the Bonds in any action or proceeding in which the validity of or security for the Bonds is in issue and defend, preserve and protect all of the rights of the Bondholders under the Resolution.

(Section 11.15)

Insurer to be Bondholder

Subject to certain exceptions set forth in the Resolution, whenever by the Terms of the Resolution the consent or approval of any percentage in principal amount of the Holders of Outstanding Bonds is authorized to request or direct the Trustee to take any action, the Insurer of the Bonds of a Series shall be deemed to be the holder of the Bonds of such Series if such Insurer is not then in default in its payment obligations under the provisions of the municipal bond insurance policy issued by such Insurer with respect to the Outstanding Bonds of such Series.

(Section 11.16)

Defeasance

(a) If the Authority pays or causes to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, the applicable Series Resolution and the applicable Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted to such Bonds will be discharged and satisfied. In such event, the Trustee is required, upon the request of the Authority, to execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or other securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series are required to be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the required amount as directed by the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each such Facility Provider; third, to the Authority, any amounts 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.

(b) Bonds for the payment or redemption of which moneys have been set aside and held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the paragraph above. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there has been deposited with the Trustee either moneys in an amount which are sufficient, or Defeasance Securities the principal of and interest on which when due will, as verified by the report of a firm of independent certified public accountants, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, are sufficient to pay when due

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the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) the Trustee shall have received the written consent of each Facility Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Liquidity Facility or a Reserve Fund Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority has given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of any interest on said Bonds. The Authority will give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee will select which Bonds of like Series and maturity payment of which shall be made in accordance with, and in the manner provided for, in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the Resolution nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, must, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date due thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, must, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required or directed by the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority, the amount certified by 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 to the University, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or the Loan Agreement.

(c) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with clause (ii) of the second sentence of paragraph (b) above, 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, will be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (ii) of the second sentence of paragraph (b) above, the Trustee will, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(d) Option Bonds will be deemed to have been paid in accordance with clause (ii) of the second sentence of paragraph (b) above only if, in addition to satisfying the requirements of clauses (i) and (ii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the

maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to paragraph (b) above, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond will not be considered an Option Bond for purposes of this paragraph (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee will, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(e) Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date on which all of the Bonds of such Series have become due and payable either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of all the moneys if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, or one (1) year after the date when the principal or Redemption Price of or interest on the Bonds for which said moneys is held was due and payable shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

(f) No principal or Sinking Fund Installment of or installment of interest on a Bond will be considered to have been paid and the obligation of the Authority for the payment thereof shall continue notwithstanding that an Insurer pursuant to the municipal bond insurance policy issued with respect to such Bond has paid the principal or Sinking Fund Installment thereof or installment of interest thereon.

(Section 12.01)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an "event of default" or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Authority, the University or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Accreted Value of such Bond will be deemed to be its principal amount. Notwithstanding any other provision of the Resolution, the amount payable at any time with respect to the principal or Redemption Price of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an "event of default", as provided in the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision of the Resolution, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond will not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred

Appendix D

Income Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable following an “event of default” as provided in the Resolution of the Resolution, the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

(Section 14.07)

Subrogation of Insurer

In the event that an Insurer has made payment to a Holder of a Bond on account of the principal or Sinking Fund Installment of or accrued and unpaid interest on a Bond, the pledge and assignment made to the Trustee under the Resolution and the covenants and agreements set forth in the Resolution to be performed by or on behalf of the Authority shall continue in full force and effect for the benefit, protection and security of the Holder of such Bond and such Insurer shall be subrogated to the rights of such Holder.

(Section 14.08)

Termination of Insurer’s or Facility Provider’s Rights

Whenever by the terms of the Resolution the consent or approval of an Insurer or a Facility Provider is required or an Insurer or a Facility Provider, alone or together with any other Insurer or Facility Provider or the Holders of Bonds, is authorized to request or direct the Trustee to take any action, such consent or approval will not be required and the Trustee will not be obligated to comply with such request or direction if such Insurer or Facility Provider is then in default in its payment obligations under the provisions of the policy of municipal bond insurance or the Liquidity Facility or Reserve Fund Facility issued by such Insurer or Facility Provider. Nothing contained in the Resolution shall limit or impair the rights of the Holders of Bonds to give any consent or approval or to request or direct the Trustee to take any action and, if an Insurer or a Facility Provider is then in default under such insurance policy or Liquidity Facility or Reserve Fund Facility, such consent or approval shall be effective without the consent or approval of such Insurer or Facility Provider otherwise required by the Resolution and the Trustee shall comply with such request or direction notwithstanding that such request or direction is required to be made or given together with such Insurer or Facility Provider.

(Section 14.09)

FORM OF APPROVING OPINION OF BOND COUNSEL

Appendix E

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**FORM OF APPROVING OPINION OF BOND COUNSEL
RELATING TO THE SERIES 2007A BONDS**

June , 2007

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$126,145,000 aggregate principal amount of New York University Insured Revenue Bonds, Series 2007A (the "Series 2007A Bonds") by the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof, 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 2007A Bonds are issued under and pursuant to the Act, the New York University Insured Revenue Bond Resolution of the Authority, adopted on February 26, 2003 (the "Resolution"), the New York University Series 2007A Resolution Authorizing Up To \$230,000,000 Series 2007A Bonds, adopted on May 30, 2007 (the "Series 2007A Resolution") and the Bond Series Certificate relating to the Series 2007A Bonds (the "Bond Series Certificate"). Said resolutions and the 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 2007A 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 Resolutions and is authorized to issue from time to time for the purposes authorized by the Act and the Resolutions, 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 2007A Bonds were issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue Bonds, in addition to the Series 2007A Bonds, only upon the terms and conditions set forth in the Resolutions and such Bonds, when issued, will with the Series 2007A Bonds be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolutions.

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The Series 2007A Bonds will be 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>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2017	\$3,555,000	4.25%	2024	\$4,965,000	5.00%
2018	3,705,000	5.00	2025	5,215,000	5.00
2019	3,890,000	5.00	2026	5,475,000	5.00
2020	4,085,000	5.00	2027	5,750,000	5.00
2021	4,290,000	5.00	2032	33,345,000	5.00
2022	4,505,000	5.00	2037	42,635,000	5.00
2023	4,730,000	5.00			

The Series 2007A Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2007A Bonds are numbered consecutively from one upward in order of issuance.

The Series 2007A Bonds are subject to redemption prior to maturity and mandatory tender for purchase as provided in the Resolutions.

The Series 2007A 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 February 26, 2003 (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 2007A 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 Resolutions 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 2007A 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 2007A Bonds thereunder.

2. The Series 2007A Resolutions has been duly adopted by the Authority in accordance with the provisions of the Resolutions and is authorized and permitted by the Resolutions. The 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 2007A 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 2007A 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 equal benefits of the Resolutions and the Act.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. The Internal Revenue Code of 1986, (the "Code") sets forth certain requirements that must be met subsequent to the issuance and delivery of the Series 2007A 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 2007A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2007A Bonds. The Authority has covenanted in the Series 2007A Resolutions 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 Series 2007A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code.

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 Series 2007A 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 2007A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Bond counsel is further of the opinion that the difference between the principal amount of the Series 2007A Bonds maturing on July 1, 2017 (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bonds houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Series 2007A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning Discount Bonds, even though there will not be a corresponding cash payment.

6. Interest on the Series 2007A 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 2007A 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 2007A 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, state or local tax consequences of the ownership or disposition of the Series 2007A Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2007A Bonds, or the interest thereon, if any action is taken with respect to Series 2007A 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 the due authorization, execution and delivery of the Loan Agreement by the University.

Very truly yours,

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**SPECIMEN FINANCIAL GUARANTY
INSURANCE POLICY**

Appendix F

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Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee

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