


\$146,030,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ROCHESTER INSTITUTE OF TECHNOLOGY
REVENUE BONDS, SERIES 2012**

Dated: Date of Delivery

Due: July 1, as shown below

Payment and Security: The Series 2012 Bonds (the "Series 2012 Bonds") are special obligations of the Dormitory Authority of the State of New York ("DASNY") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of November 13, 2012, between Rochester Institute of Technology (the "Institution") and DASNY, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) established under DASNY's Rochester Institute of Technology Revenue Bond Resolution, adopted September 22, 2010 (the "Resolution") and the Series Resolution, adopted on November 13, 2012, authorizing such Series (the "Series 2012 Resolution" and, together with the Resolution, the "Resolutions").

The Loan Agreement is a general obligation of the Institution and requires the Institution to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2012 Bonds. The obligations of the Institution under the Loan Agreement to make such payments are secured by a pledge of tuition and fee revenue of the Institution in an amount equal to maximum annual debt service on the Series 2012 Bonds. Such pledge is subordinate to the Prior Pledges.

The Series 2012 Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2012 Bonds. DASNY has no taxing power.

Description: The Series 2012 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due July 1, 2013 and each January 1 and July 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2012 Bonds at their addresses as shown on the registration books held by the Trustee or, at the option of a holder of at least \$1,000,000 in principal amount of Series 2012 Bonds, by wire transfer to the holder of such Series 2012 Bonds, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal or Redemption Price of the Series 2012 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of Series 2012 Bonds, by wire transfer to the holders of such Series 2012 Bonds as more fully described herein.

The Series 2012 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 2012 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2012 Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2012 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 2012 BONDS - Book-Entry Only System" herein.

Redemption or Purchase: *The Series 2012 Bonds are subject to redemption or purchase prior to maturity as more fully described herein.*

Tax Exemption: In the opinion of each of Squire Sanders (US) LLP and D. Seaton and Associates, Co-Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Series 2012 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "PART 11 - TAX MATTERS" herein.

\$120,480,000 Serial Bonds										
Due	Principal	Interest		CUSIP	Due	Principal	Interest		CUSIP	
July 1	Amount	Rate	Yield	Number**	July 1	Amount	Rate	Yield	Number**	
2014	\$ 490,000	3.00%	0.44%	649907GQ9	2025	\$ 8,630,000	5.00%	2.18%*	649907HB1	
2015	500,000	3.00	0.61	649907GR7	2026	9,160,000	4.00	2.47*	649907HC9	
2016	520,000	4.00	0.77	649907GS5	2027	9,520,000	4.00	2.53*	649907HD7	
2017	1,060,000	4.00	0.92	649907GT3	2028	9,895,000	4.00	2.57*	649907HE5	
2018	1,090,000	4.00	1.03	649907GU0	2029	10,290,000	4.00	2.63*	649907HF2	
2019	1,140,000	4.00	1.17	649907GV8	2030	10,670,000	4.00	2.69*	649907HG0	
2020	1,675,000	5.00	1.39	649907GW6	2031	11,085,000	4.00	2.75*	649907HH8	
2021	1,725,000	5.00	1.65	649907GX4	2032	11,520,000	4.00	2.81*	649907HJ4	
2022	1,780,000	4.00	1.90	649907GY2	2033	11,125,000	4.00	2.88*	649907HK1	
2023	7,835,000	5.00	2.00*	649907GZ9	2034	2,545,000	5.00	2.75*	649907HN5	
2024	8,225,000	5.00	2.10*	649907HA3						
\$11,525,000 5.00% Term Bonds Due July 1, 2038, Yield 2.86%* CUSIP Number 649907HL9** \$14,025,000 5.00% Term Bonds Due July 1, 2042, Yield 2.94%* CUSIP Number 649907HM7**										

The Series 2012 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2012 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire Sanders (US) LLP, New York, New York, and D. Seaton and Associates, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Institution by its counsel, Nixon Peabody LLP, Rochester, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York. DASNY expects to deliver the Series 2012 Bonds in definitive form in New York, New York, on or about December 12, 2012.

RBC Capital Markets

M&T Securities

Ramirez & Co., Inc.

Roosevelt & Cross, Incorporated

November 21, 2012

* Priced at stated yield to the July 1, 2022 optional redemption date.

** CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2012 Bonds. Neither DASNY nor the Underwriters is responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2012 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2012 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2012 Bonds.

No dealer, broker, salesperson or other person has been authorized by DASNY, the Institution or the Underwriters to give any information or to make any representations with respect to the Series 2012 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 DASNY, the Institution 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 2012 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 Institution and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriters guarantees the accuracy or completeness of such information and such information is not to be construed as a representation of DASNY or the Underwriters.

The Institution has reviewed the parts of this Official Statement describing the Institution, the Principal and Interest Requirements, the financial covenants, the 2012 Project, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. As a condition to delivery of the Series 2012 Bonds, the Institution will certify that as of the date of this Official Statement and of delivery of the Series 2012 Bonds, that such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Institution makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities law, but the Underwriters do not guarantee the accuracy or completeness of such information.

References in this Official Statement to the Act, the Resolution, the Series 2012 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2012 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2012 Resolution and the Loan Agreement are on file with DASNY and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2012 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2012 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
PAUL T. WILLIAMS, JR. – PRESIDENT

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

OFFICIAL STATEMENT RELATING TO
\$146,030,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ROCHESTER INSTITUTE OF TECHNOLOGY
REVENUE BONDS, SERIES 2012

PART 1 — INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about DASNY and the Institution, in connection with the offering by DASNY of \$146,030,000 aggregate principal amount of its Rochester Institute of Technology Revenue Bonds, Series 2012 (the “Series 2012 Bonds”).

The following is a brief description of certain information concerning the Series 2012 Bonds, DASNY and the Institution. A more complete description of such information and additional information that may affect decisions to invest in the Series 2012 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 2012 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used (i) to pay a portion of the Costs of the 2012 Project (described herein), (ii) to refund a portion of DASNY’s Rochester Institute of Technology Insured Revenue Bonds, Series 2002B (the “Series 2002B Bonds”), (iii) to refund a portion of DASNY’s Rochester Institute of Technology Revenue Bonds, Series 2008A (the “Series 2008A Bonds” and together with the Series 2002B Bonds, the “Refunded Bonds”), and (iv) to pay the Costs of Issuance of the Series 2012 Bonds. See “PART 4 — THE 2012 PROJECT,” “PART 5 – THE REFUNDING PLAN” and “PART 6 — ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Resolution authorizes the issuance of Bonds pursuant to separate Series Resolutions for the benefit of the Institution. The Series 2012 Bonds will be issued pursuant to the Act, the Resolution, and the Series 2012 Resolution. In addition to the Series 2012 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 DASNY or other issuers that were issued on behalf of the Institution. Each Series of Bonds will be separately secured from each other Series of Bonds. 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 2012 Bonds. See “PART 3 — THE SERIES 2012 BONDS.”

DASNY

DASNY is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, healthcare, governmental and not-for-profit institutions. See “PART 8 — DASNY.”

The Institution

The Institution is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Board of Regents of the State. The Institution is located in Rochester, New York. See “PART 7 — THE INSTITUTION” and “Appendix B — Financial Statements of Rochester Institute of Technology and Report of Independent Accountants.”

The Series 2012 Bonds

The Series 2012 Bonds are dated their date of delivery and bear interest from such date (payable July 1, 2013 and on each January 1 and July 1 thereafter) at the rates and will mature at the times set forth on the cover page of this Official Statement. See “PART 3 - THE SERIES 2012 BONDS - Description of the Series 2012 Bonds.”

Payment of the Series 2012 Bonds

The Series 2012 Bonds are special obligations of DASNY payable solely from the Revenues which consist of certain payments to be made by the Institution under the Loan Agreement, which payments are pledged and assigned to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Payment of the Series 2012 Bonds.”

Security for the Series 2012 Bonds

The Series 2012 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues granted by the Institution to DASNY under the Loan Agreement (subject to the Prior Pledges described below under “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Security for the Series 2012 Bonds”).

The Series 2012 Bonds will also be secured by the proceeds from the sale of the Series 2012 Bonds (until disbursed as provided by the Resolution) and by all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund). Each Series of Bonds issued under the Resolution will be separately secured from each other Series of Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Security for the Series 2012 Bonds.”

The Series 2012 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2012 Bonds except for DASNY’s responsibility to make payments from moneys received from the Institution pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

Financial Covenants

The Institution covenants in the Loan Agreement that, so long as the Series 2012 Bonds remain Outstanding, it will demonstrate at the end of each Fiscal Year that (i) Operating Income Available for Debt Service for such Fiscal Year then ended was at least equal to 1.10 times its Annual Debt Service for such Fiscal Year, and (ii) Unrestricted Resources as of the end of such Fiscal Year are at least equal to 75% of outstanding Long-Term Indebtedness. The Institution is required to demonstrate compliance with such covenants by filing annual certificates with DASNY. Failure by the Institution to comply with the foregoing covenants will not constitute an event of default under the Loan Agreement or the Resolution if the Institution complies with the provisions relating to a Management Consultant. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – Financial Covenants – *Maintenance Covenants*.”

The Institution also covenants in the Loan Agreement that, except to the extent permitted under the Loan Agreement, it will not issue, incur, assume or guarantee any Indebtedness without the prior written consent of DASNY. For a summary of the circumstances in which the Institution may incur such Indebtedness, see “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – Financial Covenants – *Additional Indebtedness*.”

The 2012 Project

The 2012 Project consists of the construction of the Gene Polisseni ice arena, expansion and renovation of existing health and science facilities, improvements to electrical infrastructure, laboratory renovations and the acquisition of certain existing on-campus housing. See “PART 4 — THE 2012 PROJECT.”

PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2012 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 and the Series 2012 Resolution. Copies of the Loan Agreement, the Resolution and the Series 2012 Resolution are on file with DASNY and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2012 Bonds

The Series 2012 Bonds will be special obligations of DASNY. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2012 Bonds are payable solely from the Revenues, which consist of payments to be made by the Institution 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 Series 2012 Bonds. The Revenues and the right to receive them have been pledged and assigned to the Trustee for the benefit of the Bondholders.

The Loan Agreement is a general obligation of the Institution and requires the Institution to make payments to satisfy the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Outstanding Series 2012 Bonds. Payments made by the Institution in respect of interest on the Series 2012 Bonds are to be made on the 15th day of each May immediately preceding the July 1 and on the 15th day of each November immediately preceding the January 1 on which interest is payable, in each case in an amount equal to the interest coming due on the next succeeding interest payment date. Payments by the Institution in respect of principal are to be made on the 15th day of each May immediately preceding the July 1 on which such principal becomes due. The Loan Agreement also obligates the Institution to pay, at least 45 days prior to a redemption date or purchase date of Series 2012 Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Purchase Price or Redemption Price of such Bonds. See “PART 3 - THE SERIES 2012 BONDS - Redemption and Purchase in Lieu of Redemption Provisions.”

DASNY has directed, and the Institution has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal and Redemption Price of and interest on the Series 2012 Bonds.

Security for the Series 2012 Bonds

The Series 2012 Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Resolution and the Series 2012 Resolution (other than the Arbitrage Rebate Fund). Each Series of Bonds will be separately secured from each other. See “Appendix D - Summary of Certain Provisions of the Resolution.”

Pledged Revenues

As security for its obligations under the Loan Agreement, the Institution has granted to DASNY a security interest in the Pledged Revenues, consisting of tuition and fees charged to students and received or receivable by the Institution equal to the maximum annual debt service on the then Outstanding Series 2012 Bonds in the current or any future calendar year. DASNY has pledged and assigned to the Trustee for the benefit of the Holders of Series 2012 Bonds its security interest in the Pledged Revenues. The security interest in the Pledged Revenues is subordinate to the Prior Pledge made in connection with the issuance of DASNY’s Rochester Institute of Technology Revenue Bonds, Series 2010 (the “Series 2010 Bonds”). The Series 2010 Bonds have a final maturity of July 1, 2040; the maximum annual debt service thereon is approximately \$6.7 million.

Pursuant to the Loan Agreement, the Institution has covenanted not to incur additional debt if the lien securing such debt would constitute a prior pledge relative to the security interest in the Pledged Revenues. However, the Loan Agreement permits the Institution, under certain conditions, to incur additional indebtedness secured by the Pledged Revenues on a parity with DASNY’s lien on the Pledged Revenues securing the Institution’s obligations to DASNY under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – Issuance of Additional Indebtedness.”

Financial Covenants

The Loan Agreement contains certain covenants by the Institution wherein the Institution agrees to the following:

Maintenance Covenants

The Institution covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio of 1.1:1. On or prior to each Reporting Date, the Institution shall file with DASNY a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based. If on two consecutive Testing Dates the Institution does not satisfy the Debt Service Coverage Ratio requirement, DASNY may require the Institution to retain a Management Consultant. If on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Institution shall be required to retain a Management Consultant. As of June 30, 2012, the Institution's Debt Service Coverage Ratio was reported at 3.80:1.

The calculation of the Institution's Debt Service Coverage Ratio for the past five (5) years is set forth in the table below:

Rochester Institute of Technology Historical Debt Service Coverage Ratio Calculation

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Unrestricted Operating Revenue	\$411,594	\$441,690	\$452,055	\$472,598	\$486,909
Operating Expenses Less Depreciation, Amortization and Interest	\$366,344	\$387,690	\$398,543	\$417,588	\$425,747
Operating Income Available for Debt Service	\$45,250	\$54,000	\$53,512	\$55,010	\$61,162
Annual Debt Service	\$11,730	\$21,106	\$16,482	\$21,899*	\$16,106
Debt Service Coverage Ratio	3.86:1	2.56:1	3.25:1	2.51:1	3.80:1

*The 2011 annual debt service excludes early redemptions.

The Institution also covenants to maintain an Unrestricted Resources to Debt Ratio of at least 0.75:1. On or prior to each Reporting Date, the Institution shall file with DASNY a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Unrestricted Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based. If on any Testing Date the Institution does not satisfy the Unrestricted Resources to Debt Ratio requirement, DASNY may require the Institution to retain a Management Consultant. If on any Testing Date the Institution does not satisfy the Unrestricted Resources to Debt Ratio requirement and the percentage decline from the prior Fiscal Year to the current Fiscal Year is greater than or equal to thirty-five percent (35%), the Institution shall be required to retain a Management Consultant. In either case, such Management Consultant would be engaged at the Institution's expense, to review the fees and tuition, operations and management of the Institution and any other matter deemed appropriate by DASNY and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the Institution to comply with such covenants within a reasonable period acceptable to DASNY. As of June 30, 2012, the Institution's Unrestricted Resources to Debt Ratio was reported at 2.25:1.

Additional Indebtedness

Except as otherwise described below, the Institution covenants that it will not issue, incur, assume or guarantee any Indebtedness following the issuance of the Series 2012 Bonds without the prior written consent of DASNY.

The Institution may issue, incur, assume or guarantee Indebtedness without the consent of DASNY provided that (i) it maintains a debt rating in the "A" category without regard for "+" or "-" from at least one Rating Service and (ii) (a) such Long-Term Indebtedness issued in any Fiscal Year is in an amount less than or equal to ten percent (10%) of the amount of its unrestricted net assets as reported for the most recently concluded Fiscal Year for which audited financial statements are

available or (b) the Institution provides to DASNY a certificate of an Authorized Officer of the Institution containing pro forma calculations demonstrating that the maintenance covenants described above would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued (provided that, for purposes of calculating the Debt Service Coverage Ratio for such pro forma calculations, Annual Debt Service shall be equal to projected Maximum Annual Debt Service).

Notwithstanding the foregoing, the Institution may issue Non-Recourse Indebtedness without limitation provided that any assets pledged as collateral or for the re-payment of such indebtedness must have been acquired by the Institution after the issuance of the Series 2012 Bonds.

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

Subject to the consent of DASNY and to the prior execution of an intercreditor agreement, the Institution may incur Parity Indebtedness, which is Indebtedness secured by the pledge and grant of a security interest in the Pledged Revenues of the Institution on an equal rank with the pledge and grant made in the Loan Agreement.

For a more complete description of the financial covenants of the Institution contained in the Loan Agreement, see "Appendix C - Summary of Certain Provisions of the Loan Agreement."

Events of Default and Acceleration

The following are events of default under the Resolution: (i) with respect to the Series 2012 Bonds, a default by DASNY in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) with respect to the Series 2012 Bonds, a default by DASNY in the payment of interest on any Bond; (iii) with respect to the Series 2012 Bonds, a default by DASNY in the due and punctual performance of any covenant or agreement contained in the Series 2012 Resolution to comply with the provisions of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) with respect to the Series 2012 Bonds, a default by DASNY in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if DASNY fails to commence within 30 days and diligently prosecute the cure thereof; or (v) with respect to the Series 2012 Bonds, DASNY shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the Institution under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the Institution under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2012 Bonds, shall declare the principal of and interest on all the Outstanding Series 2012 Bonds to be immediately due and payable. At any time after the principal of the Series 2012 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2012 Bonds not yet due by their terms and then Outstanding, by written notice to DASNY, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the Institution within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments, if any, or Redemption Price of, or interest on, any of the Series 2012 Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2012 Bonds.

Issuance of Additional Bonds

In addition to the Series 2012 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 DASNY or other issuers that were issued on behalf of the Institution. The Bonds which may be issued include Capital Appreciation

Bonds, Deferred Income Bonds, Option Bonds, Variable Interest Rate Bonds and Fixed Rate Bonds. Each Series of Bonds will be separately secured from each other Series of Bonds. 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 prior to or after the scheduled delivery date of the Series 2012 Bonds. The Loan Agreement also permits the Institution, under certain conditions, to incur additional long-term indebtedness secured by a security interest in the Pledged Revenues on a parity with DASNY's lien on the Pledged Revenues securing the Institution's obligations to DASNY under the Loan Agreement. See "–Security for the Series 2012 Bonds" above and "Appendix C – Summary of Certain Provisions of the Loan Agreement."

General

The Series 2012 Bonds will not be a debt of the State and the State will not be liable on the Series 2012 Bonds. DASNY has no taxing power. DASNY has never defaulted in the timely payment of principal of or interest on its bonds or notes. See "PART 8 — DASNY."

PART 3 — THE SERIES 2012 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2012 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2012 Resolution and the Loan Agreement, copies of which are on file with DASNY 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 2012 Bonds.

Description of the Series 2012 Bonds

The Series 2012 Bonds will be issued pursuant to the Resolution and the Series 2012 Resolution and will be dated their date of delivery and bear interest from such date (payable July 1, 2013 and on each January 1 and July 1 thereafter) at the rates set forth on the cover page of this Official Statement.

The Series 2012 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2012 Bonds will be payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 in principal amount of Series 2012 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 for the Series 2012 Bonds immediately preceding the interest payment date. If the Series 2012 Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2012 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2012 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 2012 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 2012 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2012 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 2012 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 2012 Bonds, the Series 2012 Bonds will be exchangeable for fully registered Series 2012 Bonds in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See " - Book-Entry Only System" below and "Appendix D - Summary of Certain Provisions of the Resolution."

For a more complete description of the Series 2012 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2012 Bonds are subject to redemption and to purchase in lieu of redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2012 Bonds, see "Appendix D— Summary of Certain Provisions of the Resolution."

Optional Redemption

The Series 2012 Bonds maturing on or before July 1, 2022 are not subject to optional redemption prior to maturity. The Series 2012 Bonds maturing on or after July 1, 2023 are subject to redemption prior to maturity on or after July 1, 2022, in any order at the option of DASNY, 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 2012 Bonds maturing on or after July 1, 2023 are also subject to purchase in lieu of optional redemption prior to maturity at the election of the Institution with the consent of DASNY, on or after July 1, 2022, 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”).

Mandatory Redemption

The Series 2012 Bonds are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of each Series 2012 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 2012 Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2012 Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and DASNY shall be required to pay for the retirement of the Series 2012 Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

<u>Series 2012 Bonds Maturing July 1, 2038</u>		<u>Series 2012 Bonds Maturing July 1, 2042</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2035	\$2,675,000	2039	\$3,250,000
2036	\$2,805,000	2040	\$3,415,000
2037	\$2,950,000	2041	\$3,590,000
2038 [†]	\$3,095,000	2042 [†]	\$3,770,000

[†] Final maturity.

DASNY may from time to time direct the Trustee to purchase Series 2012 Bonds with moneys in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2012 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 2012 Bonds. The Institution also may purchase Series 2012 Bonds and apply any Series 2012 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 2012 Bonds. To the extent DASNY’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 2012 Bonds so purchased will be reduced for such year.

Special Redemption

The Series 2012 Bonds are subject to redemption prior to maturity at the option of DASNY, in whole or in part on any interest payment date, at 100% of the principal amount thereof plus accrued interest to the redemption date (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the 2012 Project to which such proceeds relate, and (ii) from unexpended proceeds of the Series 2012 Bonds upon the abandonment of all or a portion of the 2012 Project due to a legal or regulatory impediment. See “PART 4 – THE 2012 PROJECT.”

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2012 Bonds, DASNY will select the maturities of the Series 2012 Bonds to be redeemed. If less than all of the Series 2012 Bonds of a maturity are to be redeemed, the Series 2012 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 2012 Bonds in the name of DASNY, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2012 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than 10 Business Days prior to the date such notice is given. Each notice of redemption, other than a notice of “Special Redemption,” may state, in addition to any other condition, that the redemption is conditioned upon the receipt by the Trustee on or prior to the redemption date of sufficient moneys to pay the Redemption Price of the Series 2012 Bonds to be redeemed. The failure of any owner of a Series 2012 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2012 Bond.

If on the redemption date moneys for the redemption of the Series 2012 Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2012 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2012 Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Series 2012 Bonds will be given in the name of the Institution to the registered owners of the Series 2012 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2012 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2012 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2012 Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2012 Bonds. Such Series 2012 Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The Institution’s obligation to purchase a Series 2012 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 2012 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 2012 Bonds to be purchased, the former registered owners of such Series 2012 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 2012 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 2012 Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2012 Bonds of a maturity are to be purchased, the Series 2012 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2012 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 2012 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 2012 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 securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities 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 2012 Bond certificate will be issued for each maturity of the Series 2012 Bonds, each in the aggregate principal amount of such maturity, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of

securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 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 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 2012 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY 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 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2012 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 DASNY 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 DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DASNY and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2012 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2012 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2012 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. DASNY and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2012 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of DASNY (kept by the Trustee) as

being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2012 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by DASNY; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to DASNY and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2012 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2012 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the Series 2012 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 of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER DASNY 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 2012 BONDS.

So long as Cede & Co. is the registered owner of the Series 2012 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2012 Bonds (other than under the caption "PART 11 — TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2012 Bonds.

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

For every transfer and exchange of Series 2012 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.

DASNY, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2012 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2012 Bonds. or (ii) a continuation of the requirement that all of the Outstanding Series 2012 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 DASNY or restricted registration is no longer in effect, Series 2012 Bond certificates will be delivered as described in the Resolution.

NEITHER DASNY, THE INSTITUTION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2012 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2012 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2012 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2012 BONDS; OR (VI) ANY OTHER MATTER.

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the Institution during each twelve month period ending June 30 of the years shown for the payment of the principal of and interest on the Series 2012 Bonds, other indebtedness of the Institution, and the total thereof, after giving effect to the refunding of the Refunded Bonds.

12- Month Period Ending June 30	Principal Payments on the Series 2012 Bonds	Interest Payments on the Series 2012 Bonds	Total Debt Service on the Series 2012 Bonds	Debt Service on Other Outstanding Indebtedness⁽¹⁾	Total Debt Service
2013	\$ --	\$3,533,991	\$3,533,991	\$11,126,779	\$14,660,770
2014	490,000	6,393,150	6,883,150	11,097,629	17,980,779
2015	500,000	6,378,450	6,878,450	13,012,479	19,890,929
2016	520,000	6,363,450	6,883,450	12,996,644	19,880,094
2017	1,060,000	6,342,650	7,402,650	12,448,375	19,851,025
2018	1,090,000	6,300,250	7,390,250	12,415,475	19,805,725
2019	1,140,000	6,256,650	7,396,650	12,395,150	19,791,800
2020	1,675,000	6,211,050	7,886,050	11,868,688	19,754,738
2021	1,725,000	6,127,300	7,852,300	11,861,375	19,713,675
2022	1,780,000	6,041,050	7,821,050	11,862,413	19,683,463
2023	7,835,000	5,969,850	13,804,850	4,915,288	18,720,138
2024	8,225,000	5,578,100	13,803,100	4,915,288	18,718,388
2025	8,630,000	5,166,850	13,796,850	4,913,538	18,710,388
2026	9,160,000	4,735,350	13,895,350	4,914,788	18,810,138
2027	9,520,000	4,368,950	13,888,950	4,915,881	18,804,831
2028	9,895,000	3,988,150	13,883,150	4,916,613	18,799,763
2029	10,290,000	3,592,350	13,882,350	4,911,775	18,794,125
2030	10,670,000	3,180,750	13,850,750	4,911,963	18,762,713
2031	11,085,000	2,753,950	13,838,950	4,915,775	18,754,725
2032	11,520,000	2,310,550	13,830,550	4,912,788	18,743,338
2033	11,125,000	1,849,750	12,974,750	2,313,000	15,287,750
2034	2,545,000	1,404,750	3,949,750	2,314,750	6,264,500
2035	2,675,000	1,277,500	3,952,500	2,312,500	6,265,000
2036	2,805,000	1,143,750	3,948,750	2,316,250	6,265,000
2037	2,950,000	1,003,500	3,953,500	2,315,500	6,269,000
2038	3,095,000	856,000	3,951,000	2,315,250	6,266,250
2039	3,250,000	701,250	3,951,250	2,315,250	6,266,500
2040	3,415,000	538,750	3,953,750	2,315,250	6,269,000
2041	3,590,000	368,000	3,958,000	--	3,958,000
2042	3,770,000	188,500	3,958,500	--	3,958,500

¹ A portion of the proceeds of the Series 2012 Bonds will be used to advance refund certain maturities of the Series 2002B Bonds totaling approximately \$10.85 million and certain maturities of the Series 2008A Bonds totaling approximately \$76.10 million. This column does not include debt service on these Refunded Bonds.

PART 4 — THE 2012 PROJECT

The 2012 Project consists of several undertakings, the largest of which is the construction of the Gene Polisseni Center, a 135,000 square foot ice arena that will offer seating for 4,000 spectators. Bond proceeds will also be used for renovations and improvements to the Institute of Health Science and Technology, replacement of an electrical substation and renovations of laboratories for the College of Science. The 2012 Project also includes the acquisition of University Commons Project II.

PART 5 — THE REFUNDING PLAN

A portion of the proceeds of the Series 2012 Bonds will be used to advance refund the Refunded Bonds. Upon issuance of the Series 2012 Bonds, such proceeds are expected to be used to acquire defeasance securities under the applicable resolutions (the “Investment Securities”), the principal of and interest on which, when due, together with any initial cash deposit, will provide moneys sufficient to pay the redemption price of the Refunded Bonds and the interest on such Refunded Bonds to the respective dates fixed for redemption.

The Investment Securities will be deposited with the respective trustee for each series of Refunded Bonds, upon the issuance and delivery of the Series 2012 Bonds and will be held in trust solely for the payment of the redemption price of and interest on the applicable Series of Refunded Bonds. At the time of such deposit DASNY will give such irrevocable instructions to each trustee to give notice of the refunding and redemption of the Refunded Bonds and to apply the proceeds from the Investment Securities together with any initial cash deposit to the payment of the redemption price of and interest on the Refunded Bonds. In the opinion of Bond Counsel, upon making such deposits with each trustee and the issuance of certain irrevocable instructions to each trustee, the Refunded Bonds will, under the terms of the applicable resolution under which they were issued, be deemed to have been paid and will no longer be outstanding and the pledge of the revenues or other moneys and securities pledged to the Refunded Bonds and all other rights granted by the applicable resolution to the Refunded Bonds shall be discharged and satisfied.

PART 6 — ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds	
Principal Amount of Series 2012 Bonds	\$ 146,030,000
Original Issue Premium	22,187,368
Prior Debt Service Funds	<u>2,538,668</u>
Total Sources	<u>\$ 170,756,036</u>
Uses of Funds	
Deposit to the Construction Fund	\$ 58,000,000
Refunding Escrow Deposits	111,848,230
Costs of Issuance ¹	362,715
Underwriters’ Discount	542,828
Additional Proceeds	<u>2,263</u>
Total Uses	<u>\$ 170,756,036</u>

¹ Includes legal fees and associated costs relating to the Series 2012 Bonds.

PART 7 — THE INSTITUTION

GENERAL INFORMATION

Introduction

Since its founding in 1829, Rochester Institute of Technology (“RIT” or the “Institute”) has established a tradition of excellence in professional and career-oriented education with concentrations in engineering, imaging, technology, fine and applied arts, science, business and education for the deaf. In the fall of 2012, headcount enrollment is 17,950 full- and part-time students who represent all 50 states and more than 100 nations. There are currently more than 107,000 RIT alumni worldwide.

In its nine colleges, RIT offers 35 certificate, advanced certificate and diploma programs, 27 associate degree programs, 84 bachelor’s degree programs, 70 master’s degree programs and 6 Ph.D. programs. Ph.D. programs are offered in astrophysics, color science, computing and information science, imaging science, microsystems engineering and sustainability. The range of academic programs at the Institute include: business and management, computing and information technologies, engineering and engineering technologies, biotechnology, biomedical and health sciences, film and animation, game design and development, sustainability, packaging science, hospitality and service management, science and mathematics, imaging science, fine arts, crafts, design, photographic and imaging arts and technologies, and social sciences including psychology, international studies, public policy and criminal justice. RIT continuously evaluates its program portfolio and develops new academic programs or curriculum revisions to ensure that the Institute is meeting the future career needs and interests of its students and their potential employers.

Under an agreement with the U.S. government, the Institute established the National Technical Institute for the Deaf (NTID) to provide technical training and education for deaf and hard of hearing persons. In fiscal year 2011/2012 the federal government funded approximately 69% of total operating costs of NTID. The balance of the operating costs is covered from tuition collected from students and other revenues. The federal appropriation is applied for on an annual basis and its continuation is subject to the federal government’s continued support of the program. The program has been in place since 1968.

The Institute anticipates that enrollment will remain stable and maintains modest enrollment growth targets in the near term. Three critical elements of the Institute’s enrollment strategy are developing curricula that will respond to emerging workforce issues, increasing diversity enrollment and improving the diversity of its faculty, staff and student body. In addition, the Institute continues to emerge on a national and international scale reducing its dependency on New York and the Mid-Atlantic and New England regions.

In 1912, RIT became one of the first universities in the nation to offer cooperative education. For 100 years RIT students have been combining on-the-job experience with classroom and laboratory instruction. The Institute has the fourth oldest and fifth largest cooperative education program in the world. In addition to serving as a quality source of practical experience, the co-op program allows RIT students to earn funds to support their education.

The Institute’s athletic program includes 23 men’s and women’s varsity sports with 21 competing at the National Collegiate Athletic Association Division III level, and two, men’s and women’s hockey, competing at the Division I level. These teams include approximately 650 student-athletes. Several teams have reached national playoff competitions, with three teams capturing national titles (two in men’s hockey and one in women’s hockey). The athletics program also includes more than 550 wellness activity courses, 19 intramural activities, 41 club sports, and an extensive outdoor education and leadership program called Interactive Adventures that serves over 30,000 participants annually. These programs as well as other recreation activities are supported by specialized, professional personal services and extensive first-class facilities and equipment. The addition of a new field house and activities center in 2004 served to enhance the Institute’s athletics programs and help to ensure the Institute’s goals for student development and the enhancement of campus spirit are met.

The RIT campus occupies a 1,300-acre site in suburban Rochester, New York. The campus consists of 5.8 million square feet of program space allocated among residential, academic research and administrative buildings. Between 2002 and 2012, the Institute invested approximately \$407 million in student residence facilities to increase and enhance the overall residential program consistent with student needs, preferences and enrollment growth, as well as other top facility priorities including increasing student campus life space available for student activities, athletic training and competition, and social functions; improving campus beautification; developing and renovating roads, walkways and lighting; adapting academic space to meet current curricular demands; investing in state-of-the-art/industry technology and applied research labs; and enhancing campus-wide telecommunications and computing equipment and infrastructure.

RIT offers programs in Eastern Europe at the American College of Management and Technology (ACMT) in Dubrovnik, Croatia which opened in 1997, in Zagreb, Croatia which opened in 2011, and at the American University in Kosovo in Pristina, Kosovo which opened in 2003. In 2008, RIT established a campus in Dubai where RIT offers

undergraduate degree programs in business, engineering, and computing and information science, and master's degree programs in electrical and mechanical engineering, finance, business administration, service leadership and innovation, and networking and systems administration. Total headcount enrollment for Fall 2012 at the international campuses is 1,344 students.

Governance

The Institute is governed by a Board of Trustees, consisting of 55 voting members including the President. Board members are elected to four-year terms. The full Board of Trustees meets three times annually, with the official annual meeting occurring in November of each year.

The officers and current members of the Board of Trustees are as follows:

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Vice Chairman
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Kathleen C. Anderson '94
Media Director
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RIT

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Vice President, Vehicle Supply
Chain Strategy
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Margie Fitch *

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Retired Chairman
Hutchins/Young & Rubicam
Chair Emeritus
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Sybron Corporation

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The Pike Company

Richard A. Kaplan
CEO
Torvec Inc.

Kraig H. Kayser
President and CEO
Seneca Foods Corporation

Joyce B. Klemmer '78
Partner
Smith, Gambrell and Russell LLP

Roger W. Kober * '84
Retired Chairman and CEO
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Corporation

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Retired Executive Vice President
and General Manager
TRW Avionics & Surveillance
Group

Gary J. Lindsay '64
C.P.A.

Joseph M. Lobo II '95
Founder
JML Optical Industries, Inc.

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Retired Vice President
Imaging & Information Systems
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Goulds Pumps, Inc.

Roosevelt Mercer, Jr.
Vice President, Government,
Commercial & International
Initiatives
Exelis Inc.

Robert D. Moore, Jr. '91
Former Senior Vice President of
Applications
& Development
Windstream Corp.

Harold M. Mowl, Jr.
Superintendent/CEO
Rochester School for the Deaf
NTID NAG Representative

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Attorney at Law
RatnerPrestia

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CEO
Rochester Business Alliance, Inc.

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Retired Member of the
Management Board
Heidelberger Druckmaschinen AG

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Vice President,
Global Technical Leadership,
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President & Managing Partner
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Anne M. Sevier-Buckingham
Women's Council Representative

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Former Chief Financial Officer &
Executive Vice President
Tyco International

John M. Summers *
CEO
Jasco Tools, Inc.

Kevin J. Surace '85
Former CEO
Serious Energy

Sharon Ting
President
Ting & Associates, Inc.

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Retired Executive Vice President
and Deputy to the
Chief Executive Officer
Motorola, Inc.

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Massimo Vignelli **
Chief Executive Officer
Vignelli Design Associates

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Chief Information Officer
Eastman Kodak Company

Judy B. von Bucher

Chester N. Watson '74
Retired General Auditor
General Motors Corporation

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Retired Vice President and
Manager
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Division
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LLC

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Chairman Emeritus
Bausch & Lomb, Inc

*Emeritus Trustee

** Honorary Trustee

† The firm of Nixon Peabody LLP serves as counsel to the Institute

Administration

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

Dr. William W. Destler, President

Dr. Destler became President of the Institute on July 1, 2007. He is the ninth president in the Institute's 183-year history and was formerly Senior Vice President for Academic Affairs and Provost of the University of Maryland at College Park. Dr. Destler spent more than 30 years at the University of Maryland, rising from the ranks of Research Associate and Assistant Professor of Electrical Engineering to Senior Vice President and Provost. Dr. Destler is an international authority on high-power microwave sources and advanced accelerator concepts. He is best known for his pioneering work in the collective acceleration of heavy ions, achieving the highest energies to date by this method, and for his development of large orbit microwave devices, including large orbit gyrotrons and rotating beam free electron lasers. He has consulted for government agencies and private firms, published more than 200 journal articles and book chapters, and presented many papers. Dr. Destler has also directed 18 master's and doctoral student theses and earned awards for his teaching. Dr. Destler earned a bachelor's degree from Stevens Institute of Technology and a Ph.D. from Cornell University. Both degrees were in the field of applied physics.

Dr. Jeremy Haefner, Provost and Senior Vice President for Academic Affairs

Dr. Haefner was appointed Provost and Senior Vice President for Academic Affairs effective July 1, 2008. Prior to joining RIT, Dr. Haefner served in a number of administrative roles at the University of Colorado at Colorado Springs including concurrent appointments as Vice Chancellor for Research and Innovation, Dean of the Graduate

School, Dean of the College of Engineering and Applied Science, and Director of the Colorado Institute for Technology Transfer and Implementation. Dr. Haefner was an American Council on Education Fellow in 2006-2007 and spent his fellowship year under the mentorship of President John C. Cavanaugh at the University of West Florida. Dr. Haefner earned his B.A. in Mathematics at the University of Iowa and his M.S. and Ph.D. in Mathematics at the University of Wisconsin.

Dr. James G. Miller, Senior Vice President, Enrollment Management and Career Services

Dr. Miller was appointed to his present position in April 1987. He is responsible for the Institute's undergraduate admissions, undergraduate and graduate financial aid, part-time and graduate enrollment services, cooperative education, placement and career services, student employment and Institute publications. He oversees RIT's Project Lead the Way (PLTW) program, a national program forming partnerships among public schools, higher education institutions and the private sector to increase the quantity and quality of engineers and engineering technologists graduating from the country's educational systems. Dr. Miller holds a B.S. from Pennsylvania State University and an M.S. and Ph.D. in Adult Education and Higher Education Administration, respectively, from Syracuse University.

Dr. James H. Watters, Senior Vice President for Finance and Administration and Treasurer

Dr. Watters assumed his current position in 1997. He is responsible for the Institute's operating and capital budgets, publicly issued debt, and endowment and working capital portfolios. Dr. Watters is responsible for establishing the strategic direction for operational units including auxiliary enterprises, human resources, accounting/payroll, insurance, public safety, audit, legal, information technology and security, and facilities operations, design, and construction. Dr. Watters currently serves as the Vice Chair of RIT's Global Delivery Corporation and Treasurer of RIT's High Technology Incubator and the American College of Management and Technology in Croatia. Dr. Watters serves on several non-profit and for-profit boards. He received his B.S., M.A., and Ph. D. from the University of Pittsburgh.

Karen A. Barrows, Secretary to the Institute and Chief of Staff

Ms. Barrows joined RIT in 1989 as a staff member at RIT's National Technical Institute for the Deaf (NTID). In 1998, she became Assistant to the President, was appointed Chief of Staff in 2008, and Secretary of the Institute in 2010. Ms. Barrows received a B.S. from Fitchburg State College and an M.B.A. from Rochester Institute of Technology.

Dr. Gerard Buckley, President, National Technical Institute for the Deaf and Vice President and Dean

Dr. Gerard Buckley has more than 30 years of experience in higher education, including more than 20 years serving in a variety of capacities at NTID. From 1990 to 1993, Dr. Buckley served as Chairperson and Assistant Professor of the Department of Educational Outreach at NTID, followed by five years as Director of NTID's Center for Outreach and Assistant Professor on the RIT/NTID Social Work Support Team. From 1998 to 2003, he served as NTID's Associate Dean for Student Services, and held the position of NTID Assistant Vice President for College Advancement with responsibility for the admission, placement, marketing, and outreach operations of the college from 2004 until beginning his role as President of NTID and Vice President of RIT on January 1, 2011. Dr. Buckley holds a B.S. in Social Work from RIT/NTID, an M.S.W. from the University of Missouri and an Ed.D. in Special Education from the University of Kansas.

Ms. Lisa Cauda, Vice President for Development and Alumni Relations

Ms. Cauda was named Vice President for Development and Alumni Relations in July 2006. Ms. Cauda joined RIT in December 2000 after serving as the Assistant Vice President of Development and Campaign Director at Stevens Institute of Technology. Ms. Cauda, earned her B.S. from the University of Delaware and her M.S. in Corporate and Public Communications from Seton Hall University.

Dr. Mary-Beth Cooper, Senior Vice President, Student Affairs

Dr. Cooper was appointed to her current position in January 2002. She was formerly Associate Provost for Student Services and Dean of Students at the University of Rochester. Immediately prior to that, she was Dean of Students and Chief Student Affairs Officer at St. John Fisher College. Dr. Cooper holds a B.S. from the University of Delaware, an M.B.A. from the University of Rochester, and a Ph.D. in College and University Administration from Michigan State University.

Dr. Katherine Mayberry, Vice President for Strategic Planning and Special Initiatives

Dr. Katherine Mayberry was named Vice President for Strategic Planning and Special Initiatives at RIT in 2011. Dr. Mayberry had previously served as Vice President for Special Projects (2008-2011) and Vice President for Academic Affairs (2004-2008). She is a leading national scholar in rhetorical argument and in women's literature. Dr. Mayberry has a bachelor's degree from Smith College and a Ph.D. in English and American Literature from the University of Rochester.

Kevin McDonald, Vice President and Associate Provost for Diversity and Inclusion

Kevin McDonald is RIT's Vice President and Associate Provost for Diversity and Inclusion. He joined the Institute in 2010 after serving as Vice President for Equity and Inclusion at Virginia Polytechnic Institute and State University in Blacksburg, Virginia. At RIT, Mr. McDonald leads the Institute's diversity initiatives, specifically on the broad issues of recruitment, retention and engagement of diverse faculty, staff and students. Mr. McDonald holds a law degree from Ohio State University and is in the process of completing his doctoral degree in Sociology-Africana Studies at the University of Rochester. He received his undergraduate degree in psychology from Andrews University in Berrien Springs, Michigan.

Dr. Daniel Ornt, Vice President and Dean, Institute of Health Sciences and Technology

Dr. Daniel B. Ornt was named the first Vice President and Dean of the Institute of Health Sciences and Technology at RIT in 2011. Mr. Ornt previously served as the Vice Dean for Education and Academic Affairs at Case Western Reserve University School of Medicine in Cleveland. He has a combined 30 years of experience in medical education programs at Case Western Reserve University School of Medicine and at the University of Rochester School of Medicine and Dentistry. As Vice President/Dean of the Institute of Health Sciences and Technology, Dr. Ornt will lead the Institute's College of Health Sciences and Technology, the Health Sciences Research Center and the Health Sciences Outreach Center. He will facilitate interactions with colleagues and CEOs at other institutions. A fellow of the American College of Physicians, Dr. Ornt has published extensively on renal disease and disorders. He received a bachelor degree in natural science and chemistry from Colgate University and a M.D. from the University of Rochester Medical Center.

Dr. Ryne Raffaele, Vice President for Research and Associate Provost

Dr. Ryne Raffaele was appointed Vice President for Research and Associate Provost at RIT in 2011. He was formerly the Director of the National Center for Photovoltaics at the National Renewable Energy Lab in Golden, Colorado, the federal government's central research organization for solar energy development. Dr. Raffaele's many assignments included an appointment as the first Academic Director of the Golisano Institute for Sustainability, Director of the NanoPower Research Lab at RIT, and the National Renewable Energy Lab in Colorado, where he provided technical vision, strategic leadership, asset stewardship and personnel management for the Center. He worked on developing and enhancing technical capabilities relevant to advancing solar energy technologies while delivering world-class quality research and development, testing and validation. He earned a B.S. and M.S. degrees in physics from Southern Illinois University and a Ph.D. in physics from the University of Missouri-Rolla.

Deborah Stendardi, Vice President for Government and Community Relations

Ms. Stendardi was named Vice President in 2004. Previously, Ms. Stendardi was appointed the Director of Government and Community Affairs in 1979 and was named interim Vice President for Development and Government Relations in 1995. She became Associate Vice President for Government and Community Relations in 1996. Prior to joining the Institute, she served in a variety of positions for six years with the Commission on Independent Colleges and Universities in Albany. Ms. Stendardi holds a bachelor's degree from the State University of New York at Cortland and a master's degree from SUNY Albany.

Employees and Employee Relations

As of Fall 2012 the Institute has 975 full-time and 500 part-time teaching faculty members. RIT also has approximately 3,127 full-time and 141 part-time and extended part-time clerical and administrative employees. RIT's employee groups are not covered by collective bargaining agreements. The relationship between RIT and the various employee groups has been good.

OPERATING INFORMATION

Admissions and Student Enrollment

Full-time equivalent enrollment (FTE) for fall 2012 is 14,831 FTE students. The Institute has implemented a controlled strategic growth plan resulting in sustained high overall academic quality of the student body, stable selectivity, increased market demand, more diverse student population, and broader national and international market base for student recruitment. While RIT has an undergraduate emphasis, the Institute offers a wide ranging portfolio of 70 graduate programs and 6 doctorate programs. The tables below provide the enrollment for FTE students and total enrolled students, including all full- and part-time students, and the numbers of first year applications, first year students accepted for admission, and first year full-time students enrolled at the Institute over the past five academic years. Unless otherwise indicated, the data presented below pertaining to RIT's student population include those attending both domestic and international campuses.

Fall Enrollment

	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>
Undergraduate FTE	11,803	12,116	12,330	12,710	12,930
Undergraduate Headcount	13,861	14,045	14,224	14,753	15,085
Graduate FTE	1,639	1,671	1,906	1,863	1,901
Graduate Headcount	2,633	2,728	2,982	2,899	2,865
Total Enrollment FTE	13,442	13,788	14,236	14,573	14,831
Total Headcount	16,494	16,773	17,206	17,652	17,950

First Year Full-Time Applications and Enrollment

	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>
Total Applications	13,094	13,364	14,992	17,057	18,039
Acceptances	8,004	8,282	8,891	9,793	10,176
Acceptance Rate	61.1%	62.0%	59.3%	57.4%	56.4%
Number Enrolled	2,885	2,854	2,845	2,999	3,150
Matriculation Yield	36.0%	34.5%	32.0%	30.6%	31.0%

Approximately 35% of the Fall 2012 freshman matriculants are in the top 10% of their graduating classes, while 58% of the Fall 2012 entering class rank in the top 20%. The Institute competes for these students against public universities and other selective private colleges and universities. Total undergraduate, graduate and transfer applications to RIT for Fall 2012 were a record 25,625, an increase of approximately 5% over the previous fall.

The following table presents the mean combined SAT scores for all of the Institute's first year students for the last five academic years.

Mean Combined SAT Scores*

	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>
Critical Reading and Math	1,196	1,200	1,200	1,214	1,225
Critical Reading, Math and Writing	N/A	1,770	1,765	1,785	1,800

* Excludes scores from students attending international campuses.

The table below presents the geographic profile of the Institute's students for the past five academic years.

**Geographic Profile of Entering Freshmen
By Percentage of Class**

	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>
New York State	43%	45%	46%	45%	41%
Other United States	44%	42%	42%	40%	42%
Foreign	<u>13%</u>	<u>13%</u>	<u>12%</u>	<u>15%</u>	<u>17%</u>
Total	100%	100%	100%	100%	100%

The distribution of the Institute's enrollment, domestically and internationally, across the nine colleges is approximately as follows: Applied Science and Technology 12.6%, Computing and Information Sciences 18.5%, Health Sciences & Technology 3.2%, Imaging Arts and Sciences 12.6%, Engineering 16.9%, Business 6.8%, Science 6.2%, National Technical Institute for the Deaf 5.1%, Liberal Arts 4.0% and 14.1% other. The Institute has conferred an average of 3,950 degrees per year during the last five years. Over this time period 75% of the degrees were awarded to undergraduates. The following table lists the number of undergraduate and graduate degrees conferred for the last five academic years completed:

Degrees Conferred

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Undergraduate Degrees*	2,969	2,967	2,881	2,967	2,959
Graduate Degrees	<u>933</u>	<u>961</u>	<u>953</u>	<u>1,045</u>	<u>1,117</u>
Total	3,902	3,928	3,834	4,012	4,076

* Includes certificates and diplomas; during the past five years, on average, approximately 124 certificates and diplomas have been awarded annually.

Tuition and Fees and Student Financial Aid

Tuition, room and board and other fees for the last five fiscal years are listed below:

Student Charges

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
Tuition	\$27,624	\$28,866	\$30,282	\$31,584	\$32,784
Room and Board	9,381	9,642	10,044	10,413	10,800
Other Fees	<u>411</u>	<u>417</u>	<u>435</u>	<u>453</u>	<u>474</u>
Total	\$37,416	\$38,925	\$40,761	\$42,450	\$44,058

The Institute employs a sophisticated strategy to determine the best allocation of Institute, government and other student financial assistance resources with a focus on meeting the students' financial needs, optimizing student enrollment (first year student matriculants, as well as student retention), maintaining overall academic quality of the student body, and increasing net tuition revenue. The Institute carefully manages net tuition revenue as it represents approximately 53% of RIT's operating income. The discount rate, expressed as total Institute scholarships as a percentage of gross tuition revenues, was approximately 34.0% in 2011/12. Management expects that the discount rate will continue to increase slightly over the next several years.

Approximately 76% of full-time undergraduate students received financial assistance from the Institute, state and federal financial aid or loan programs during 2011/12 (the most recent data available). Students received nearly \$3 million in scholarships from private organizations not affiliated with the Institute. Approximately 7% of Institute scholarships are funded from endowed scholarship funds and private gifts. In fiscal year 2011/12, students received more than \$60 million under the Federal Direct Stafford Student Loan Program, and approximately \$7.4 million through the Institute-administered Federal Perkins Loan Program. Parents received more than \$25.8 million in the Federal Parent Loan for Undergraduate Students (PLUS) Program. Federal grants to students from the Pell Grant and Supplemental Educational Opportunity Grant (SEOG) amounted to approximately \$18 million. The federal Academic Competiveness and

SMART Grant programs were eliminated at the end of the 2010/11 year. Students enrolled at the Institute received approximately \$7.8 million in grants from New York State's Tuition Assistance Program and other State scholarships and grants. In fiscal year 2011/12 students earned approximately \$17 million from campus-based employment opportunities, of which approximately \$3.9 million was earned under the Federal Work-Study Program.

Institute scholarship grants came from the following sources in the academic years listed below:

Sources of Institute Scholarship Grants
(dollars in thousands)

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10*</u>	<u>2010/11</u>	<u>2011/12</u>
Unrestricted Funds	\$90,366	\$98,447	\$105,973	\$115,202	\$125,195
Restricted Funds	<u>8,329</u>	<u>7,646</u>	<u>8,305</u>	<u>8,612</u>	<u>8,626</u>
Total	\$98,695	\$106,093	\$114,278	\$123,814	\$133,821

* Effective 2009/10, tuition exchange and study abroad costs were reclassified from scholarships to benefits and purchased services, respectively.

Faculty

The teaching faculty included 975 full-time and 500 part-time adjunct members for the 2012/13 academic year. Of the full-time faculty, approximately 57% are tenured and approximately 72% hold terminal degrees. Consistent with its priority objective of ensuring that each student has a high degree of personal attention and substantial regular access to faculty, the Institute maintains a student to faculty ratio of approximately 13 to 1. Seventy four (74%) of RIT's undergraduate classes have fewer than 30 students. The following table sets forth the faculty profile for the past five academic years.

Teaching Faculty

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
Full-Time	924	945	961	966	975
Part-Time & Adjunct	<u>443</u>	<u>481</u>	<u>514</u>	<u>509</u>	<u>500</u>
Total	1,367	1,426	1,475	1,475	1,475
Faculty FTE	1,072	1,105	1,132	1,136	1,142
Percent Tenured	61%	60%	59%	58%	57%

ANNUAL FINANCIAL STATEMENT INFORMATION

Budget and Reporting Procedures

The Finance Committee of the Board of Trustees is actively involved in the major financial decisions of the Institute and through careful oversight ensures that financial resources are managed effectively and allocated appropriately according to established priorities.

The budget process begins in the fall of the previous academic year. The Budget Committee, consisting of the President, the Provost and Senior Vice President for Academic Affairs, the Senior Vice President for Finance and Administration and Treasurer and the Assistant Vice President Budget and Financial Planning Services, distributes the spending priorities for the next fiscal year to the various division heads based on projected enrollment and other revenue streams. Budget requests are prepared on the basis of needs assessments and in accordance with the Institute's strategic plan.

The revenue projections and spending priorities are reviewed with the Finance Committee of the Board of Trustees during the planning process. Budget hearings are held with the vice presidents and academic deans along with the Budget Committee. Following this review, the spending allocations across colleges, divisions and programs are communicated to each vice president and dean. Individual unit budgets are reviewed and processed through the divisional vice presidents.

The next year's budget is then finalized and recommended to the Finance Committee of the Board of Trustees and the full Board of Trustees for final approval.

The current operating budget for fiscal year 2012/13 provides for a balanced budget. The Institute monitors its actual budget results monthly and performs periodic interim analysis and review of operating results. Interim results and projected year-end results are communicated to the Finance Committee of the Board of Trustees at their regularly scheduled meetings.

Summary of Financial Information

The Institute's financial statements are prepared on the accrual basis of accounting. The following tables present summaries extracted from the Institute's audited financial statements for the fiscal years ended June 30, 2008 through June 30, 2012. These tables are derived from, and should be read in conjunction with, the Institute's fiscal year 2012 audited financial statements included in Appendix B to this Official Statement.

Summary of Activities

As of June 30,

(dollars in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating revenues:					
Tuition and fees, net	\$206,040	\$223,764	\$234,776	\$249,326	\$259,721
Sales and services of auxiliary enterprises	58,265	58,497	60,373	63,818	69,002
Government grants and contracts	87,614	96,199	100,108	98,774	95,117
Private grants and contracts	11,169	11,027	10,268	8,846	8,636
Private gifts	6,999	7,203	7,844	8,102	10,010
Investment return	27,447	29,061	25,529	25,079	28,942
Other sources	<u>13,908</u>	<u>15,599</u>	<u>17,211</u>	<u>18,628</u>	<u>18,826</u>
Total operating revenues	<u>411,442</u>	<u>441,350</u>	<u>456,109</u>	<u>472,573</u>	<u>490,254</u>
Operating expenses:					
Salaries and wages	204,978	222,287	231,093	235,859	242,292
Benefits	57,718	63,099	70,322	75,242	75,099
Postretirement benefits	2,885	2,582	3,144	3,875	3,934
Purchased services	28,896	28,767	30,150	32,908	32,591
Materials and supplies	38,671	37,758	37,656	39,245	39,072
Depreciation	25,965	27,513	29,864	31,596	32,622
Interest	5,879	7,310	8,650	7,895	9,689
Utilities, taxes, and insurance	15,031	13,674	14,110	13,620	14,368
Travel for scholarship, professional development and recruitment	10,484	10,478	10,612	11,302	12,209
Other	<u>9,321</u>	<u>9,509</u>	<u>8,201</u>	<u>9,036</u>	<u>8,362</u>
Total operating expenses	<u>399,828</u>	<u>422,977</u>	<u>443,802</u>	<u>460,578</u>	<u>470,238</u>
Net operating activities	<u>11,614</u>	<u>18,373</u>	<u>12,307</u>	<u>11,995</u>	<u>20,016</u>
Nonoperating activities:					
Investment return	2,505	(156,592)	26,664	77,634	(12,834)
Capital contributions	14,976	8,665	6,219	9,543	10,391
Government grants and contracts	1,167	2,253	7,299	5,398	16,334
Postretirement benefit expense	(5,447)	(2,787)	(4,640)	(6,438)	(6,272)
Beneficiary payments and change in value of deferred giving arrangements	1,313	(1,309)	(487)	125	(722)
Change in value of interest rate swap agreement	(60)	(709)	166	987	(28)
Other	<u>10,732</u>	<u>(597)</u>	<u>(22,271)</u>	<u>9,146</u>	<u>(10,061)</u>
Net nonoperating activities	<u>25,186</u>	<u>(151,076)</u>	<u>12,950</u>	<u>96,395</u>	<u>(3,192)</u>
Increase (decrease) in net assets before cumulative effect of change in accounting principle	36,800	(132,703)	25,257	108,390	16,824
Cumulative effect of change in accounting principle	-	-	-	-	-
Increase (decrease) in net assets	<u>36,800</u>	<u>(132,703)</u>	<u>25,257</u>	<u>108,390</u>	<u>16,824</u>
Net assets at beginning of year	<u>950,763</u>	<u>987,563</u>	<u>854,860</u>	<u>880,117</u>	<u>988,507</u>
Net assets at end of year	<u>\$987,563</u>	<u>\$854,860</u>	<u>\$880,117</u>	<u>\$988,507</u>	<u>\$1,005,331</u>

Management Discussion Fiscal Year 2011/12

The Institute's operating margin for fiscal year ending June 30, 2012 was \$16.7 million or 3.4% (compared to 2.5% in 2011) due primarily to a \$10.4 million 4.2% increase in net tuition revenue and a \$4.7 million increase driven by favorable health insurance and postemployment benefit claims experience. Total operating revenues increased 3.0%, while total operating expenses increased only 2.1%.

Free cash^(*) generated from operations, after debt service and other claims, was \$38.8 million and \$25.0 million in 2012 and 2011, respectively. The 2012 amount exceeded planned capital requirements, equipment purchases and facilities repairs, as well as additions to reserves for facilities renewal and replacement and strategic initiatives. Results continue the trend of an improving operating margin consistent with the Institute's projections and financial planning objectives.

* An internal measure of the Institute's performance calculated as follows: Net operating surplus plus depreciation/amortization plus/minus the difference between interest paid and interest expense and the difference between postretirement benefits service expense and premiums paid less capital equipment purchases and long-term debt principal payments. This analysis reflects the amount of cash available from annual operations to transfer to reserves for future/planned capital expenditures.

Government Grants and Contracts

In fiscal year 2011/12 the Institute received a total of \$43.7 million in new awards, reflecting the efforts of 208 principal investigators. This represents a 16.7% decrease in awards over fiscal year 2010/11. The decline is primarily attributable to funding decreases from federal and state governments as well as private foundations. The following table summarizes awards by funding source for the last five years:

Awards by Funding Source Type*

As of June 30,

(dollars in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Federal Agencies	\$24,767	\$36,727	\$29,787	\$38,383	\$25,656
New York State	8,260	7,928	10,470	4,655	4,069
Corporations	7,223	11,026	9,600	6,981	10,999
Foundations	2,249	1,882	4,069	1,781	1,971
Other	<u>633</u>	<u>843</u>	<u>882</u>	<u>705</u>	<u>1,016</u>
Total	\$43,132	\$58,406	\$54,808	\$52,505	\$43,711

* Reported as awards are received by the Institute's Sponsored Research Services Office.

Revenue from grants and contracts are generally recognized as earned in the Institute's audited financial statements as the related costs are incurred under the grant or contract agreements. Amounts received in advance are reported as deferred revenues.

Fundraising

The Institute regularly receives annual support from private gifts and grants. In addition, the Institute receives capital gifts from private sources, primarily for the endowment or for specific facilities projects. The following table summarizes the total amount reported (including net pledges) in unrestricted and restricted private gifts, grants and contracts for the last five years as recorded in the audited financial statements of the Institute:

Private Gifts, Grants and Contracts *

As of June 30,

(dollars in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Unrestricted Gifts, Grants and Contracts	\$14,816	\$14,649	\$14,655	\$12,244	\$12,584
Temporarily Restricted Gifts	11,489	7,751	4,432	8,883	15,145
Permanently Restricted Gifts	<u>6,839</u>	<u>4,495</u>	<u>5,244</u>	<u>5,364</u>	<u>1,308</u>
Total	\$33,144	\$26,895	\$24,331	\$26,491	\$29,037

* With the exception of philanthropic grants from foundations, private grants and contracts, as reported in the Institute's audited financial statements, are excluded from fund raising activities.

Cash and Cash Equivalents and Investments

Total cash and cash equivalents and investments are as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Endowment *	\$674,994	\$528,542	\$558,942	\$639,548	\$628,563
Working Capital	117,220	119,217	129,210	128,980	130,695
Deferred Giving	14,287	9,074	9,002	10,565	9,986
Held With Trustees	<u>7,678</u>	<u>60,225</u>	<u>29,443</u>	<u>42,477</u>	<u>30,689</u>
Total	\$814,179	\$717,058	\$726,597	\$821,570	\$799,933

* Unadjusted for securities lending, net contributions receivable and accruals.

Endowment

At June 30, 2012, the Institute's endowment had a fair value of \$628.6 million (\$628.1 million adjusted). The June 30, 2012 fair value was comprised of \$320.7 million of the original contributed value and \$307.4 million of investment appreciation. At June 30, 2011, the Institute's endowment had a fair value of \$639.5 million (\$640.8 million adjusted), comprised of \$319.1 million of the original contributed value and \$321.7 million of investment appreciation.

The endowment portfolio is comprised of over 800 individual endowment funds. Each fund is either a true endowment, having been specifically endowed by its donor(s), or a quasi-endowment, having been designated for long-term investment by the Institute's Board of Trustees. Depending upon the terms of the original gift, each fund's income is either restricted to a particular purpose, or is used to support the overall operations of the Institute, including the provision of future debt service payments (see "Endowment Spending Policy" below). As of June 30, 2012, 47.5% of the fund consisted of true endowments (of which 82.6% had income restrictions) and 52.5% of quasi-endowment (of which 99.9% is unrestricted). Total restricted and unrestricted endowment funds provided approximately \$26.1 million of annual support to the operation of the Institute in fiscal year 2011/12.

The Endowment Committee of the Board of Trustees establishes the investment and spending policies for the endowment and similar funds and oversees their implementation, in conjunction with the Institute's external consultant. The Trustees' investment policies address such considerations as asset allocation, risk and manager selection. The investment policy asset allocation targets are: domestic public equity 17%, international public equity 18%, domestic and international fixed income 15%, and alternative investments 50%. Alternative investment targets include allocations to private equity (20%), real assets (10%) and hedge funds (20%). On a strategic view, the policy allocations are: growth assets 57%, risk protection assets 33% and inflation protection assets 10%.

Endowment Spending Policy

The Institute's Endowment Committee has adopted a total return endowment spending policy whereby 5% of the average market value of the endowment over the previous 20 quarters is distributed to the operating budget and related restricted accounts. The total spending distribution should be at least equal to 3.50% but not greater than 5.25% of the beginning of the year portfolio market value. The objective of the policy is to preserve the value of the endowment and stabilize operating support for the Institute's budget. The spending policy is based upon the premise that the real value of the endowment will be preserved if the nominal earnings on the portfolio over a period of years equals or exceeds the sum of the spending rate plus inflation. For fiscal years 1995 through 2012, the actual endowment spending rate has averaged 4.29% annually.

Working Capital, Deferred Giving and Held with Trustees

In addition to the endowment portfolio discussed above, the Institute maintains a working capital investment portfolio, investments pursuant to underlying donor deferred giving agreements and moneys on deposit with the Trustees for the Institute's outstanding debt.

The working capital portfolio consists of cash and cash equivalents, and liquid short- and intermediate-term investments used for ongoing operations and funding of capital projects.

The deferred giving investments represent assets of various charitable remainder trusts, gift annuity agreements and other deferred giving instruments. These investments are temporarily or permanently restricted in accordance with the

terms of the trust or gift annuity agreements and are not immediately available for operating or capital purposes. Upon termination of the underlying deferred gift agreements, the trust remainder proceeds are available for use or investment pursuant to the donors' restrictions.

The investments held by the trustees of RIT's outstanding debt are for the purposes of debt service (principal and interest) payments and unused bond proceeds available for respective project construction costs.

Properties and Facilities

The Institute's facilities include more than 245 buildings (which includes buildings currently under construction: Golisano Institute for Sustainability, Institute Hall and Sebastian and Lenore Rosica Hall) (5.8 million square feet of space) situated on 1,300 acres as well as student housing for approximately 7,062 students and state-of-the-art technology.

Students have access to high-tech learning centers, smart classrooms with state-of-the-art computers, software, and multimedia technologies across all nine colleges including computer engineering facilities, digital printing presses, a laser optics lab and a robotics program. RIT's students explore the creative aspects of many industries with a balance of technological and theoretical approaches, using the latest equipment and technology in its computer facilities and studios.

In the spring of 2008, the new College of Applied Science and Technology (CAST) building opened, adding another 36,500 square feet of academic space to the campus. The CAST building is home to various academic departments including Civil Engineering Technology, Environmental Management and Safety and Electrical, Computer, and Telecommunications Engineering Technology. It received the prestigious LEED-gold certification for implementing a wide range of sustainable strategies. CAST, which cost \$10.6 million, also houses the William G. McGowan Center for Telecommunications, was made possible by New York State funding of \$0.1 million, private/corporate contributions of \$2.4 million and Institute resources of \$8.1 million was provided from Institute resources.

The three-story and 54,000 square foot University Services Center opened in the summer of 2009 and serves as the administrative hub for various RIT support services. The building's centerpiece is the circular, glass-enclosed Center for Student Innovation, which serves as a showcase for innovative, multidisciplinary projects and activities. The Institute Services Center is only the second LEED Platinum certified college or university facility in New York State. This \$12.6 million Center was funded from Institute resources.

Sands Family Studios, a new facility for the School for American Crafts, opened in the fall of 2009. The 14,000 square foot area includes expanded studio spaces inside the James E. Booth Hall and an addition on the building's west side. The new facilities include 16 kilns, two glass-blowing furnaces and a work-yard area that students can use for iron pours, welding and raku firing. This \$3.6 million studio was made possible from \$2.1 million in private/corporate contributions combined with \$1.5 million in Institute resources.

The new hub of student activity, the Institute's Campus Center, a 30,000 square foot area, opened in the spring of 2010. This \$8 million project created a new student-oriented center in what was formerly the Woodward swimming pool. The center is now the home to Student Government programs and student-activity space. This facility was financed with \$0.2 million in private/corporate contributions; the balance, tax-exempt bonds (Series 2008A).

In May 2009, the Institute completed a project to provide new hot water boilers and chilled water to the campus. The project resulted in the removal of 250 pieces of existing equipment and the installation of 150 pieces of new equipment. Natural gas consumption with the new system is estimated to be 40-45% less than current usage, and annual energy savings of approximately \$1.2 million are anticipated. The total cost of the project was approximately \$34.8 million and was funded primarily from \$5.2 million in federal funding from the Department of Education and tax-exempt bonds (Series 2008A).

The Vignelli Center for Design Studies, a nearly 19,000 square foot area, opened in the fall of 2010. It is an educational resource center serving as a permanent archive for the work of international designers Massimo and Lella Vignelli. State of the art archival space now houses the collections and complements archival study classrooms, staff offices and a small retail shop for Vignelli books and products. The cost of this Studio was approximately \$5.6 million funded by \$1.1 million in private/corporate contributions with the balance from Institute resources.

In the fall of 2010, Global Village, RIT's new residential (414 units) and commercial complex, was completed. Global Village provides upperclass students a state-of-the-art global living experience and community. Supporting the global and entrepreneurial missions of RIT, Global Village prepares students to enter the global community and culturally diverse work force through educational programming, unique activities, and a worldly living environment. In addition to suite-style housing with lounges, community kitchens, meeting spaces, and laundry rooms, the complex also features a number of other services such as the HUB Print Center and Post Office, Global Village Cantina and Grille, and The Market at Global Village. The cost of this state-of-the-art facility was approximately \$59.2 million and was financed principally with tax-exempt bonds (Series 2008A).

RIT's growth in research, engineering and the biosciences has led to the construction of a new facility, Institute Hall, a 86,000 square foot building, to house new programs in chemical and biomedical engineering, 12 research labs, 2 teaching

labs, a green data center, computer labs and classrooms. Construction of the new LEED certified facility began in June of 2011 with completion planned by December 2012. The facility is the final element of a quadrangle located on the northwest side of the campus. Institute Hall will be connected to the Center for Bioscience Education and Technology and it will square off the quadrangle with the IT Collaboratory Hall, the expanded James Gleason Hall and the new School for American Crafts Village. Institute Hall will feature an atrium space with expanses of glass that will maximize day lighting and renewable building construction materials. The cost of the project is expected to be approximately \$36.7 million funded by \$29 million in tax-exempt bonds (Series 2010) and \$7.7 million in Institute resources.

In spring 2011, the Golisano Institute for Sustainability (GIS) broke ground adjacent to Louise Slaughter Hall. This new facility will be a 75,000 square foot LEED Platinum certified research building. GIS is designed to demonstrate sustainable building technologies and energy systems by incorporating a unique transparent infrastructure, smart microgrid and smart computing data center. GIS will also serve as a laboratory for scientific discovery and experiential learning consisting of seven systems integration test beds and eight sustainability technology support labs with computing and collaborative spaces to support research in sustainable products and production systems, sustainable energy, and sustainable mobility. Research will encompass future transportation systems based on fuel cells, biofuels and electric vehicles and building system sustainability which includes net zero energy buildings, sustainable building materials, sustainable architecture and smart buildings. Completion of the new facility is anticipated in winter 2012. The cost of the project is expected to be approximately \$37.9 million; funded with \$23.1 million from the National Institute of Standards and Technology (NIST) and New York State, \$10.4 million in private/corporate contributions and \$4.4 million with Institute resources.

In 2011, a \$4.0 million project was completed at the RIT Center for Intercollegiate Athletics and Recreation to expand the current men's and women's hockey locker rooms, with coaching offices and video and training rooms that were added in the lower level of the arena. The one-story 12,000 square foot addition is located on the east side of the current 52,125 square foot Arena. This project was funded principally with tax-exempt bonds (Series 2010).

Construction of Sebastian and Lenore Rosica Hall at NTID, a state-of-the-art facility promoting innovation, entrepreneurship and research among deaf and hard-of-hearing students and their hearing peers began in spring 2012. The project was made possible by a lead investment grant of \$1.8 million from the Chicago-based William G. McGowan Charitable Fund which includes a matching funds challenge of \$250,000 to RIT/NTID to help construct the two-story building. The building's namesakes, Sebastian and Lenore Rosica of Buffalo, New York, were lifelong advocates for deaf and hard-of-hearing people. Sebastian and Lenore Rosica Hall will be designed with maximum flexibility to house a variety of innovative projects, including health care technologies and services; development and adaptation of access and instructional technologies and innovative cross-disciplinary projects involving science, engineering, imaging, and business-related fields. The total cost of the project is estimated at \$8 million; \$1.9 million in private/corporate contributions and \$6.1 million in NTID/Institute resources.

The Hugh L. Carey Hall at NTID will undergo a redesign at a cost of approximately \$5.8 million which will be funded by a \$1.6 million federal grant and \$4.2 million in NTID/Institute resources.

RIT has answered the needs of the professional community with degrees in interactive and interdisciplinary programs to match the changing requirements of future industry and government employers. The challenge for RIT is to provide students with learning experiences that leverage the advantages of the new technology. The Institute continuously adapts its curriculum to de-emphasize the teaching of isolated tool-based skills and concentrates on higher-level processes that integrate the diverse knowledge base necessary to be successful in today's and tomorrow's industries. The new Game Design and Development Program in the Golisano College of Computing and Information Sciences integrates strong programming skills with the design and collaborative skills that are essential to succeeding in the games industry, where multi-faceted professionals work on development teams.

The Wallace Center is a unique campus resource center focused on student and faculty success. The Wallace Library, RIT's main library, is a high technology multimedia resource center with access to more than 750,000 items, including thousands of electronic journals and books, films videos and more traditional print collections. All library electronic resources are accessible 24/7 via a single interface to users both on and off campus, including RIT's global campuses. Centrally located on campus, the Wallace Library is a main gathering spot for students, enhancing the student learning experience. Over 16,000 visitors use the library in a typical week during the academic year; for individual and collaborative study, to access vetted information resources, and to consult with research specialists. A smaller library within the Wallace Library, the Melbert B. Cary Jr. Library is one of the country's premier libraries on the history and practice of printing and graphic arts. The original collection of 2,300 volumes was assembled during the 1920s and 1930s. Today the library houses some 20,000 volumes and a growing number of manuscripts and correspondence collections. The Wallace Center also provides a full range of standard or high definition video services and a full line of multimedia and web production services including creating commercials, documentaries, marketing videos, web design; web development and updates; online registration systems; conference websites with registration; mobile app development, and more.

The Institute's residence facilities, including residence halls and apartments, serve approximately 7,062 students. Students may choose living arrangements according to their personal preferences, including single gender, co-educational, intensified study, over 23 years of age, Greek fraternities and sororities, and special interest houses such as Art, Computer Science, Engineering and Photo. Some of the on-campus townhouses were developed and are owned by an independent not-for-profit organization on land leased from the Institute. In July 1998, the Institute entered into long-term ground lease agreements with Collegiate Housing Foundation (Foundation), a national not-for-profit organization, for the construction of 768 on-campus residential housing units (Project II and III, 416 units and 352 units, respectively). The financing and construction of the facilities was the exclusive responsibility of the Foundation. During fiscal year 2011/2012, the Institute entered into a purchase agreement to purchase Project III from the Foundation. At the closing of the Project III purchase, the Institute and the Foundation terminated the ground lease agreement associated with this project. With respect to Project II, which is being purchased with Series 2012 Bonds, the assets, liabilities and associated results of operations for Project II are not included in the Institute's financial statements. RIT has continued to operate a hotel and conference center it received as a donation in 2002. Two-thirds of the rooms in the facility (170 rooms) are dedicated to student housing providing additional student residence capacity for 332 students.

Property, Plant and Equipment

As of June 30,

(dollars in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Building and capital improvements	\$577,995	\$629,058	\$647,736	\$719,283	\$742,775
Equipment and software	<u>117,735</u>	<u>123,911</u>	<u>122,702</u>	<u>125,819</u>	<u>127,673</u>
	695,730	752,969	770,438	845,102	870,448
Less: accumulated depreciation	<u>(290,209)</u>	<u>(311,667)</u>	<u>(317,677)</u>	<u>(343,729)</u>	<u>(374,660)</u>
	<u>405,521</u>	<u>441,302</u>	<u>452,761</u>	<u>501,373</u>	<u>495,788</u>
Land	11,020	11,020	10,596	10,596	10,596
Special collections	766	4,690	6,798	7,013	8,425
Construction-in-progress	<u>12,808</u>	<u>15,486</u>	<u>44,925</u>	<u>15,395</u>	<u>66,753</u>
Property, plant and equipment, net	\$430,115	\$472,498	\$515,080	\$534,377	\$581,562

The Institute has a long-term capital improvement schedule which is comprised of routine repair items as well as major renewal or new facility development projects. The funding for this capital improvement plan comes from multiple sources including renewal and replacement reserves, donor contributions, external sponsors, and the issuance of tax-exempt debt. Management incorporates in the Institute's annual operating budget the incremental amounts necessary to maintain all new facilities, and factors these increased costs into the overall capital planning process. The base operating budget carries between \$4 million and \$15 million for capital purposes including annual funding of the repair and renewal reserves, acquisition of equipment and current capital improvement projects.

Outstanding Indebtedness

Long-term debt (in thousands) at June 30, 2012 is summarized as follows:

DASNY Rochester Institute of Technology Tax-Exempt Revenue Bonds*	
Series 2002B, 4.00% to 5.00%	\$13,340**
Series 2006A, 5.00% to 5.25%	48,469
Series 2008A, 4.00% to 6.25%	79,047**
Series 2010, 3.00% to 5.00%	81,881
Capital Leases	<u>175</u>
Total	\$222,912

* The Institute's debt service requirements relating to its Tax-Exempt Revenue Bonds, including the Series 2012 Bonds, is set forth herein under "PART 3 – THE SERIES 2012 BONDS – Principal and Interest Requirements."

** A portion of the proceeds of the Series 2012 Bonds will be used to advance refund certain maturities of the Series 2002B Bonds and Series 2008A Bonds.

DASNY Series 2002B and 2006A are general, unsecured fixed rate obligations of the Institution that are insured. DASNY Series 2008A is general, unsecured fixed rate obligations of the Institute. The Series 2010 Bonds are fixed rate bonds secured by a prior lien on Pledged Revenues. Total annual debt service is incorporated in the Institute's operating budget.

In fiscal year 2005/06 the Institute entered into an interest rate swap agreement, with a notional amount of \$40,000, to reduce the effective interest rate on its fixed rate debt without the exchange of the underlying principal amount. Under the agreement, the counterparty paid the Institute a quarterly interest payment based on 70.6% of the weighted average of weekly resets of 5-year LIBOR. The Institute paid the counterparty a weighted average of weekly resets of the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. During fiscal year 2010/11, the Institute terminated its interest rate swap agreement which resulted in a payment of \$290 to the counterparty. All future obligations under the agreement are now terminated, and the agreement is no longer in force or effect.

Pension Plan

All full-time or extended part-time (approximately 1,040 hours per year) employees who have completed one year of service at the Institute or who have worked one full year at a college or Institute immediately preceding employment at RIT are eligible to participate in the Institute's 403(b) retirement plan (the "Plan"). Under the Plan, employees must elect a minimum of a 2% salary deferral to obtain an Institute match. For employees hired prior to January 1, 2006, the Institute contribution is 10% of eligible compensation for those employees electing a 2% salary deferral. Employees hired on or after January 1, 2006, are eligible for a graduated Institute match ranging from 4% to 9% when the employee elects a salary deferral from 2% to 5%. All retirement benefits are funded and fully vested under a defined contribution program. Employees may participate in the program through TIAA-CREF or through Fidelity Investment Corp. Total pension expense for fiscal year 2011/12 was \$18.2 million.

Insurance

The Institute carries a broad range of property and general liability coverage, including Directors and Officers liability coverage, in amounts customary for universities of the size of the Institute. Insurance presently in effect on the Institute's property is written on an all-risk policy with a limit of \$500 million on buildings and contents.

Strategic Plan and Initiatives

Derived from the Institute's 2005 – 2015 strategic plan, approximately 17 key results areas (KRAs) have been developed to measure attainment of strategic objectives. The KRAs are reviewed annually by the leadership of the President and Vice Presidents. In collaboration with their staffs and colleagues, the Vice Presidents are continually developing, modifying, and deploying those divisional strategies designed to contribute to the overall success of the KRAs. Plan updates are approved by the Strategic Planning Committee of Trustees and the full Board. These KRAs encompass student success including student participation in global initiatives; maximizing opportunities for innovation, creativity, research and scholarship; achieving the organizational mission in the most cost-effective/efficient manner; and achieving the highest levels of stakeholder satisfaction.

In addition to academic programs in the United Arab Emirates, Kosovo and the Dominican Republic, in 2011 RIT expanded its global presence in Croatia by opening an additional campus in Zagreb, the country's capital.

The Institute has also placed special emphasis on establishing a curriculum focused on innovation and creativity as demonstrated by the Simone Center for Student Innovation and Entrepreneurship, a student incubator that provides students with opportunities to learn through experience by developing business concepts, working with startup companies and taking part in competitions and conferences for entrepreneurs. The Simone Center was named the number one student incubator in the United States in July 2012 by *Best Colleges Online.com*.

In an effort to reduce costs and increase revenue to make funds available for investment in key strategic initiatives, in early 2012 the President convened four campus-wide committees. The committees, comprised of faculty and staff, focused on procurement activities, information technology infrastructure, revenue generation, organizational structure and employee benefits. The President currently has identified several areas that are being considered.

Future Capital Plans

The Institute has no plans or commitments for future capital borrowing in the foreseeable future.

LITIGATION

Litigation and other claims incident to the operation of the Institute are pending against the Institute. While the ultimate liability of the Institute, if any, is not presently determinable, such litigation and other claims, in the judgment of the Institute, will not in the aggregate have a material adverse effect on the Institute's current financial position.

PART 8 — DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY 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. DASNY is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, DASNY was given DASNY, 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, DASNY 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 DASNY. Under the Consolidation Act, DASNY 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, DASNY 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, DASNY 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, DASNY 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.

DASNY 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, DASNY 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 DASNY has been expanded.

Outstanding Indebtedness of DASNY (Other than Indebtedness Assumed by DASNY)

At September 30, 2012, DASNY had approximately \$46 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by DASNY on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of DASNY's bonds and notes is paid from moneys received by

DASNY 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.

DASNY's bonds and notes are special obligations of DASNY. DASNY'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. DASNY has no obligation to pay its special obligations other than from such payments. DASNY has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of DASNY bonds and notes (excluding debt of the Agency assumed by DASNY on September 1, 1995 pursuant to the Consolidation Act) outstanding at September 30, 2012 were as follows:

Public Programs	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
State University of New York Dormitory Facilities.....	\$ 2,973,376,000	\$ 1,546,315,000	\$ 0	\$ 1,546,315,000
State University of New York Educational and Athletic Facilities.....	16,765,662,999	7,139,229,207	0	7,139,229,207
Upstate Community Colleges of the State University of New York.....	1,644,630,000	647,385,000	0	647,385,000
Senior Colleges of the City University of New York.....	11,488,156,762	3,899,363,213	0	3,899,363,213
Community Colleges of the City University of New York.....	2,658,613,350	581,786,787	0	581,786,787
BOCES and School Districts.....	3,504,056,208	2,532,440,000	0	2,532,440,000
Judicial Facilities.....	2,161,277,717	637,947,717	0	637,947,717
New York State Departments of Health and Education and Other.....	9,336,660,000	6,647,410,000	0	6,647,410,000
Mental Health Services Facilities.....	8,662,585,000	4,009,210,000	0	4,009,210,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	<u>1,146,845,000</u>	<u>717,200,000</u>	<u>0</u>	<u>717,200,000</u>
Totals Public Programs.....	<u>\$ 61,115,338,036</u>	<u>\$ 28,358,286,924</u>	<u>\$ 0</u>	<u>\$ 28,358,286,924</u>
Non-Public Programs	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
Independent Colleges, Universities and Other Institutions.....	\$ 21,385,814,952	\$ 10,564,624,324	\$ 70,895,000	\$ 10,635,519,324
Voluntary Non-Profit Hospitals.....	15,487,504,309	6,763,085,000	0	6,763,085,000
Facilities for the Aged.....	2,090,355,000	536,280,000	0	536,280,000
Supplemental Higher Education Loan Financing Program.....	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs.....	<u>\$ 39,058,674,261</u>	<u>\$ 17,863,989,324</u>	<u>\$ 70,895,000</u>	<u>\$ 17,934,884,324</u>
Grand Totals Bonds and Notes.....	<u>\$ 100,174,012,297</u>	<u>\$ 46,222,276,248</u>	<u>\$ 70,895,000</u>	<u>\$ 46,293,171,248</u>

Outstanding Indebtedness of the Agency Assumed by DASNY

At September 30, 2012, the Agency had approximately \$163 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by DASNY. The debt service on each such issue of bonds is paid from moneys received by DASNY (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 DASNY on September 1, 1995) outstanding at September 30, 2012 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities	<u>\$ 3,817,230,725</u>	<u>\$ 0</u>
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program	\$ 226,230,000	\$ 2,035,000
Insured Mortgage Programs.....	6,625,079,927	158,710,000
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>2,790,000</u>
Total Non-Public Programs	<u>\$ 9,265,549,927</u>	<u>\$ 163,535,000</u>
Total MCFFA Outstanding Debt	<u>\$ 13,082,780,652</u>	<u>\$ 163,535,000</u>

Governance

DASNY carries out its programs through an eleven-member board, a full-time staff of approximately 550 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 DASNY 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 DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of DASNY are as follows:

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

Alfonso L. Carney, Jr. was appointed as a Member of DASNY by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2013.

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

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

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

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

TIM C. LOFTIS, Esq., Buffalo.

Tim Loftis was appointed as a Member of DASNY by the Governor on June 20, 2012. Mr. Loftis is a partner in the Business and Corporate practice group of the law firm Jaekle Fleischmann & Mugel, LLP. He has experience in business and corporate matters with an emphasis on transactional matters, including domestic and international mergers and acquisitions as well as complex commercial financing transactions. Mr. Loftis is Chair of the Board of Directors of the Buffalo Niagara Partnership. He is admitted to practice law in the State of New York and the U.S. District Court for the Western District of New York. Mr. Loftis holds a Bachelors of Arts degree from the State University of New York at Buffalo and a Juris Doctor degree from Georgetown University Law Center. His term expires on March 31, 2015.

BERYL L. SNYDER, J.D., New York.

Ms. Snyder was appointed as a member of DASNY by the Governor on June 15, 2011. She is currently a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. Previously, she was Vice President, General Counsel and a Director of Biocraft Laboratories, Inc. and a Director of Teva Pharmaceuticals. Ms. Snyder serves as a Board member of the Beatrice Snyder Foundation, the Roundabout Theater, the Advisory Committee of the Hospital of Joint Diseases and the Optometric Center of New York, where she also serves on the Investment Committee. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2013.

SANDRA M. SHAPARD, Delmar.

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

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of DASNY by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate

and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department's Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Romski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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

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

JOHN B. KING, JR., J.D., Ed.D., *Commissioner of Education of the State of New York, Slingerlands; ex-officio.*

Dr. John B. King, Jr., was appointed by the Board of Regents to serve as President of the University of the State of New York and Commissioner of Education on July 15, 2011. As Commissioner of Education, Dr. King serves as chief executive officer of the State Education Department and as President of the University of the State of New York, which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Dr. King is also responsible for licensing, practice and oversight of numerous professions. Dr. King previously served as Senior Deputy Commissioner for P-12 Education at the New York State Education Department. Prior thereto, Dr. King served as a Managing Director with Uncommon Schools. Prior to this, Dr. King was Co-Founder and Co-Director for Curriculum & Instruction of Roxbury Preparatory Charter School and prior to that, Dr. King was a teacher in San Juan, Puerto Rico and Boston, Massachusetts. He holds a Bachelor of Arts degree in Government from Harvard University, a Master of Arts degree in Teaching of Social Studies from Teachers College, Columbia University, a Juris Doctor degree from Yale Law School and a Doctor of Education degree in Educational Administrative Practice from Teachers College, Columbia University.

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

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

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

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

The principal staff of DASNY is as follows:

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

MICHAEL T. CORRIGAN is the Vice President of DASNY, and assists the President in the administration and operation of DASNY. Mr. Corrigan came to DASNY 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 DASNY, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

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

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

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

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives. Ms. Wallace is responsible for strategic efforts in program development, including maximizing the utilization of Minority and Women Owned Businesses, sustainability, training and marketing, as well as communicating with DASNY's clients, vendors, the public and governmental officials. She has more than 20 years of senior leadership experience in diverse private sector telecommunications businesses and civic organizations. Ms. Wallace holds a Bachelor's Degree from Pepperdine University and a Master's Degree in Public Administration from Columbia University.

The position of General Counsel is currently vacant.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that these claims and litigation are covered by DASNY's insurance or by bonds filed with DASNY should DASNY be held liable in any of such matters, or that DASNY 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 DASNY 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. DASNY has obtained the approval of the PACB for the issuance of the Series 2012 Bonds.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY 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 DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

Environmental Quality Review

DASNY 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 2012 Project to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2012. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 9 — LEGALITY OF THE SERIES 2012 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2012 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 2012 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 10 — NEGOTIABLE INSTRUMENTS

The Series 2012 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 2012 Bonds.

PART 11 — TAX MATTERS

In the opinion of Squire Sanders (US) LLP and D. Seaton and Associates, Co-Bond Counsel, under existing law: (i) interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New

York and the City of Yonkers. Co-Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2012 Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of DASNY and the Institution contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2012 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Co-Bond Counsel has relied on, among other things, the opinions of Nixon Peabody LLP, special financing counsel to the Institution, regarding, among other matters, the current status of the Institution as an organization described in Section 501(c)(3) of the Code, which opinions are subject to a number of qualifications and limitations. Co-Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of DASNY or the Institution. Failure of the Institution to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2012 Bonds in a manner that is substantially related to the Institution's charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2012 Bonds to be included in gross income retroactively to the date of the issuance of the Series 2012 Bonds. Co-Bond Counsel will not independently verify the accuracy of DASNY's and the Institution's certifications and representations or the continuing compliance with DASNY's and the Institution's covenants and will not independently verify the accuracy of the opinions of Institution's counsel.

The opinion of Co-Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Co-Bond Counsel's legal judgment as to exclusion of interest on the Series 2012 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Co-Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by DASNY or the Institution may cause loss of such status and result in the interest on the Series 2012 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2012 Bonds. DASNY and the Institution have each covenanted to take the actions required of it for the interest on the Series 2012 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2012 Bonds, Co-Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds or the market value of the Series 2012 Bonds.

A portion of the interest on the Series 2012 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2012 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2012 Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2012 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2012 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2012 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2012 Bonds will not have an adverse effect on the tax status of interest on the Series 2012 Bonds or the market value or marketability of the Series 2012 Bonds. These adverse effects could result, for example, 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), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2012 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced into the Senate on September 13, 2011, and the federal budget for fiscal year 2013 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the Series 2012 Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the Series 2012 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2012 Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Co-Bond Counsel's engagement with respect to the Series 2012 Bonds ends with the issuance of the Series 2012 Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend DASNY, the Institution or the owners of the Series 2012 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2012 Bonds, under current IRS procedures, the IRS will treat DASNY as the taxpayer and the beneficial owners of the Series 2012 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2012 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2012 Bonds.

Original Issue Premium

The Series 2012 Bonds were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Series 2012 Bond, based on the yield to maturity of that Series 2012 Bond (or, in the case of a Series 2012 Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Series 2012 Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Series 2012 Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Series 2012 Bond, the owner's tax basis in the Series 2012 Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Series 2012 Bond for an amount equal to or less than the amount paid by the owner for that Series 2012 Bond. A purchaser of a Series 2012 Bond in the initial public offering at the price for that Series 2012 Bond stated on the cover of this Official Statement who holds that Series 2012 Bond to maturity (or, in the case of a callable Series 2012 Bond, to its earlier call date that results in the lowest yield on that Series 2012 Bond) will realize no gain or loss upon the retirement of that Series 2012 Bond.

Owners of the Series 2012 Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable or amortizable in any period with respect to the Series 2012 Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income. See "Appendix E – Form of Approving Opinion of Co-Bond Counsel."

PART 12 — STATE NOT LIABLE ON THE SERIES 2012 BONDS

The Act provides that notes and bonds of DASNY are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2012 Bonds are not a debt of the State and that the State is not liable on them.

PART 13 — COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of DASNY's notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY'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 DASNY and with the holders of DASNY's notes or bonds.

PART 14 — LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2012 Bonds by DASNY are subject to the approval of Squire Sanders (US) LLP, New York, New York, and D. Seaton and Associates, New York, New York, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2012 Bonds. The proposed form of those opinions is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the Institution by its Counsel, Nixon Peabody LLP, Rochester, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2012 Bonds or questioning or affecting the validity of the Series 2012 Bonds or the proceedings and authority under which they are to be issued.

PART 15 — UNDERWRITING

RBC Capital Markets, LLC, as representative of the Underwriters, has agreed, subject to certain conditions, to purchase the Series 2012 Bonds from DASNY at an aggregate purchase price of \$167,674,540.33, which represents the par amount of the Series 2012 Bonds, less the Underwriters' discount of \$542,827.67, plus the original issue premium of \$22,187,368.00, and to make a public offering of Series 2012 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2012 Bonds if any are purchased.

The Series 2012 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 16 — VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey, Demgen & Moore P.C., a firm of certified public accountants, will deliver to DASNY its report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by DASNY and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash, the maturing principal amounts and the interest on the Investment Securities deposited with the applicable trustee under the related resolution pursuant to which each Series of the Refunded Bonds were issued to pay the redemption price of and interest coming due on the Refunded Bonds on the redemption date as described in "PART 5 - THE REFUNDING PLAN," and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series 2012 Bonds are not "arbitrage bonds" under the Code and the applicable income tax regulations. Causey, Demgen & Moore P.C. will express no opinion on the reasonableness of the assumptions provided to them, the likelihood that the principal of and interest on the Series 2012 Bonds will be paid as described in the schedules provided to them, or the exclusion of the interest on the Series 2012 Bonds from gross income for federal income tax purposes.

PART 17 — CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended ("Rule 15c2-12"), the Institution 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 DASNY as DASNY's disclosure dissemination agent, on or before 165 days after the end of each fiscal year, commencing with the fiscal year of the Institution ending June 30, 2013, for filing by DAC with the Municipal Securities Rulemaking Board ("MSRB") and its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type

hereinafter described which is included in “PART 7 — THE INSTITUTION” of this Official Statement (the “Annual Information”), together with the Institution’s annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB 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 Institution, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the Institution and DASNY, to file such information and financial statements, as promptly as practicable, after receipt of the information by DAC from the Institution, with the MSRB.

The Institution will also undertake in the Continuing Disclosure Agreement to provide to DASNY, 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, DASNY and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should DASNY have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from DASNY, the Institution or the Trustee, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2012 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 Institution 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 Institution, the Trustee or DASNY and shall not be deemed to be acting in any fiduciary capacity for DASNY, the Institution, the Holders of the Series 2012 Bonds or any other party. DAC has no responsibility for the failure of DASNY 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 Institution, the Trustee or DASNY has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the Institution, the Trustee and DASNY with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as DASNY’s disclosure dissemination agent terminate, DASNY 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 7 – THE INSTITUTION” under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions and enrollment*, similar to that set forth under the tables entitled “**Fall Enrollment**,” “**First Year Full-Time Applications and Enrollment**,” “**Mean Combined SAT Scores**,” “**Geographic Profile of Entering Freshmen by Percentage of Class**” and “**Degrees Conferred**,” (2) *tuition and other student charges*, similar to that set forth under the table entitled “**Student Charges**,” (3) *financial aid*, similar to that set forth under the table entitled “**Sources of Institute Scholarship Grants**,” (4) *faculty*, similar to that set forth under the table entitled “**Teaching Faculty**,” (5) *investments*, similar to that set forth under the table entitled “**Cash and Cash Equivalents and Investments**,” (6) *plant values*, similar to that set forth under the table entitled “**Property, Plant and Equipment**,” and (7) *long term indebtedness*, similar to that set forth under the heading “**Outstanding Indebtedness**,” together with (b) such narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of financial and operating data concerning the Institution.

The Notices include notices of any of the following events (the “Notice Events”) with respect to the Series 2012 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities; (7) modification to rights of the security holders, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the Institution; (14) the consummation of a merger, consolidation or acquisition involving the Institution, or the sale of all or substantially all of the assets of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (15) appointment of a successor or additional trustee or the change of name of a

trustee, if material. In addition, DAC will undertake, for the benefit of the Holders of the Series 2012 Bonds, to provide to the MSRB, in a timely manner, notice of any failure by the Institution to provide the Annual Information and annual financial statements by the date required in the Institution'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 Institution, the Trustee and/or DASNY, and no person, including any Holder of the Series 2012 Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 2012 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 2012 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 2012 Bonds will be on file at the principal office of DASNY.

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

PART 18 — RATING

The Series 2012 Bonds have been assigned a long-term rating of "A1" by Moody's Investors Service, Inc. ("Moody's"). Such rating reflects only the view Moody's and any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2012 Bonds.

PART 19 — MISCELLANEOUS

References in this Official Statement to the Act, the Resolution, the Series 2012 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2012 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2012 Resolution and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2012 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2012 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2012 Bonds.

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

The information regarding the Institution was supplied by the Institution. DASNY believes that this information is reliable, but DASNY 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. DASNY 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 Squire Sanders (US) LLP and D. Seaton and Associates, New York, New York, Co-Bond Counsel.

“Appendix B — Financial Statements of Rochester Institute of Technology and Report of Independent Accountants” contains the audited financial statements of the Institution as of and for the years ended June 30, 2011 and 2012 and the report of the Institution’s independent accountants, PricewaterhouseCoopers LLP, on such financial statements.

The Institution has reviewed the parts of this Official Statement describing the Institution, the Principal and Interest Requirements, the financial covenants, the 2012 Project, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. The Institution, as a condition to issuance of the Series 2012 Bonds, is required to certify that as of the date of this Official Statement and as of the date of issuance of the Series 2012 Bonds, 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 Institution has agreed to indemnify DASNY, 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 DASNY.

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

By: /s/ Paul T. Williams, Jr.
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, the Series 2012A Resolution or Loan Agreement and used in this Official Statement.

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

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

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

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

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

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

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

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

Appendix A

responsibility for the administration of the applicable series of Bonds, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject.

Bond or **Bonds** means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution, and for purposes of Appendix C, means the Series 2012 Bonds.

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

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

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

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

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

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

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

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

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

Continuing Disclosure Agreement means the agreement, if any, entered into in connection with the issuance of one or more Series of Bonds, by and among the Authority, the Institution and the Trustee, or such other parties thereto designated at such times, providing for continuing disclosure.

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

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

Cost or Costs of the Project means when used in relation to a Project the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessarily or appropriately incurred in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution 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 Institution or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on money borrowed from parties other than the Institution), (viii) interest on the Bonds of a Series, bonds, notes or other obligations of the Authority issued to finance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with the Project or pursuant to the Resolution or to the Loan Agreement, a Credit Facility, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

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

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

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility contained in the Resolution.

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

Defeasance Security means:

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

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

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

provided, however, that for purposes of (i), (ii) and (iii) above, such term shall not include (1) 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; and

(iv) any other investments acceptable to the Rating Service(s) for defeasance.

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

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

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

Exempt Obligation means:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two 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 registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

Federal Agency Obligation means:

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

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

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

(iv) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

Government Obligation means:

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

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

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

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

(v) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

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

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

Intercreditor Agreement means an agreement by and among, *inter alia*, the Authority, the Trustee, and creditors of the Institution, with respect to (i) the relative priorities of the liens upon any Pledged Revenues or other shared collateral, (ii) limitations or conditions upon their respective rights to enforce, foreclose or realize upon such liens, and (iii) the application of any money realized from the enforcement, foreclosure or other realization upon such liens.

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

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

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

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

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

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

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

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

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

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

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

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

Parity Indebtedness shall, if applicable with respect to a Series of Bonds, have the meaning given such term in the applicable Loan Agreement.

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

Permitted Collateral means:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligation;
- (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligation;
- (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category;
- (iv) bankers' acceptances issued by a bank rated, at the time an investment therein is made or the same is deposited in any fund or account hereunder, in the highest short term rating

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category by at least one Rating Service and having maturities of not longer than three hundred sixty five (365) days from the date they are pledged; or

(v) 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 Encumbrances means when used in connection with a Project any of the following:

(i) The lien of taxes and assessments which are not delinquent;

(ii) The lien of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless thereby the property or the interest of the Authority therein may be in danger of being lost or forfeited;

(iii) Minor defects and irregularities in the title to such property which do not in the aggregate materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

(iv) Easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

(v) Any instrument recorded pursuant to Section 21 of the Loan Agreement summarized in Appendix C under the heading “**Restrictions on Religious Use**”; and

(vi) Such other encumbrances, defects and irregularities to which the prior written consent of the Authority has been obtained.

Permitted Investments means:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

(vi) commercial paper issued by a domestic corporation rated, at the time an investment therein is made or the same is deposited in any fund or account hereunder, in the highest short term rating category by at least one Rating Service and having maturities of not longer than two hundred seventy (270) days from the date of purchase;

(vii) bankers' acceptances issued by a bank rated, at the time an investment therein is made or the same is deposited in any fund or account hereunder, in the highest short term rating category by at least one Rating Service and having maturities of not longer than three hundred sixty five (365) days from the date they are purchased;

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

(ix) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of \$1.00 per share and that is rated, at the time an investment therein is made or the same is deposited in any fund or account hereunder, in the highest short term rating category by at least one Rating Service.

Pledged Revenues shall have the meaning required by the applicable Series Resolution and given in the applicable Loan Agreement, and the right to receive the same and the proceeds thereof and, with respect to the Series 2012 Bonds, shall mean an amount equal to the Maximum Annual Debt Service from tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof.

Prior Pledges means the lien, pledges, charges, encumbrances and security interests, if any, made and given by the Institution on all or a portion of its Pledged Revenues to secure indebtedness existing at the time of issuance of the applicable Series of Bonds and as permitted as a senior lien on such Pledged Revenues pursuant to the applicable Series Resolution.

Project means the Project described in Schedule C to the Loan Agreement.

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

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

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

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

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

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of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

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

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

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

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

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

Refunded Bonds means all or any portion of the Authority's Rochester Institute of Technology Insured Revenue Bonds, Series 2002B and Rochester Institute of Technology Insured Revenue Bonds, Series 2008A, as determined by an authorized officer of the Authority pursuant to the Series Resolution.

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

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

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

Resolution means the Authority's Rochester Institute of Technology Revenue Bond Resolution, adopted by the Authority September 22, 2010 as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

Revenues means, with respect to a Series of Bonds, (i) all payments received or receivable by the Authority that pursuant to the Loan Agreement entered into in connection with such Series of Bonds are required to be paid to the Trustee other than payments to the Trustee for (A) the administrative costs and expenses or fees of the Trustee, (B) deposit to the Arbitrage Rebate Fund, or (C) deposit to any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds tendered or deemed to have been tendered for purchase, and (D) deposit to any fund or account established by or pursuant to such Series Resolution for repayment of advances made by a Liquidity Facility Provider for payment of the purchase price of Option Bonds; and (ii) all amounts received as a consequence of the enforcement of a Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon any Pledged Revenues.

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

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

Series 2012A Bonds means the Bonds authorized by Article II of the Series 2012A Resolution.

Series 2012A Resolution means the Series 2012A Resolution Authorizing Up To \$155,000,000 Rochester Institute of Technology Revenue Bonds, Series 2012A.

Sinking Fund Installment means, with respect to a Series of Bonds, as of any date of calculation:

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

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

Standby Purchase Agreement means, with respect to a Series of Bonds, an agreement pursuant to which a person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

State means the State of New York.

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

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

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

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

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

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

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

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

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

ADDITIONAL DEFINITIONS FROM SCHEDULE D TO THE LOAN AGREEMENT

Annual Debt Service when used in connection with any Indebtedness, means as of any particular date of calculation the amount required to be paid by the Institution during the then current Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions and prepayments, of and interest on such Indebtedness.

Debt Service Coverage Ratio is the ratio of Operating Income Available for Debt Service to Annual Debt Service.

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

Indebtedness means, without duplication, indebtedness for borrowed money incurred or guaranteed by the Institution, whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, including indebtedness under purchase money mortgages, capital leases, installment sales agreements and similar security arrangements which appear as debt on the audited balance sheet of the Institution in accordance with generally accepted accounting principles then applicable to the Institution.

Long-Term Indebtedness means Indebtedness having an original maturity of greater than one year or Indebtedness on which the Institution has an option to extend the maturity thereof for a period of greater than one year beyond the date of the original incurrence thereof.

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

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

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

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

"Parity Indebtedness" means Indebtedness secured by the pledge and grant of a security interest in the Pledged Revenues of the Institution on an equal rank with the pledge and grant made in the Loan Agreement.

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

Reporting Date means the first business day that is 120 days after such Testing Date.

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

Testing Date means the last day of the Institution's Fiscal Year.

Unrestricted Resources means as of any particular date of calculation the sum of all unrestricted and temporarily restricted net assets, exclusive of Plant Equity and temporarily restricted contributions to acquire property, plant and equipment, and in each case determined in accordance with generally accepted accounting principles then applicable to the Institution.

Unrestricted Resources to Debt Ratio is the ratio of Unrestricted Resources to Long-Term Indebtedness.

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**FINANCIAL STATEMENTS OF ROCHESTER INSTITUTE OF TECHNOLOGY,
AND REPORT OF INDEPENDENT ACCOUNTANTS**

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Rochester Institute of Technology

**Consolidated Financial Statements
June 30, 2012 and 2011**

Rochester Institute of Technology
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June 30, 2012 and 2011

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Report of Independent Auditors

The Board of Trustees
Rochester Institute of Technology

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the financial position of Rochester Institute of Technology (the University) at June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the year 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 audits 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 5 to the consolidated financial statements, the University changed the manner in which it classifies accumulated total investment returns within net assets as a result of the adoption of ASC 958, *Not-for-Profit Entities* (formerly FASB Staff Position No. 117-1) in fiscal 2011.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

November 9, 2012

Rochester Institute of Technology
Consolidated Balance Sheets
June 30, 2012 and 2011
(in thousands)

	2012	2011
Assets		
Cash and cash equivalents	\$ 31,164	\$ 32,232
Cash and cash equivalents, held with trustees	23,249	36,886
Student accounts receivable, net of allowance of \$2,094 and \$2,100, respectively	15,113	14,329
Inventories and other assets	8,191	8,173
Contributions receivable, net	16,922	13,546
Collateral held under securities lending	308	290
Investments, at fair value	745,520	752,452
Notes and other accounts receivable, net of allowance of \$3,352 and \$2,993, respectively	68,575	71,446
Property, plant and equipment, net	581,562	534,377
Total assets	\$ 1,490,604	\$ 1,463,731
Liabilities		
Accounts payable and accrued expenses	\$ 54,509	\$ 51,719
Deferred revenues and other liabilities	45,558	50,817
Payable under securities lending	310	295
Accrued postretirement benefits	140,225	122,705
Federal Perkins Loan Program advances	21,759	21,643
Long-term debt, net	222,912	228,045
Total liabilities	485,273	475,224
Net assets		
Expendable resources	300,445	334,904
Net investment in plant	358,650	306,332
Unrestricted	659,095	641,236
Temporarily restricted	213,095	215,270
Permanently restricted	133,141	132,001
Total net assets	1,005,331	988,507
Total liabilities and net assets	\$ 1,490,604	\$ 1,463,731

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

Rochester Institute of Technology
Consolidated Statements of Activities
For the fiscal years ended June 30, 2012 and June 30, 2011
(in thousands)

				2012	2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating revenues					
Tuition and fees, net of scholarships of \$133,821 and \$123,814, respectively	\$ 259,721	\$ -	\$ -	\$ 259,721	\$ 249,326
Sales and services of auxiliaries	69,002	-	-	69,002	63,818
Government grants and contracts	95,117	-	-	95,117	98,774
Private grants and contracts	8,636	-	-	8,636	8,846
Private contributions	1,959	8,051	-	10,010	8,102
Investment return	17,544	11,398	-	28,942	25,079
Other sources	18,826	-	-	18,826	18,628
Net assets released from restrictions	16,104	(16,104)	-	-	-
Total operating revenues	486,909	3,345	-	490,254	472,573
Operating expenses					
Salaries and wages	242,292	-	-	242,292	235,859
Benefits	75,099	-	-	75,099	75,242
Postretirement benefits	3,934	-	-	3,934	3,875
Purchased services	32,591	-	-	32,591	32,908
Materials and supplies	39,072	-	-	39,072	39,245
Depreciation	32,622	-	-	32,622	31,596
Interest	9,689	-	-	9,689	7,895
Utilities, taxes and insurance	14,368	-	-	14,368	13,620
Travel for scholarship, professional development and recruitment	12,209	-	-	12,209	11,302
Other	8,362	-	-	8,362	9,036
Total operating expenses	470,238	-	-	470,238	460,578
Net operating activities	16,671	3,345	-	20,016	11,995
Nonoperating activities					
Investment return	\$ (3,837)	\$ (8,989)	\$ (8)	\$ (12,834)	\$ 77,634
Net assets released from restrictions	2,734	(2,734)	-	-	-
Contributions for long-term assets	1,989	7,094	1,308	10,391	9,543
Government grants and contracts for long-term assets	16,113	-	221	16,334	5,398
Postretirement benefits	(6,272)	-	-	(6,272)	(6,438)
Beneficiary payments and change in value of deferred giving arrangements	-	(383)	(339)	(722)	125
Change in value of interest rate swap agreement	(28)	-	-	(28)	987
Other	(9,511)	(508)	(42)	(10,061)	9,146
Net nonoperating activities	1,188	(5,520)	1,140	(3,192)	96,395
Increase (decrease) in net assets	17,859	(2,175)	1,140	16,824	108,390
Net assets at beginning of year	641,236	215,270	132,001	988,507	880,117
Net assets at end of year	\$ 659,095	\$ 213,095	\$ 133,141	\$ 1,005,331	\$ 988,507

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

Rochester Institute of Technology
Consolidated Statement of Activities
Year Ended June 30, 2011
(in thousands)

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues				
Tuition and fees, net of scholarships of \$123,814	\$ 249,326	\$ -	\$ -	\$ 249,326
Sales and services of auxiliaries	63,818	-	-	63,818
Government grants and contracts	98,774	-	-	98,774
Private grants and contracts	8,846	-	-	8,846
Private contributions	2,835	5,267	-	8,102
Investment return	15,781	9,298	-	25,079
Other sources	18,628	-	-	18,628
Net assets released from restrictions	14,590	(14,590)	-	-
Total operating revenues	472,598	(25)	-	472,573
Operating expenses				
Salaries and wages	235,859	-	-	235,859
Benefits	75,242	-	-	75,242
Postretirement benefits	3,875	-	-	3,875
Purchased services	32,908	-	-	32,908
Materials and supplies	39,245	-	-	39,245
Depreciation	31,596	-	-	31,596
Interest	7,895	-	-	7,895
Utilities, taxes and insurance	13,620	-	-	13,620
Travel for scholarship, professional development and recruitment	11,302	-	-	11,302
Other	9,036	-	-	9,036
Total operating expenses	460,578	-	-	460,578
Net operating activities	12,020	(25)	-	11,995
Nonoperating activities				
Investment return	\$ 39,129	\$ 36,895	\$ 1,610	\$ 77,634
Net assets released from restrictions	379	(379)	-	-
Contributions for long-term assets	563	3,616	5,364	9,543
Government grants and contracts for long-term assets	4,295	-	1,103	5,398
Postretirement benefits	(6,438)	-	-	(6,438)
Beneficiary payments and change in value of deferred giving arrangements	-	419	(294)	125
Change in value of interest rate swap agreement	987	-	-	987
Other	9,211	1	(66)	9,146
Net nonoperating activities	48,126	40,552	7,717	96,395
Increase in net assets, before cumulative effect of change in accounting principle	60,146	40,527	7,717	108,390
Cumulative effect of change in accounting principle	(91,333)	91,333	-	-
Increase (decrease) in net assets	(31,187)	131,860	7,717	108,390
Net assets at beginning of year	672,423	83,410	124,284	880,117
Net assets at end of year	\$ 641,236	\$ 215,270	\$ 132,001	\$ 988,507

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

Rochester Institute of Technology
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011
(in thousands)

	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 16,824	\$ 108,390
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation, amortization and accretion expense	33,088	32,224
Loss on disposal of property, plant and equipment	394	471
Realized and unrealized net gains on investments	(5,823)	(94,497)
Unrealized gain on collateral held for securities lending	(3)	(10)
Noncash contributions and government grants restricted for long-term purposes	(24,600)	(17,927)
Loss on extinguishment of debt	-	3,068
Gain on deconsolidation of subsidiary	-	(2,237)
Asset retirement obligation liquidation and adjustment	(1,524)	(975)
Changes in assets and liabilities:		
Students accounts receivable	(784)	(1,020)
Inventories, prepaids and deferred charges	(223)	272
Contributions receivable	(3,376)	2,223
Other assets	6,566	(6,622)
Accounts payable and accrued expenses	2,790	(2,114)
Deferred revenues and other liabilities	(4,426)	(367)
Accrued postretirement benefits	17,520	(2,692)
Net cash provided by operating activities	36,423	18,187
Cash flows from (used in) investing activities		
Purchases of investments	(117,782)	(99,994)
Proceeds from the sales and maturities of investments	130,882	115,909
Loans made to students	(7,465)	(7,523)
Payments received on student loans	3,770	3,399
Decrease (increase) in cash and cash equivalents held with bond trustees	13,637	(23,483)
Acquisition of property, plant and equipment	(77,504)	(50,857)
Net cash used in investing activities	(54,462)	(62,549)
Cash flows from (used in) financing activities		
Contributions and government grants restricted for long-term purposes	21,558	15,717
Payments of long-term debt	(4,703)	(62,231)
Proceeds from the issuance of debt	-	83,324
Bond issuance costs	-	(1,323)
Increase (decrease) in refundable government grants for student loans	116	(25)
Net cash provided by financing activities	16,971	35,462
Increase (decrease) in cash and cash equivalents	(1,068)	(8,900)
Cash and cash equivalents - beginning of year	32,232	41,132
Cash and cash equivalents - end of year	\$ 31,164	\$ 32,232
Supplemental disclosures of cash flow information		
Interest paid (including capitalized interest of \$1,627 and \$3,208 in 2012 and 2011, respectively)	\$ 11,403	\$ 10,766
Contributions of long-term assets	2,697	402
Contributions of marketable securities	345	1,808
Increase (decrease) in construction-related payables	4,743	(5,513)
Assets exchanged under capital lease	-	105

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

Rochester Institute of Technology
Notes to Consolidated Financial Statements
For the fiscal years ended June 30, 2012 and 2011

1. Summary of Significant Accounting Policies

a. Organization

Rochester Institute of Technology (University, RIT) is a privately endowed, co-educational university comprised of nine colleges: Applied Science and Technology, Business, Computing and Information Sciences, Engineering, Health Sciences, Imaging Arts and Sciences, Liberal Arts, National Technical Institute for the Deaf (NTID) and Science.

The University, which occupies 1,300 acres in Rochester, New York, has approximately 17,650 full and part-time undergraduate and graduate students and 3,275 employees.

The following organizations are consolidated into the financial statements of the University:

- The 5257 West Henrietta Road, LLC (Inn), doing business as the RIT Inn & Conference Center, is a not-for-profit single member limited liability company with the University as its sole member. The Inn is a dual-use 305-room full service hotel; approximately 170 rooms are dedicated to student housing during the academic year.
- RIT Campus Club, Inc. (Campus Club) is a not-for-profit subsidiary of the University. Campus Club was established to support certain aspects of the University's dining operations.
- RIT Global Delivery Corporation, Inc. (GDC) is a wholly owned not-for-profit subsidiary of the University established to develop and deliver global instruction. American College of Management and Technology (ACMT), a subsidiary of GDC, is a not-for-profit entity that delivers instructional services in Croatia. GDC also operates RIT Dubai in conjunction with the Dubai Silicon Oasis Authority and the American University in Kosovo in conjunction with the American University in Kosovo Foundation to deliver instructional services in the United Arab Emirates and Kosovo, respectively.
- RIT High Technology Incubator, Inc. (HTI), doing business as Venture Creations, is a wholly-owned not-for-profit subsidiary of the University. During 2012, all assets and liabilities of the entity have been transferred to the University and a plan is in process for a voluntary dissolution of the Corporation.
- Vnomics Corp. (formerly Liban, Inc.), a C corporation, was established by RIT in 2008. During 2011, the University became a noncontrolling shareholder when the company sold shares of stock to investors under the terms of a private placement. As of June 30, 2011, the University recognized a gain of \$2,237 in other nonoperating activities on the Consolidated Statements of Activities.
- RIT Venture Fund I, LLC (the Fund) is a for-profit limited liability company with the University as its investor member and sole investor. The Fund was formed to make investments in seed, venture and growth-stage companies that involve RIT students, faculty, technologies or incubator or similar facilities.

b. Basis of Accounting

The Consolidated Financial Statements of the University are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America. All significant intercompany transactions and accounts have been eliminated.

c. Classifications of Net Assets

The University reports its net assets and changes therein according to three classifications: unrestricted, temporarily restricted and permanently restricted based upon the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets

Unrestricted net assets reflect resources that are not subject to externally imposed stipulations. Certain net assets classified as unrestricted are designated for specific purposes or uses under various internal operating and administrative arrangements of the University.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent resources subject to externally imposed stipulations that may or will be met either by actions of the University and/or the passage of time. Temporarily restricted net assets include amounts subject to legal restrictions such as realized and unrealized gains and losses on the endowment until appropriated for spending in accordance with New York State law.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to externally imposed restrictions that the University maintains in perpetuity. Generally, the donors of these assets permit the University to use all or part of the income earned, and net appreciation on related investments, for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as nonoperating increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

d. Operations

Revenues earned and expenses incurred during the fiscal year are classified on the University's Consolidated Statements of Activities as either operating or nonoperating activity. Operating revenues and expenses consist primarily of those items attributable to the University's education and training programs, auxiliary enterprises and research activities.

Nonoperating activities consist primarily of realized and unrealized gains and losses on investments and other revenue and expenses not directly associated with education and training programs, or research activities.

e. Revenue Recognition

Tuition revenue is recognized over the academic term to which it relates. Revenues from auxiliary enterprises are also generally recognized over the academic term, with the exception of dining debit card balances which are included in deferred revenue until spent by the cardholder.

Revenues from grants and contracts are generally recognized as earned, that is, as the related costs are incurred under the grant or contract agreements. Amounts received in advance are reported as deferred revenues until expenditures are incurred.

f. Classification of Operating Expenses

Operating expenses are reported by natural classification on the Consolidated Statements of Activities, and by function in Note 13.

g. Cash and Cash Equivalents

Cash and cash equivalents are carried at fair value and include cash on deposit with financial institutions and money market funds with maturities of three months or less when purchased. Cash and cash equivalents on deposit with bond trustees include cash, money market funds and U.S. government securities with maturities of three months or less when purchased. Securities and cash and cash equivalents maintained by the University's investment managers as part of the intermediate and long-term investment portfolios are included in investments on the Consolidated Balance Sheets.

h. Inventories

The University's electronics store inventory is valued at cost using the first-in, first-out (FIFO) retail method. Other inventories are stated at the lower of cost, generally on a FIFO basis, or market value.

i. Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at a range from 1.7% to 5.1%, to their fair value, based upon the fiscal year in

Rochester Institute of Technology
Notes to Consolidated Financial Statements
For the fiscal years ended June 30, 2012 and 2011

which the contribution is to be received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for potentially uncollectible contributions receivable is provided based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

j. Investments

Investments are recorded at fair value based on quoted market prices, except for certain alternative investments, for which quoted market prices may not be available. The estimated fair value of alternative investments is based on valuations provided by external investment managers. The valuations for these alternative investments necessarily involve estimates, appraisals, assumptions and methods which are reviewed by the University and external investment management.

The University does not engage directly in unhedged speculative investments; however, the Board of Trustees has authorized investments in derivatives to maintain asset class ranges, hedge non-U.S. dollar investments and currencies, and provide for defensive portfolio strategies. Derivative investments are recorded at fair value and valuation gains and losses are included on the Consolidated Statements of Activities.

To minimize the risk of loss, externally managed hedge fund investments are diversified by strategy, manager and number of positions. The risk of any derivative exposure associated with an externally managed hedge fund is limited to the amount invested with each manager. Investment managers record derivative investments at fair value. Valuation gains and losses are included on the Consolidated Statements of Activities.

k. Life Income, Gift Annuities, and Interest in Perpetual Trusts Held by Others

The University's split-interest agreements with donors consist primarily of gift annuity agreements and irrevocable charitable remainder trusts for which the University serves as trustee. Assets held in the trusts are included in investments. Contribution revenues are recognized when trusts (or annuity agreements) are established, after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted annually for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits. The University is also the beneficiary of certain perpetual trusts held and administered by others. The present value of the estimated future cash receipts from the trusts is recognized in investments and as contribution revenue. The carrying value of the investments is adjusted annually for changes in fair value.

l. Property, Plant and Equipment

Land, buildings, capital improvements, equipment, capitalized software, special collections and construction-in-progress are stated at cost at the time of acquisition or fair value (if contributed). Asset retirement costs are initially recorded at fair value.

Special collections include works of art, literary works, historical treasures and artifacts that are maintained in the University's libraries and public areas of the campus. These collections are protected and preserved for public exhibition, education, research and the furtherance of public service.

Contributed property, plant and equipment, including special collections, is recognized as revenue in the period in which the items are acquired. Property, plant and equipment acquired through federal appropriations, grants and contracts where the federal government retains a reversionary interest is also capitalized and depreciated. Interest on borrowings to finance facilities is capitalized during construction.

Depreciation is recognized using the straight-line method with useful lives of 30 to 50 years for buildings, 10 to 30 years for site improvements, 5 to 20 years for furniture, fixtures and equipment, and 4 to 10 years for software. Land, special collections and construction-in-progress are not depreciated. The cost and accumulated depreciation of property, plant and equipment sold or retired have been eliminated. Costs incurred for maintenance, repairs and renewals of relatively minor items are expensed as incurred.

m. Income Taxes

The University and its consolidated subsidiaries, except for the RIT Venture Fund I, LLC (Fund I), are not-for-profit organizations, and generally exempt from income taxes on related income under Section 501(c)(3) of the IRC but are subject to unrelated business income tax on activities not related to their exempt purposes. Fund I, a Limited Liability Corporation of which RIT is the investor member, is classified as a Partnership for federal income tax purposes. The accounting for income taxes Topic of the FASB Accounting Standards Codification addresses the determination of whether certain tax positions result in benefits claimed or expected to be claimed on a tax return and whether they should be recorded in the financial statements. For tax exempt entities, tax positions include the entity's tax-exempt status and assumptions used to determine unrelated business taxable income. The University believes its tax positions meet the more-likely-than-not recognition threshold referenced in the Topic.

n. Use of Estimates

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

o. Derivative Instruments

The University maintains an interest rate risk management strategy that provides for maximum flexibility within its debt structure, seeks to lower its cost of capital, and manages risk on a portfolio basis. The University does not hold or issue derivative financial instruments for trading purposes.

All derivative instruments are recognized as assets or liabilities on the Consolidated Balance Sheets and measured at fair value. Changes in the fair value of derivative instruments are included in nonoperating activities in change in value of interest rate swap agreement on the Consolidated Statements of Activities.

p. Accounting Pronouncements

Fair Value Measurements

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS" which amends ASC Topic 820. ASU 2011-4 clarifies the application of existing fair value measurement and disclosure requirements, changes certain principles related to measuring fair value, and requires additional disclosures about fair value measurements. ASU No. 2011-04 is effective for fiscal year 2013. The University is evaluating the impact of future implementation on the Consolidated Financial Statements.

Receivables

In July 2010, the FASB issued ASU No. 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses", which provides amendments to Subtopic 310-10, "Receivables-Overall". This guidance requires an entity to provide a greater level of disaggregated information about the credit quality of its financing receivables and its allowance for credit losses. In addition, the amendments in this update require an entity to disclose credit quality indicators, past due information, and modifications of its financing receivables.

q. Risks and Uncertainties

The University's investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

Rochester Institute of Technology
Notes to Consolidated Financial Statements
For the fiscal years ended June 30, 2012 and 2011

2. Contributions

Contributions receivable, less related allowances for uncollectible receivables and discounts for present value on long-term pledges at June 30, is summarized as follows:

	2012	2011
Unconditional promises expected to be collected in:		
Less than one year	\$ 7,076	\$ 6,788
One year to five years	8,026	6,644
Over five years	2,702	690
	17,804	14,122
Less: allowance and discount	(882)	(576)
Contributions receivable, net	\$ 16,922	\$ 13,546

At June 30, the University has received other conditional promises to give totaling \$4,296. These conditional promises are not recognized as assets.

Contributions to acquire property, plant and equipment are recorded as temporarily restricted net assets and are released from restrictions at the time the asset is placed in service. As a result, \$13,074 and \$11,031 of assets contributed to acquire property, plant and equipment are recorded as temporarily restricted net assets as of June 30, 2012 and 2011, respectively.

3. Investments

Total investments for the fiscal years ended June 30 are as follows:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 29,456	\$ 29,456	\$ 33,014	\$ 33,014
Domestic fixed income	144,854	152,313	139,891	146,806
Global fixed income	36,523	37,669	36,049	37,984
Domestic equity securities	70,067	84,898	74,747	87,351
Global equity securities	111,762	107,341	97,795	116,969
Hedge funds	113,865	157,018	116,148	165,389
Private equity	87,345	99,935	80,693	92,348
Real assets	74,598	76,890	65,698	72,591
Total investments	\$ 668,470	\$ 745,520	\$ 644,035	\$ 752,452

Assets and liabilities measured and reported at fair value are classified and disclosed within one of the following categories:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets as of the measurement date. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Market price data is generally obtained from exchange or dealer markets. Investments within Level 1 may include active listed equities and exchange traded funds, option contracts traded in active markets, and certain U.S. government investments and money market securities.

Level 2 – Pricing inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be

Rochester Institute of Technology
Notes to Consolidated Financial Statements
For the fiscal years ended June 30, 2012 and 2011

corroborated by observable market data for substantially the same term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers. Investments within Level 2 may include investment-grade corporate bonds, comingled funds, less liquid listed equities, option contracts, certain mortgage products, bank loans, U.S. government investments and hedge funds that can be redeemed at NAV on the measurement date or in the near term, 90 days or less.

Level 3 – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Investments within Level 3 may include insurance contracts, private equity, real assets and hedge fund limited partnerships.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Furthermore, the fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk. The University assumes that any transfers between levels occur at the beginning of any period.

Following is a summary of the University's investments carried at fair value as of June 30, 2012:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 16,267	\$ 13,189	\$ -	\$ 29,456
Domestic fixed income	102,768	49,455	90	152,313
Global fixed income	14,544	23,125	-	37,669
Domestic equity securities	51,051	32,482	1,365	84,898
Global equity securities	41,270	66,071	-	107,341
Hedge funds	-	68,731	88,287	157,018
Private equity	-	-	99,935	99,935
Real assets	25,192	-	51,698	76,890
Total investments at fair value	\$ 251,092	\$ 253,053	\$ 241,375	\$ 745,520

Following is a reconciliation of beginning and ending balances of Level 3 investments for the year ended June 30:

Level 3						
	Balance June 30, 2011	Realized Gains (Losses)	Unrealized Gains (Losses)	Purchases	Sales	Balance June 30, 2012
Domestic fixed income	\$ 99	\$ -	\$ 10	\$ -	\$ (19)	\$ 90
Domestic equity securities	1,471	(10)	(96)	-	-	1,365
Hedge funds	92,256	-	(3,187)	-	(782)	88,287
Private equity	92,348	5,049	1,102	18,947	(17,511)	99,935
Real assets	40,444	5,139	2,361	13,504	(9,750)	51,698
Total	\$ 226,618	\$ 10,178	\$ 190	\$ 32,451	\$ (28,062)	\$ 241,375

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Following is a summary of the University's investments carried at fair value as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 16,830	\$ 16,184	\$ -	\$ 33,014
Domestic fixed income	101,914	44,793	99	146,806
Global fixed income	11,008	26,976	-	37,984
Domestic equity securities	52,414	33,466	1,471	87,351
Global equity securities	59,599	57,370	-	116,969
Hedge funds	-	73,133	92,256	165,389
Private equity	-	-	92,348	92,348
Real assets	32,147	-	40,444	72,591
Total investments at fair value	\$ 273,912	\$ 251,922	\$ 226,618	\$ 752,452
Interest rate swap ¹	-	(262)	-	(262)
Total	\$ 273,912	\$ 251,660	\$ 226,618	\$ 752,190

¹ The fair value of the interest rate swap is included in deferred revenues and other liabilities on the Consolidated Balance Sheets for the year ended June 30, 2011.

Following is a reconciliation of beginning and ending balances of Level 3 investments for the year ended June 30:

	Level 3					
	Balance June 30, 2010	Realized Gains (Losses)	Unrealized Gains (Losses)	Purchases	Sales	Balance June 30, 2011
Domestic fixed income	\$ 5,530	\$ (114)	\$ 106	\$ 29	\$ (5,452)	\$ 99
Domestic equity securities	-	-	-	1,471	-	1,471
Hedge funds	86,882	7,988	(191)	19,000	(21,423)	92,256
Private equity	78,860	161	9,057	14,242	(9,972)	92,348
Real assets	30,396	1,045	5,646	8,960	(5,603)	40,444
Total	\$ 201,668	\$ 9,080	\$ 14,618	\$ 43,702	\$ (42,450)	\$ 226,618

The fair value of certain hedge fund, private equity and real asset investments (collectively referred to as alternative investments), held through limited partnerships or commingled funds are based on current information obtained from the general partner or investment manager or, when available, from readily determinable market values. Factors used by the investment managers or general partners to value such non-marketable investments include, but are not limited to, restrictions affecting marketability, operating results, financial condition of the issuers, transactions of similar issues, industry standard valuation methodologies, and the price of the most recent financing. The University believes that these valuations are a reasonable estimate of fair value as of June 30, 2012 and 2011, but are subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for all of the investments existed.

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As of June 30, 2012, the estimated fair value of the University's alternative investments totaled \$308,651. The limitations and restrictions on the University's ability to redeem or sell these investments vary by investment type. Based upon the terms and conditions in effect at June 30, the University's alternative investments can be redeemed or sold as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge funds	\$ 157,018	\$ -	30 to more than 365 days	35 - 90 days
Private equity	99,935	50,573	NA ¹	NA ¹
Real assets	51,698	35,484	NA ¹	NA ¹
Total	\$ 308,651	\$ 86,057		

¹ The University does not have redemption rights in these investments; the remaining lives are between 1 and 10 years.

Total Investment Return

Following is a summary of the total investment return and its classification on the Consolidated Statements of Activities at June 30:

	2012	2011
Total investment return		
Interest and dividends	\$ 13,357	\$ 12,802
Realized and unrealized gains on investments, net of investment management fees and other expenses	2,751	89,911
Total investment return	\$ 16,108	\$ 102,713
Consolidated Statements of Activities classification		
Allocated for operating activities per spending policy	\$ 26,140	\$ 22,780
Interest and dividends	2,802	2,299
Total operating investment return	28,942	25,079
Nonoperating investment return	(12,834)	77,634
Total investment return	\$ 16,108	\$ 102,713

4. Securities Lending

During 2009 the University ended its securities lending program and is in the process of reducing the balances outstanding consistent with existing maturities of related investments. At June 30, 2012, investment securities with an aggregate market value of \$308 were loaned to various brokers and were returnable on demand; in exchange, the University received cash collateral of \$310.

5. Endowment

The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The New York Prudent Management of Institutional Funds Act (NYPMIFA), which governs the management and investment of funds held by not-for-profit corporations and other institutions, became effective on September 17, 2010. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent

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management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure. For accounting purposes, the University applied the concepts included in NYPMIFA regarding classification of accumulated total return as temporarily restricted net assets as of July 1, 2010 for the year ended June 30, 2011. Accordingly, accumulated total return of \$91,333 as of July 1, 2010 was reclassified from unrestricted net assets to temporarily restricted net assets.

The Board of Trustees' interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State's Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the University classifies as permanently restricted net assets the unappropriated portion of (a) the original value of gifts donated to a true endowment; (b) the original value of subsequent gifts to a true endowment fund; and, (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as temporarily restricted net assets until the amounts are expended by the University in a manner consistent with the donor's intent. The remaining portion of donor-restricted endowment funds not classified as permanently or temporarily restricted net assets are classified as unrestricted net assets.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objectives within prudent risk constraints.

The University currently accounts for endowment activity in two investment pools, Pool I and Pool II. Pool I is comprised of contributions, both donor-restricted and board-designated, made to the University for a variety of purposes, as well as contributions transferred from Pool II. Pool II is comprised of contributions, both donor-restricted and board-designated, made to NTID. Each pool has a separate investment and spending policy.

Pool I – The University has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 20 quarters through March of the preceding fiscal year in which the distribution is planned. The total spending distribution should be at least equal to 3.50% but not greater than 5.25% of the beginning of year portfolio market value. The distribution excludes those funds with deficiencies due to unfavorable market fluctuations. During periods when investment return exceeds the distribution, such excess return is added to these investments. Likewise, when investment return is less than the distribution, such deficit is funded by accumulated return. In establishing the distribution policy, the University considered the long-term expected return on its endowment. New gifts to existing funds participate in the spending policy in the quarter that begins subsequent to the date of the gift. New funds participate in the spending policy in the quarter that begins one year subsequent to the date of the gift. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at a rate exceeding expected inflation, consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Pool II – The University established a separate investment pool (Pool II) for NTID during 1989 in accordance with the federal program established by Public Law 99-371 (August 4, 1986) to support NTID. Pool II assets are invested in a manner intended to produce price and yield results that are at least equal to a blended benchmark of 70% of the S&P 500 Index and 30% of the Barclays Capital Aggregate Bond Index, assuming a moderate level of investment risk. The federal program stipulates that the investment of annual additions to Pool II is restricted to IRC 501(f) investment

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organizations. The federal guidelines authorize a spending distribution from Pool II of not more than 50% of current year's investment income (interest and dividends only). After a period of 10 years, the University can elect to invest the funds consistent with the University's overall long-term investment strategy (Pool I).

At June 30, 2012, the endowment net asset composition by type of fund consists of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ (31)	\$ 167,278	\$ 131,417	\$ 298,664
Board-designated funds	328,999	465	-	329,464
Total funds	\$ 328,968	\$ 167,743	\$ 131,417	\$ 628,128

Following are changes in endowment net assets for the year ended June 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2011	\$ 333,665	\$ 176,967	\$ 130,130	\$ 640,762
Investment return:				
Investment income	6,515	1,851	-	8,366
Net appreciation	3,214	353	(163)	3,404
Total investment return	9,729	2,204	(163)	11,770
Contributions	-	1	1,451	1,452
Amounts appropriated for expenditure	(14,760)	(11,319)	(1)	(26,080)
Other changes:				
Transfers to create board-designated endowment funds	224	-	-	224
Endowment net asset reclassification	110	(110)	-	-
Total other changes	334	(110)	-	224
Endowment net assets, June 30, 2012	\$ 328,968	\$ 167,743	\$ 131,417	\$ 628,128

At June 30, 2011, the endowment net asset composition by type of fund consists of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ (13)	\$ 176,352	\$ 130,130	\$ 306,469
Board-designated funds	333,678	615	-	334,293
Total funds	\$ 333,665	\$ 176,967	\$ 130,130	\$ 640,762

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Following are changes in endowment net assets for the year ended June 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2010	\$ 386,709	\$ 49,308	\$ 123,522	\$ 559,539
Investment return:				
Investment income	6,187	1,687	-	7,874
Net appreciation	45,274	43,812	79	89,165
Total investment return	51,461	45,499	79	97,039
Contributions	-	-	6,530	6,530
Amounts appropriated for expenditure	(13,495)	(9,173)	(1)	(22,669)
Other changes:				
Transfers to create board-designated endowment funds	323	-	-	323
Endowment net asset reclassification	(91,333)	91,333	-	-
Total other changes	(91,010)	91,333	-	323
Endowment net assets, June 30, 2011	\$ 333,665	\$ 176,967	\$ 130,130	\$ 640,762

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the NYPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature, reported in unrestricted net assets, were \$31 and \$13 as of June 30, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in unrestricted net assets.

6. Student Loans Receivable and Credit Disclosures

The University participates in the Federal Perkins Loan Program (Program) and makes uncollateralized loans to students based on financial need as determined by Program eligibility requirements.

At June 30, student loans included in notes and other receivables on the Consolidated Balance Sheets of the University consisted of the following:

	2012	2011
Federal Perkins Loan Program	\$ 43,095	\$ 39,542
Less: allowance for doubtful accounts		
Beginning balance	2,758	2,344
Increases	198	414
Write-offs	-	-
Ending balance	2,956	2,758
Student loans receivable, net	\$ 40,139	\$ 36,784

The University's student loans receivable represents the amounts due from current and former students under the Program. The availability of funds for loans under the Program is dependent on reimbursements to the pool from repayments on outstanding loans. Loans disbursed under the Program are assigned to the Federal Government in certain non-repayment situations. Allowances for doubtful accounts are established when a non-deferred loan is

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delinquent for 240 days. Outstanding loans cancelled under the Program result in a reduction of the funds available and a decrease in the liability to the government.

Program advances of \$21,759 and \$21,643 at June 30, 2012 and 2011, respectively, are ultimately refundable to the U.S. government and are classified as liabilities on the University's Consolidated Balance Sheets. In addition to the required matching, the University has advanced \$3,127 and \$3,573 for the years ended June 30, 2012 and 2011, respectively, to provide additional loans to qualified students under the Program.

The student loans receivable aging analysis at June 30 is as follows:

	2012	2011
Current	\$ 37,046	\$ 34,351
1-60 days past due	1,358	1,057
61-90 days past due	346	317
> 91 days past due	4,345	3,816
Total student loan receivables	\$ 43,095	\$ 39,541

7. Property, Plant and Equipment

Property, plant and equipment, less related depreciation on certain asset categories at June 30, is as follows:

	2012	2011
Buildings and capital improvements	\$ 742,775	\$ 719,283
Equipment and software	127,673	125,819
	870,448	845,102
Less: accumulated depreciation	(374,660)	(343,729)
	495,788	501,373
Land	10,596	10,596
Special collections	8,425	7,013
Construction-in-progress	66,753	15,395
Property, plant and equipment, net	\$ 581,562	\$ 534,377

Total depreciation expense for 2012 and 2011 was \$32,622 and \$31,596, respectively.

University Commons

In July 1998, the University entered into long-term ground lease agreements with Collegiate Housing Foundation (Foundation), a national not-for-profit organization, for the construction of 768 on-campus residential housing units (Project II and III, 416 units and 352 units, respectively). The financing and construction of the facilities was the exclusive responsibility of the Foundation.

During fiscal year 2012, the University entered into a purchase agreement to purchase Project III from the Foundation. The purchase price of \$10,447 for the project was equal to the fair value and also to the principal balance and interest remaining on the security interests as of August 31, 2011 the closing date. At closing, the University and the Foundation terminated the ground lease agreement associated with this project.

The assets, liabilities and associated results of operations for Project II are excluded from the University's financial statements.

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8. Asset Retirement Obligations

The University recalculates its asset retirement obligations (ARO's) annually, adjusting both the liability, included in deferred revenues and other liabilities, and the associated asset retirement costs, included in property, plant and equipment on the Consolidated Balance Sheets.

The following schedule reflects changes in:

	2012	2011
ARO beginning balance	\$ 15,093	\$ 15,394
Change in estimate	(1,465)	(760)
Abatement liability settled	(90)	(245)
Accretion expenses	691	704
ARO ending balance	\$ 14,229	\$ 15,093

The change in estimate was made in conjunction with associated changes in asset retirement cost and accumulated depreciation as follows:

	2012		2011	
	Asset Retirement Cost	Accumulated Depreciation	Asset Retirement Cost	Accumulated Depreciation
Beginning balance	\$ 4,126	\$ 3,173	\$ 4,236	\$ 3,187
Change in estimate	(245)	(213)	(110)	(81)
Depreciation expense	-	67	-	67
Ending balance	\$ 3,881	\$ 3,027	\$ 4,126	\$ 3,173

9. Benefit Plans

a. Retirement Benefit Plan

From July 1, 2011 through December 31, 2011, the University offered two defined contribution plans for substantially all employees that are in accordance with IRC Section 403(b). At the close of business on December 31, 2011, the plans were merged and renamed the Rochester Institute of Technology Retirement Savings Plan. The plan is administered by the Teachers Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments. It is RIT's policy to currently fund defined contribution pension costs as they are incurred. Total retirement contribution expense for 2012 and 2011 was \$18,175 and \$17,555, respectively.

b. Postemployment Benefits

The accrued postemployment benefits of the University were \$3,571 and \$4,640 at June 30, 2012 and 2011, respectively.

c. Postretirement Benefits

The University sponsors a defined benefit postretirement medical plan that covers substantially all employees. Employees may retire if they are at least 55 years old (50 if hired prior to July 1996) with at least 10 years of full-time service (5 years if hired prior to July 1, 1990) and age plus service totals at least 70 at retirement. The plan is contributory and retiree contributions are assumed to increase at the same rate as active employee contributions. The University's postretirement medical plan is not funded.

The University maintains an employer funded Retirement Medical Account (RMA) for retirees hired on or after January 1, 2004. The funds in the RMAs may be used for Medicare and private medical insurance premiums only.

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During fiscal year 2008, the RMA contributions for retirees increased and eligibility was extended to all employees under 35 years of age as of January 1, 2008, irrespective of their adjusted date of hire.

For the fiscal year ending June 30, \$3,934 and \$6,272 in postretirement benefit expense was allocated to operating and non-operating activities, respectively, on the University's Consolidated Statements of Activities.

The Plan's funded status as of June 30 is as follows:

	2012	2011
Change in projected benefit obligation		
Postretirement benefit obligation	\$ 122,705	\$ 125,397
Service cost	3,607	3,633
Interest cost	6,840	6,454
Participants' contributions	598	432
Actuarial losses (gains)	11,030	(8,637)
Benefits paid	(4,555)	(4,574)
Plan change	-	-
Postretirement benefit obligation at end of year	\$ 140,225	\$ 122,705
Amounts recognized in unrestricted net assets consist of:		
Net prior service credit	\$ (125)	\$ (1,014)
Net losses	16,872	6,491
Accumulated loss in unrestricted net assets	\$ 16,747	\$ 5,477
Discount rates		
Net periodic benefit cost	5.67%	5.45%
Year-end benefit obligation	4.45%	5.67%

The components of net periodic postretirement benefit costs are as follows at June 30:

Service cost	\$ 3,607	\$ 3,633
Interest cost	6,840	6,454
Amortization of unrecognized prior service benefit	(889)	(889)
Amortization of net losses (gains)	649	1,115
Net periodic postretirement benefit cost	\$ 10,207	\$ 10,313

The University expects to recognize a postretirement benefit amortization in fiscal year 2013 of \$1,666, relating to \$54 of prior service credits partially offset by \$1,720 of net actuarial losses.

As of the end of the measurement period, 7.5% was assumed as the annual rate of increase for the per capita cost of covered medical and prescription drug benefits, respectively for fiscal year 2013 with a 0.5% decrease each subsequent year to 5% in 2017 and remaining at that level thereafter.

The health care cost trend rate assumption has a significant effect on the amounts reported; a 1% point change in the assumed health care cost trend rates would have the following effects:

	1% Point Increase	1% Point Decrease
Effect on total of service and interest cost components	\$ 1,634	\$ (1,306)
Effect on postretirement benefit obligation	21,030	(17,091)

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Benefit Payments

At June 30, the University's aggregated future estimated postretirement benefit payments, which reflect future services, are as follows:

2013	\$	4,432
2014		4,715
2015		5,035
2016		5,372
2017		5,809
2018-2022		36,351

Contributions

The University's contributions to the postretirement benefit plan, net of participant contributions, are estimated to be \$4,432 for fiscal 2013.

d. Self-insurance Plans

The University is self-insured for medical, prescription drug and dental benefits. Based on estimates provided by its actuaries, the University's obligation for health care claims incurred but not reported claims was \$2,098 and \$2,061 as of June 30, 2012 and 2011, respectively. The University is also self-insured for workers compensation and has established a liability for asserted and unasserted claims totaling \$5,230 and \$3,893 as of June 30, 2012 and 2011, respectively. These amounts are included in accounts payable and accrued expenses on the Consolidated Balance Sheets.

10. Long-Term Debt

The University has entered into various agreements for the purpose of financing construction, renovation and improvement of its facilities and equipment. Long-term debt outstanding for these purposes, net of applicable unamortized discount or premium as of June 30, is as follows:

Issue	Interest Rate(s)	Type of Rate	Maturity	2012	2011
Tax-exempt revenue bonds					
Dormitory Authority of the State of New York (DASNY)					
Series 2002B	4.00% - 5.00%	Fixed	7/1/2032	13,340	13,771
Series 2006A	4.00% - 5.25%	Fixed	7/1/2022	48,469	51,821
Series 2008A	4.00% - 6.25%	Fixed	7/1/2033	79,047	79,022
Series 2010	3.00% - 5.00%	Fixed	7/1/2040	81,881	83,183
Capital leases	5.58% - 13.99%	Variable	Various	175	248
				\$ 222,912	\$ 228,045

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The required principal payments for long-term debt for each of the years in the five-year period ending June 30, 2017 and thereafter are presented below. The schedule has been prepared based on the contractual maturities as of the debt outstanding at June 30:

2013	\$	4,916
2014		5,597
2015		5,807
2016		7,957
2017		8,260
Thereafter		190,375
	\$	222,912

The estimated fair value of the University's debt was \$243,844 and \$234,792 at June 30, 2012 and 2011, respectively. Estimated fair value is based on quoted market prices for the same or similar issues. The University is not required to settle its debt obligations at fair value.

Tax-Exempt Bonds

The University's tax-exempt bonds are issued through DASNY, a New York State agency serving as a conduit issuer of tax-exempt debt. The total net unamortized premium of tax-exempt revenue bonds was \$7,037 and \$7,467 at June 30, 2012 and 2011, respectively.

Deposits with bond trustees consist of debt service funds and the unexpended proceeds of certain debt. These funds will be used for construction of, or payment of, debt service on certain facilities. Deposits with bond trustees totaling \$30,689 and \$42,477 are included in cash and cash equivalents held with bond trustees and investments on the Consolidated Balance Sheets as of June 30, 2012 and 2011, respectively.

Proceeds from tax-exempt revenue bonds were used as follows:

DASNY 1999 Series – Insured revenue bonds were issued to construct and renovate various academic buildings and upgrade a campus-wide communication network.

During fiscal year 2011, the University redeemed its outstanding 1999 Series bonds at a redemption price of 100.5% of the principal amount of the bonds redeemed, plus accrued interest to the redemption date.

DASNY 2002A and 2002B Series – Insured revenue bonds were issued to construct and renovate various buildings on campus.

During fiscal year 2011, the University advance refunded 2002A Series bonds, which were outstanding in the principal amount of \$40,000 (see DASNY 2010 Series). A portion of the proceeds from the 2010 Series bonds was used to purchase U.S. government securities which were deposited in an irrevocable trust solely for the purpose of making debt service payments on the Series 2002A. Accordingly, the 2002A Series bonds were legally extinguished, and neither the indebtedness nor the assets of the irrevocable trust are included on the Consolidated Balance Sheet as of June 30, 2012. In connection with this refunding in fiscal year 2011, the University incurred debt extinguishment charges of \$3,068 included in other nonoperating activities on the Consolidated Statement of Activities.

DASNY 2006A Series – Insured revenue bonds were issued to advance refund a substantial portion of the outstanding aggregate principal amount of 1997 Series issued to refund the remaining obligation of general and unconditional obligation Series E revenue bonds. Proceeds were also used to renovate on-campus housing facilities and improve the technological infrastructure of the University.

DASNY 2008A Series – Unsecured bonds were issued to construct a new mixed-use residential on-campus housing and retail complex; the renewal, replacement and expansion of existing heating and cooling infrastructure and energy management; and, the renovation of academic and administrative buildings.

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DASNY 2010 Series – Revenue bonds were issued for the construction of a new academic building, the construction of a green data center, the expansion of athletic facilities, various other campus-wide improvements and the advance refunding of DASNY, RIT Series 2002A. (see DASNY 2002A Series).

Taxable Adjustable Rate Bonds

Rochester Institute of Technology 2004A Series taxable adjustable rate bonds were issued to refinance a note payable for the University's subsidiary, the Inn. The Series 2004A bonds were variable rate demand bonds bearing interest determined weekly by a remarketing agent.

During fiscal year 2011, the University redeemed its outstanding 2004A Series bonds at a redemption price of 100% of the principal amount of the bonds redeemed, plus accrued interest to the redemption date.

Capital Leases

The University has entered into various capital equipment and furniture lease agreements.

Interest Rate Swap

In fiscal year 2006 the University entered into an interest rate swap agreement, with a notional amount of \$40,000, to reduce the effective interest rate on its fixed rate debt without the exchange of the underlying principal amount. Under the agreement, the counterparty paid the University a quarterly interest payment based on 70.6% of the weighted average of weekly resets of 5-year LIBOR. The University paid the counterparty a weighted average of weekly resets of the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.

During fiscal year 2011, the University terminated its interest rate swap agreement which resulted in a payment of \$290 to the counterparty. All future obligations under the agreement are now terminated, and the agreement is no longer in force or effect.

The fair value of the interest rate swap was \$0 and \$262 at June 30, 2012 and 2011, respectively and was recorded in deferred revenue and other liabilities on the Consolidated Balance Sheets.

11. Student Aid

Student tuition and fees are presented on the Consolidated Statements of Activities net of scholarships as follows:

	2012	2011
Institutional support ¹	\$ 125,195	\$ 115,202
Sponsored support ²	8,626	8,612
Total student aid	\$ 133,821	\$ 123,814

¹ Institutional support includes financial aid and merit scholarships awarded to students from unrestricted operating resources.

² Sponsored support includes financial aid and scholarships funded from restricted and University designated resources and external sources, including federal, state or private grants and/or contributions.

12. National Technical Institute for the Deaf

Under an agreement with the U.S. Department of Education (Department), the University established NTID in 1968 to provide post-secondary education and technical training for deaf and hard of hearing persons. NTID is the world's first and largest technical college for deaf students with approximately 1,547 students from the United States and other countries. The federal appropriation covers approximately 69% of NTID's total operating costs and provides matching funds for the University's Federal Endowment Fund. Funding is applied for annually and is subject to the federal government's continued support of the program.

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Operating Revenues

The federal appropriation partially covers direct operating expenses and reimbursement to the University for tuition, fees, room and board and indirect costs for NTID students using RIT facilities. These revenues are included in government grants and contracts on the Consolidated Statements of Activities and total \$64,928 and \$65,967 at June 30, 2012 and 2011, respectively. The remaining operating expenses are funded by tuition and fees collected from students and other revenues.

Nonoperating Activities

The appropriation may also be used to match qualifying contributions received for the NTID's Federal Endowment Fund. Included in permanently restricted nonoperating government grants and contracts for long-term assets on the Consolidated Statements of Activities are Federal matching funds totaling \$221 and \$1,103 at June 30, 2012 and 2011, respectively.

Additionally, the University received incremental revenue from the Department to support approved NTID capital and renovation projects totaling \$45 and \$547 at June 30, 2012 and 2011, respectively. These revenues are included in unrestricted government grants and contracts for long-term assets.

13. Consolidated Statement of Activities – Operating Expenses by Function

	2012	2011
Instruction	\$ 213,725	\$ 210,097
Research	33,776	35,110
Public service	13,770	14,930
Academic support	45,861	42,678
Student services	35,661	33,717
Institutional support ¹	48,654	48,496
Auxiliary enterprises	78,744	75,550
Independent organizations	47	-
Operating expenses by function	\$ 470,238	\$ 460,578

¹ Includes fundraising expenses of \$8,508 and \$8,197 in 2012 and 2011, respectively, including costs incurred by the University's Development Office and an amount specifically identifiable as fundraising expense within its Alumni Relations Office.

14. Commitments and Contingencies

The University is involved in legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of pending matters will not have a materially adverse effect, individually or in the aggregate, upon the University's financial statements.

The University is committed under several construction contracts amounting to approximately \$37,772 and \$34,473 at June 30, 2012 and 2011, respectively. These contracts relate to the renovation and construction of various on-campus facilities including projects totaling \$6,216 funded by federal and state grants, \$8,942 funded by private donors and \$14,925 and \$163 funded by the University's 2010 Series and 2008A Series debt issues, respectively.

15. Subsequent Events

In July 2012, the University's Board of Trustees authorized a borrowing from DASNY for the issuance of revenue bonds up to the maximum principal amount of \$58,000. Proceeds of the bonds issued will be used to fund various construction

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projects and other campus-wide improvements and to acquire existing on-campus housing. The University is further authorized to refund Series 2002B and Series 2008A if management determines such action advisable.

In July 2012, the University's Board of Trustees authorized management to enter into an agreement to purchase 416 residential units located on the Henrietta campus (Project II) from Collegiate Housing Foundation (Note 7). The acquisition will be funded primarily by DASNY 2012 Series bonds.

Subsequent events have been evaluated through November 9, 2012, which is the date the financial statements were issued.

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

Appendix C

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction or Acquisition of the Project

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

(Section 5)

Amendment of the Project

The Institution, with the prior written consent of the Authority, which consent will not be unreasonably withheld, may amend the 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 the Project which the Authority is authorized to undertake. After the date of the Loan Agreement, the Institution shall not enter into, amend or modify, by change order or otherwise, any Contract Document that materially affects the scope or nature of the Project, without the prior written approval of the Authority, which approval shall not be unreasonably withheld. The Institution shall deliver to the Authority copies of such change orders as the Authority may from time to time request. The Institution shall provide such moneys as in the reasonable judgment of the Authority may be required for the cost of completing the Project in excess of the moneys in the Construction Fund established for such Project, whether such moneys are required as a result of an increase in the scope of the Project or otherwise. Such moneys shall be paid to the Trustee for deposit in the Construction Fund within fifteen (15) days after receipt by the Institution of written notice from the Authority that such moneys are required.

(Section 6)

Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or the Series Resolution or the Loan Agreement, including moneys in the Debt Service Fund, and interest accrued but unpaid on investments held in the Debt Service Fund, the Institution unconditionally agrees to pay or cause to be paid, so long as Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(i) On or before the date of delivery of the Bonds the Authority Fee agreed to by the Authority and the Institution in connection with issuance of the Bonds;

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

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- (iii) Five Business Days prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such interest payment date, assuming that such Bonds will, from and after the next succeeding date on which the rates at which such Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum for such Bonds on the immediately preceding Business Day, plus one percent (1%) per annum;
- (iv) On May 15, 2013, and on each November 15 and May 15 thereafter, the interest coming due on Outstanding Bonds that are not Variable Interest Rate Bonds on the immediately succeeding interest payment date;
- (v) On May 15, 2013, and on each May 15 thereafter, the principal and Sinking Fund Installments, if any, on the Outstanding Bonds coming due during the immediately succeeding Bond Year;
- (vi) Except as provided below, by 1:30 p.m., New York City time, on the day on which payment of the purchase price of an Option Bond tendered for purchase which has not been remarketed or remarketed at less than the principal amount thereof and for which there is no Liquidity Facility then in effect, is due, the purchase price of such Option Bond, which shall be paid in immediately available funds; **provided, however,** that (A) if the Institution has received notice that such payment is due after 10:00 a.m., New York City time, but prior to 3:00 p.m., New York City time, on such day, then payment by the Institution shall be made by 5:00 p.m., New York City time on such day, and (B) if such notice is given after 3:00 p.m., New York City time, on such day, then payment by the Institution shall be made by 10:00 a.m. on the next succeeding Business Day;
- (vii) At least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than an Option Bond to be purchased or redeemed pursuant to an optional or mandatory tender thereof or Bonds being redeemed pursuant to Sinking Fund Installments in accordance with clause (v) above, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;
- (viii) On December 10 of each Bond Year one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; **provided, however,** that the Annual Administrative Fee with respect to the Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to such Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);
- (ix) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to the provisions of the Loan Agreement summarized in paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to provisions of the Loan Agreement summarized under the headings “**Covenant as to Insurance**” and “**Taxes and Assessments**” below and other provisions of the Loan Agreement related to indemnity by the Institution, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, a Liquidity Facility, or a Credit Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (F) to pay any Provider Payments then due and unpaid;

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

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

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

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

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

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

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

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

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

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

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

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

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

(Section 9)

Security Interest in Pledged Revenues.

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

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than the Prior Pledges, and that the Pledged Revenues assigned pursuant hereto are legally available to provide security for the Institution's performance under the Loan Agreement. The Institution agrees that it shall not hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by Section 11 of the Loan Agreement other than permitted Parity Indebtedness.

(Section 11)

Collection of Pledged Revenues.

(a) Subject to the Loan Agreement, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution shall deliver to the Trustee for deposit in accordance with Section 5.05 of the Resolution all Pledged Revenues (other than amounts subject to the Prior Pledges or the lien of any permitted Parity Indebtedness) within ten (10) days following the institution's receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, assuming that Variable Interest Rate Bonds will, from and after the next succeeding date on which the rates at which such Variable Interest Rate Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum at which such Variable Interest Rate Bonds then bear interest, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased (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 Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee for deposit in accordance with Section 5.05 of the Resolution any payments received by the Institution with respect to the Pledged Revenues (other than such amounts as are subject to the Prior Pledges or the lien of any permitted Parity Indebtedness).

(b) Notwithstanding anything to the contrary in paragraph (a) summarized above, in the event that, on or prior to the date on which a payment is to be made pursuant to Section 9(a) of the Loan Agreement on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the Institution has made such payment from its general funds or from any other money legally available to it for such purpose, the Institution shall not be required solely by virtue of paragraph (a) summarized above, to deliver Pledged Revenues to the Trustee.

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

(Section 12)

Appendix C

Warranty of Title; Utilities and Access

The Institution warrants, represents and covenants to the Authority that (i) it has good and marketable title to the Project, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the Institution's programs and (ii) the Institution has such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from the Project for proper operation and utilization of the Project and for utilities required to serve the Project, together with such rights of way, easements or other rights in, to and over land as may be necessary for construction, use and operation by the Institution of the Project.

The Institution warrants, represents and covenants that the Project (i) is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation) and (ii) to the extent applicable, has, and will have its own separate and independent means of access, apart from any other property owned by the Institution or others; **provided, however**, that such access may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution.

(Section 13)

Additional Representation and Covenants

The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under, the Loan Agreement and the Related Agreements, (B) to incur the indebtedness contemplated by the Loan Agreement and thereby, and (C) to make the pledge of and grant the security interest in the Pledged Revenues given by Section 11 of the Loan Agreement, (ii) the Loan Agreement and the Related Agreements constitute valid and binding obligations of the Institution enforceable in accordance with their terms and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the Institution's obligations under the Loan Agreement and each of the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues and the Government Obligations and Exempt Obligations made or granted pursuant to Section 11 of the Loan Agreement, do not violate, conflict with or constitute a default under the charter or by-laws of the Institution or any indenture, mortgage, trust, or other commitment or agreement to which the Institution is a party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

The Institution warrants, represents and covenants (i) that the Pledged Revenues 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 (other than any permitted Parity Indebtedness), the pledge thereof made pursuant to the Loan Agreement and (ii) that all corporate action on the part of the Institution to authorize the pledge thereof and the granting of a security interest therein has been duly and validly taken. The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of the Authority and the Holders of Bonds thereunder against all claims and demands of all persons whomsoever.

(Section 15)

Tax-Exempt Status of Institution

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

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

(Section 16)

Securities Acts Status

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

(Section 17)

Maintenance of Corporate Existence

The Institution covenants that it will (i) maintain its corporate existence, (ii) continue to operate as a non-profit educational organization, (iii) obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, (iv) except as expressly permitted by the Loan Agreement, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it. The Institution, with the prior written consent of the Authority, may (A) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies as an organization described in Section 501(c)(3) of the Code, or any successor provision of federal income tax law, (B) permit one or more corporations or any other organization to consolidate with or merge into it, or (C) acquire all or substantially all of the assets of one or more corporations or other organizations. Notwithstanding the foregoing provisions, no disposition, transfer, consolidation or merger otherwise permitted by the Loan Agreement shall be permitted unless (1) the same would not in the opinion of Bond Counsel adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation, (2) the Institution will not as a result thereof be in default under the Loan Agreement or under any Related Agreement, (3) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and is qualified as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (4) the surviving, resulting or transferee corporation of the Institution assumes in writing all of the obligations of the Institution under the Loan Agreement, under the Continuing Disclosure Agreement, and under the Related Agreements, and furnishes to the Authority (x) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions of the Loan Agreement and of the Related Agreements, and will meet the requirements of the Act, and (y) such other certificates and documents as the Authority may reasonably require to establish compliance with the Loan Agreement.

(Section 18)

Environmental Quality Review and Historic Preservation

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

Appendix C

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

(Section 19)

Use and Possession of the Project

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

(Section 20)

Restrictions on Religious Use

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

(Section 21)

Sale of the Project

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

pursuant to the Resolution, to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority.

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

(Section 22)

Maintenance, Repair and Replacement

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

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

(Section 23)

Covenant as to Insurance

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

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

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

(Section 24)

Damage or Condemnation

In the event of a taking of the Project or any portion thereof by eminent domain or condemnation, or of damage or destruction affecting all or part thereof, all property casualty insurance, condemnation or eminent domain

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proceeds shall, if in excess of \$250,000 and not applied to reimburse the Institution for costs incurred to repair or restore the same, be paid to the Trustee for deposit in the Construction Fund. All proceeds derived from an award for such taking or from property casualty insurance shall be applied as provided below.

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

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

(Section 25)

Taxes and Assessments

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

(Section 26)

Defaults and Remedies

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

(i) the Institution shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than as described in subsection (B) below, or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement or with the Resolution or Series Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of interest payable on Outstanding Variable Interest Rate Bonds or the purchase price of Option Bonds tendered for purchase, in accordance with the terms of the Loan Agreement; or

(ii) the Institution defaults in the due and punctual performance of any other covenant contained 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 Institution by the Authority or the Trustee or, if such default is not capable of being cured within thirty (30) days, the Institution fails to commence within said thirty (30) days to cure the same and to diligently prosecute the cure thereof; or

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

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

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

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

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

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

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

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

(xi) The occurrence and continuance of an event of default under any permitted Parity Indebtedness; or

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

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

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

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

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor 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, (2) written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority; provided, however, that (1) the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

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

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

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

(Section 30)

Investment of Moneys

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

(Section 32)

Limitation on Agreements

The Institution shall not enter into any contract or agreement which impairs the Institution's ability to comply with the provisions of the Loan Agreement relating to financial obligations of the Institution in any material respect.

(Section 34)

Arbitrage; Tax Exemption

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

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

In the event that the Authority is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Institution. In the event that the Institution is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Authority. Upon the occurrence of such an event, the Institution and the Authority shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto.

The Authority has undertaken full responsibility for performing rebate calculations that may be required to be made from time to time with respect to the Bonds. Upon request, the Institution covenants that it will provide such information as the Authority deems necessary to calculate the yield on the Bonds and any other information as may be necessary to prepare the rebate calculation to the Authority or an entity which the Authority has designated no less than once a year measured from the date of issuance of the Bonds. The Institution shall be obligated to pay the costs in connection therewith in accordance with the Loan Agreement. The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of excess earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution, the Authority shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Section 35)

Limitation on Authority Rights

As long as no Event of Default has occurred and is continuing, and no event has occurred that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, the Authority will not, without the prior written consent of the Institution (i) change the dates on which an Option Bond is to be tendered for purchase or the period during which a Variable Interest Rate Bond is to bear interest at a particular rate, (ii) convert a Variable Interest Rate Bond to bear interest at a fixed rate to its maturity, (iii) seek the removal or resignation of a Remarketing Agent or appoint a successor Remarketing Agent, (iv) amend or modify the dates on or Redemption Price at which a Variable Interest Rate Bond after its conversion to bear interest at a fixed rate to the maturity date thereof may be redeemed at the election or direction of the Authority in accordance with the Resolution or (v) remarket at a price other than par any Option Bond tendered or deemed to have been tendered for purchase. The Institution may, at any time no Event of Default, or an event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, request the Authority to take such action as may be required by the Resolution or the Series Resolution or the Bond Series Certificate 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 shall 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 36)

Certificate as to Representations and Warranties

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

(Section 39)

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Further Assurances

The Institution, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as are necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, Pledged Revenues, moneys, securities, funds and security interests by the Loan Agreement or by the Resolution pledged, assigned or granted, or intended so to be, or which the Institution may after the date of the Loan Agreement become bound to pledge, assign or grant to the Authority pursuant to the Loan Agreement.

(Section 42)

Amendments to Loan Agreement

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

(Section 43)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; **provided, however**, that the liabilities and the obligations of the Institution under the Loan Agreement relating to the prompt payment of arbitrage rebate and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to provisions of the Loan Agreement summarized under the headings “**Covenant as to Insurance**” and “**Taxes and Assessments**” above and provisions of the Loan Agreement related to indemnity by the Institution and disclaimer of personal liability shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of the Institution’s duties under the Loan agreement and the release or surrender of any security interests granted by the Institution to the Authority pursuant to the Loan Agreement.

(Section 44)

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SUMMARY OF FINANCIAL COVENANTS (SCHEDULE D TO THE LOAN AGREEMENT)

Maintenance Covenants

The Institution covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio of 1.1:1. On or prior to each Reporting Date, the Institution shall file with the Authority a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

If on two consecutive Testing Dates the Institution does not satisfy the Debt Service Coverage Ratio requirement, the Authority may require the Institution to retain a Management Consultant; or if on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Institution shall be required to retain a Management Consultant.

The Institution covenants to have available on each Testing Date, Unrestricted Resources at least equal to 75% of the Institution's Long-Term Indebtedness. On or prior to each Reporting Date, the Institution shall file with the Authority a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Unrestricted Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

If on any Testing Date the Institution does not satisfy the Unrestricted Resources to Debt Ratio requirement, the Authority may require the Institution to retain a Management Consultant; and if on any Testing Date the Institution does not satisfy the Unrestricted Resources to Debt Ratio requirement and the percentage decline from the prior Fiscal Year to the current Fiscal Year is greater than or equal to thirty-five percent (35%), the Institution shall be required to retain a Management Consultant.

(Section 2 of Schedule D to the Loan Agreement)

Management Consultant Call-In

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

If the Institution is required to retain the services of a Management Consultant pursuant to Section 2 of Schedule D to the Loan Agreement, the Institution shall engage within sixty days of the applicable covenant failure, at the Institution's expense, a Management Consultant to review the fees and tuition, operations and management of the Institution and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the Institution to comply with such covenants within a reasonable period acceptable to the Authority. The Institution shall immediately notify an Authorized Officer of the Authority of such engagement.

Whenever a Management Consultant is required to be engaged by the Institution pursuant to Section 3 of Schedule D to the Loan Agreement, copies of the report and recommendations of such Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the Institution and an Authorized Officer of the Institution no later than one hundred twenty days following the date of the engagement of such Management Consultant. The Institution shall, to the extent feasible, promptly upon its receipt of such recommendations, and subject to applicable requirements or restrictions imposed by law or regulation, revise its tuition, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with such recommendations. The Institution shall deliver to the Authority and the Trustee within forty-

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five days of receipt of such Management Consultant's report: (A) a report setting forth in reasonable detail the steps the Institution proposes to take to implement the recommendations of such Management Consultant; and (B) a certified copy of a resolution adopted by the Board of Trustees of the Institution accepting both the Management Consultant's report and the report prepared by the Institution as required in clause (A) above; and, subsequently, (C) quarterly reports demonstrating the progress made by the Institution in implementing the recommendations of the Management Consultant.

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

(Section 3 of Schedule D to the Loan Agreement)

Additional Indebtedness

Except as otherwise provided in Section 4 of Schedule D to the Loan Agreement, the Institution will not after the date of the Loan Agreement issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority.

The Institution may issue, incur, assume or guarantee Indebtedness without the consent of the Authority provided that (i) it maintains a debt rating in the "A" category without regard for "+" or "-" from at least one Rating Service **and** (ii) (a) such Long-Term Indebtedness issued in any Fiscal Year is in an amount less than or equal to ten percent (10%) of the amount of its unrestricted net assets as reported for the most recently concluded Fiscal Year for which audited financial statements are available **or** (b) the Institution provides to the Authority a certificate of an Authorized Officer of the Institution containing pro forma calculations demonstrating that the maintenance covenants described in Section 2 of Schedule D to the Loan Agreement would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued (provided that, for purposes of calculating the Debt Service Coverage Ratio for such pro forma calculations, Annual Debt Service shall be equal to projected Maximum Annual Debt Service).

Notwithstanding the foregoing, the Institution may issue Non-Recourse Indebtedness without the Authority's consent provided that any assets pledged as collateral or for the re-payment of such indebtedness must have been acquired by the Institution after the issuance of the Series 2012 Bonds.

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

Any Parity Indebtedness shall be subject to the consent of the Authority and to the conclusion and prior execution of an intercreditor agreement by the Authority. *(Section 4 of Schedule D to the Loan Agreement)*

**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

Appendix D

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Resolution and Bonds Constitute a Contract

It is the intent of the Resolution to authorize the issuance by the Authority, from time to time, of its Rochester Institute of Technology Revenue Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and, inter alia, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of a Series authorized to be issued under the Resolution and a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds of a Series, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of a Series, 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 Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution or by a Series Resolution.

(Section 1.03)

Assignment of Certain Rights and Remedies

With respect to each Series of Bonds, as security for the payment of the principal Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of such Series and for the performance of each other obligation of the Authority under the Resolution and under a Series Resolution, the Authority may, and upon the occurrence of an event of default under the Resolution shall, grant, pledge and assign to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under the Loan Agreement, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Bondholders of such Series, and to perform all other necessary and appropriate acts under the Loan Agreement, subject to the following conditions, that (i) the Holders of such Bonds of such Series, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority and (ii) that, unless and until the Trustee, in its discretion exercised following an "Event of Default" under the Loan Agreement that is continuing, so elects, by an instrument in writing delivered to the Authority and the Institution (and then, only to the extent that the Trustee so elects), the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in the Loan Agreement to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision) the Authority, however, to remain liable to observe and perform all the conditions and covenants, in the Loan Agreement, provided to be observed and performed by it; and (iii) that any grant, pledge and assignment of money, revenues, accounts, rights or other property of the Institution made with respect to the Loan Agreement pursuant to the Resolution as summarized herein shall secure, in the case of the Loan Agreement, only the payment of the amounts payable under the Loan Agreement.

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Any grant, pledge or assignment made pursuant to the Resolution as summarized herein, shall be made by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority as soon as practicable after the occurrence of an event of default under the Resolution, but in no event more than thirty (30) days thereafter. The Trustee shall accept such grant, pledge and assignment which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee in form and substance reasonably satisfactory to the Authority. Upon any such grant, pledge or assignment contemplated by the Resolution the Authority may retain the right to (i) the payment of any fees, costs and expenses of the Authority payable pursuant to the applicable Loan Agreement, (ii) the indemnities provided thereby and payments made pursuant to such indemnities and (iii) the exercise of any right or remedy available under such Loan Agreement for the enforcement of the obligations of the Institution to which the Authority has retained such right.

If applicable, at or prior to the initial issuance and delivery of a Series of Bonds, upon delivery to the Trustee of evidence in writing from Authorized Officers of the Authority and the applicable creditors of the Institution with respect to such Series of Bonds to the effect that the Intercreditor Agreement among the Authority, such creditor(s) and the Trustee is in form and substance satisfactory to them (which may be evidenced by the execution thereof by the Authority and such creditor(s)), an Authorized Officer of the Trustee shall, upon determination by the Trustee that such Intercreditor Agreement is in form and substance satisfactory to it (which determination by the Trustee shall not be unreasonably withheld or delayed), execute and deliver to the Authority and such creditor(s) such Intercreditor Agreement. In addition, an Authorized Officer of the Trustee shall execute and deliver to the Authority and such creditor(s) such amendments to or supplements of such Intercreditor Agreement as may be requested by an Authorized Officer of the Authority.

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

(Section 1.04)

Refunding Bonds

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

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

- (a) If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;
- (b) Irrevocable instructions to the Trustee, satisfactory to it, to duly give the notice provided for in the defeasance provisions of the Resolution to the Holders of the Bonds being refunded;
- (c) Either (i) money in an amount sufficient to effect payment of the principal at maturity or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the

Paying Agents in a separate fund or account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Resolution, which Defeasance Securities and money shall be held in trust and used only as provided in the defeasance provisions of the Resolution; and

(d) A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements summarized herein.

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

(Section 2.04)

Additional Obligations

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

(Section 2.05)

Redemption and Purchase of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds of a Series other than as summarized in the following paragraph, the Authority shall give written notice to the Trustee and each applicable Provider of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee and each applicable Provider at least sixty (60) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that money for payment of the Redemption Price is available on the redemption date, such notice shall not be given unless prior to the date such notice is given, the Authority shall have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds of such Series to be so redeemed. For purposes of determining the amount required to be paid pursuant to the preceding sentence when Variable Interest Rate Bonds are to be redeemed, it shall be assumed that for any period for which the rate at which such Bonds will bear interest is unknown such Bonds bear interest at the Maximum Rate

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established therefore by the Series Resolution authorizing such Bonds or the Bond Series Certificate applicable thereto.

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

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

(Section 4.03)

Selection of Bonds to Be Redeemed

Unless otherwise provided in the Series Resolution authorizing the issuance of Bonds of a Series or the Bond Series Certificate relating to such Bonds, in the event of redemption of less than all of the Outstanding Bonds of like Series, 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 such Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as summarized herein) which end in the same digit or in the same two digits. If in such a case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; **provided, however**, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

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

(Section 4.04)

Notice of Redemption

Whenever Bonds of a Series are to be redeemed, the Trustee shall give notice of the redemption of such Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified pursuant to 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) the principal amount of each Bond to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that except in the case of Book-Entry Bonds, 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 condition to such redemption. Any notice of redemption, other than a notice for special or extraordinary redemption provided for in a Series Resolution or Bond Series Certificate, may state that the redemption is conditioned upon receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys are not received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

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

(Section 4.05)

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds of a Series or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bonds are surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond of a Series, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, money for the redemption of all Bonds of a Series or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on such Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If such money shall not be so

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available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Purchase of Purchased Bonds

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

(Section 4.07)

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

Pledge of Revenues

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

by the Resolution and a Series Resolution and which are pledged by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon, subject to any Prior Pledges and permitted Parity Indebtedness.

(Section 5.01 of the Resolution)

Establishment of Funds and Accounts

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

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

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

(Section 5.02)

Application of Money 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 such Series or the Bond Series Certificate relating to such Series. In addition, the Authority shall pay over to the Trustee and the Trustee shall deposit in the Construction Fund any money paid to the Authority pursuant to provisions of the Resolution summarized under the heading “**Deposit of Certain Money in the Construction Fund**” below, and all amounts paid by the Institution which by the terms of the Loan Agreement are required to be deposited therein.

Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, money deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Project with respect to such Series of Bonds.

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for Costs of the Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, substantiated by a certificate filed with the Authority in accordance with the Loan Agreement naming the Project and describing in reasonable detail the purpose for which money was used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of such Project, except that payments to pay interest on Bonds of a Series shall be made

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by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the Debt Service Fund.

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

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

Upon receipt by the Trustee of a certificate relating to the completion of a Project, the money, if any, then remaining in the Construction Fund relating to the 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 such Project – then unpaid, shall be paid or applied by the Trustee as follows and in the following order of priority:

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

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

(Section 5.04)

Deposit and Allocation of Revenues

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

First: To the Debt Service Fund (i) in the case of Revenues received during the period from the beginning of each Bond Year until December 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds of a Series payable on or prior to the next succeeding January 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond of a Series on and prior to the next succeeding January 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, (b) the Sinking Fund Installments of Outstanding Option Bonds of a Series and Variable Interest Rate Bonds of a Series payable on or prior to the next succeeding January 1 and (c) the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption pursuant to Section 5.06 hereof on or prior to the next succeeding January 1, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum and (b) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to Section 5.06 hereof on or prior to the next succeeding July 1, plus accrued interest thereon to the date of purchase or redemption;

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

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

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority relating to such Series for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required 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 applicable 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 making the above required payments, notify the Authority and the Institution of any balance of Revenues remaining on the immediately succeeding July 1. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the Institution, in the respective amounts set forth in such direction. Any amounts paid to the Institution shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

(Section 5.05)

Debt Service Fund

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

(i) the interest due and payable on all Outstanding Bonds of a Series on such interest payment date;

(ii) the principal amount due and payable on all Outstanding Bonds of a Series on such interest payment date; and

(iii) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on such interest payment date on Outstanding Bonds of a Series.

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

(b) Notwithstanding the provisions of the Resolution summarized in paragraph (a) above, the Authority may, at any time subsequent to the first day of July of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, (other than a Debt Service Fund established in connection with a Series of Bonds secured by a Credit Facility that is a direct-pay letter of credit), 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. In addition, the Institution pursuant to the Loan Agreement may deliver, at any time subsequent to July 1 of any Bond Year, but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, to the Trustee for cancellation one or more Term Bonds of the Series and maturity to be so redeemed on such date from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond so delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled

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shall be credited against the Sinking Fund Installment due on such date; **provided, however**, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

(c) Any Term Bond so delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date, **provided, however**, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

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

(Section 5.06)

Arbitrage Rebate Fund

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

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

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

(Section 5.07)

Application of Money 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 are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of a Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable or to make provision pursuant to the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the Institution. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by a Series Resolution as provided in the redemption provisions of the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

Transfer of Investments

Whenever money in any fund or account established under the Resolution or under a Series Resolution is 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 money, if any, to be transferred, is at least equal to the amount of the payment then to be made; **provided, however**, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 5.09)

Security for Deposits and Investment of Funds

Security for Deposits

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

(Section 6.01)

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Investment of Funds and Accounts

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

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

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

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

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

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

(Section 6.02)

Particular Covenants

Payment of Principal and Interest

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

(Section 7.01)

Further Assurance

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

(Section 7.04)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to a Series of Bonds including but not limited to the objects and purposes for which proceeds of such 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, shall be subject to the inspection of the Institution, the Trustee or of any Holder of a Bond of a Series or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Provider and to the Institution. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and the applicable Series Resolution; a statement of the Revenues collected in connection with the Resolution and 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 of a Series or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

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

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Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

The Authority shall take all legally available action to cause the Institution to perform fully all duties and acts and comply fully with the covenants of the Institution required by the Loan Agreement in the manner and at the times provided in the Loan Agreement; **provided, however**, that the Authority may (i) delay, defer or waive enforcement of one or more provisions of the Loan Agreement (other than provisions requiring the payment of money 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, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of such Series and (ii) at any time prior to the occurrence of an event of default under the Resolution, annul any declaration that the indebtedness under 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 Institution shall have cured each event of default under the Loan Agreement.

(Section 7.07)

Deposit of Certain Money in the Construction Fund

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

(Section 7.08)

Offices for Payment and Registration of Bonds

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

(Section 7.09)

Amendment of Loan Agreement

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

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

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

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

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

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

(Section 7.12)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

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

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

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

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

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

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

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

(g) To modify or amend the Project; or

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

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution and of a Series Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders of the applicable Series in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution or a Series Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution summarized under the heading “**Further Assurance**” above, or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere provided 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, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution and the applicable Provider upon its becoming effective.

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

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

(Section 9.03)

Amendments of Resolution

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 or of any Series Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds of a Series Outstanding at the time such consent is given or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders of a Series for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental

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Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of a Series specified in the Resolution as summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution as summarized below. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds of a Series with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds of a Series described in the certificate or certificates of the Trustee.

Any consent given by the a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds of a Series 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 Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed.

At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of a Series and will be effective as provided in the Resolution, shall be given to such Bondholders by the Authority by mailing such notice to such Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, and the Holders of all Bonds of such Series upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however**, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of the provisions of the Resolution relating to amendments of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters or Remarketing Agent, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; **provided, however**, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the

purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering, reoffering or resale of the Bonds of such Series by the Authority.

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds of a Series may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all of the Bonds of a Series then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an “event of default”) if:

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

(b) With respect to a Series of Bonds, payment of an installment of interest on any Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

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

(e) With respect to a Series of Bonds, the Authority shall have notified the Trustee that an “Event of Default” as defined in the Loan Agreement, shall have occurred and be continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

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Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in the Resolution as summarized in paragraph (c) under the heading “**Events of Default**” above, then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series shall, by notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of such Series to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of such Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds of such Series not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under the Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in the Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration and acceleration under the Resolution) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution relating to the compensation of the Trustee or any Paying Agent) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under the applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under the Series Resolution or in aid or execution of any power in the Resolution or therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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

(Section 11.04)

Limitation of Rights of Individual Bondholders

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

(Section 11.08)

Defeasance

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other money and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all money or securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the applicable Provider the Provider Payments which have not been repaid, pro rata based upon the respective Provider Payments then unpaid to each such Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

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

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any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received the written consent to such defeasance of each applicable Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; **provided, further**, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the applicable 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 money, or Defeasance Securities and money, if any, in accordance with the provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; **provided, however**, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the Trustee shall, if

requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

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

(e) Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee 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 money remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such money then unclaimed shall be returned to the Authority.

(Section 12.01)

Credit Facility Provider as Holder

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

(Section 14.08)

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**FORM OF APPROVING OPINIONS
OF CO-BOND COUNSEL**

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FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

To Be Rendered By Each Of
Squire Sanders (US) LLP and D. Seaton and Associates

_____, 2012

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

We have served as bond counsel to our client the Dormitory Authority of the State of New York (the “Authority”) and not as counsel to any other person in connection with the issuance by the Authority of its \$146,030,000 Rochester Institute of Technology Revenue Bonds, Series 2012 (the “Series 2012 Bonds”), dated the date of this letter.

The Series 2012 Bonds are issued pursuant to the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”), the Rochester Institute of Technology Revenue Bond Resolution, adopted on September 22, 2010 and the Series Resolution Authorizing Up To \$155,000,000 Rochester Institute of Technology Revenue Bonds, Series 2012, adopted on November 13, 2012 (collectively, the “Resolution”). Capitalized terms not otherwise defined in this letter are used as defined in the Resolution or the Loan Agreement (as defined herein).

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2012 Bonds, a copy of the signed and authenticated Series 2012 Bond of the first maturity and the Loan Agreement, dated as of November 13, 2012 (the “Loan Agreement”), between the Authority and Rochester Institute of Technology (the “Institution”), and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Resolution has been duly and lawfully adopted by the Authority.
2. The Resolution and the Loan Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
3. The Series 2012 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the equal benefits of the Resolution and the Act. The payment of

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debt service on the Series 2012 Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2012 Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of New York or any of its political subdivisions.

4. Interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Series 2012 Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. We express no opinion as to any other tax consequences regarding the Series 2012 Bonds.

Initial purchasers of the Series 2012 Bonds whose initial adjusted basis in such Bonds exceeds the respective principal amount of such Bonds (“Premium Bonds”) will have bond premium to the extent of that excess. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield must be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority, and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the Institution delivered in connection with this matter.

In rendering those opinions with respect to the treatment of the interest on the Series 2012 Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Authority and the Institution. Failure to comply with certain of those covenants subsequent to issuance of the Series 2012 Bonds may cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

In rendering those opinions with respect to the treatment of the interest on the Series 2012 Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinions of Nixon Peabody LLP, counsel to the Institution, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code, which opinions are subject to a number of qualifications and limitations. We also assume the correctness of, and rely upon the accuracy of, representations of the Institution concerning the use of the facilities financed with the Series 2012 Bonds in activities that are considered “unrelated trade or business” activities of the Institution, as defined in Section 513(a) of the Code. We have not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Authority or the Institution. Failure of the Institution to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Series 2012 Bonds in a manner that is substantially related to the Institution’s charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2012 Bonds to be included in gross income retroactively to the date of the issuance of the Series 2012 Bonds.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Series 2012 Bonds, the Resolution or the Loan Agreement.

The opinions contained in paragraphs 1, 2 and 3 above are qualified to the extent that the enforceability of the Resolution, the Series 2012 Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors’ rights generally or as to the availability of any particular remedy.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institution.

We express no opinion in this letter as to the accuracy, completeness, fairness or sufficiency of the Official Statement relating to the Series 2012 Bonds, or any appendices thereto.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Series 2012 Bonds has concluded on this date.

Respectfully submitted,

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