

NEW ISSUE

Moody's: A2  
S&P: AA-  
(See "RATINGS" herein)



<b>\$90,000,000</b>	
<b>DORMITORY AUTHORITY OF THE STATE OF NEW YORK</b>	
<b>YESHIVA UNIVERSITY REVENUE BONDS</b>	
<b>SERIES 2011A</b>	
<b>Dated: Date of Delivery</b>	<b>Due: November 1, as shown on inside cover</b>

**Payment and Security:** The Yeshiva University Revenue Bonds, Series 2011A (the "Series 2011A Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of June 22, 2011, between Yeshiva University (the "University") and the Authority, and (ii) all funds and accounts, except the Arbitrage Rebate Fund, established in connection with the Series 2011A Bonds under the Authority's Yeshiva University Revenue Bond Resolution, adopted June 24, 2009 (the "Resolution") and the Series Resolution Authorizing Up To \$90,000,000 Yeshiva University Revenue Bonds, Series 2011A, adopted June 22, 2011 (the "Series 2011A Resolution" and, together with the Resolution, the "Resolutions").

The Loan Agreement is a general, unsecured obligation of the University and requires the University to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2011A Bonds.

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

**Description:** The Series 2011A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest due November 1, 2011 and each May 1 and November 1 thereafter will be payable by check or draft mailed to the registered owners of the Series 2011A 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 2011A Bonds, by wire transfer to the holder of such Series 2011A 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 2011A Bonds will be payable at the principal corporate trust office of U.S. Bank, National Association, 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 2011A Bonds, by wire transfer to the holder of such Series 2011A Bonds as more fully described herein.

The Series 2011A 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 2011A Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2011A Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2011A 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 2011A BONDS - Book-Entry Only System" herein.

**Redemption or Purchase:** The Series 2011A 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 & Dempsey (US) LLP and KnoxSeaton, Co-Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2011A 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 2011A 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 2011A 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.*

*The Series 2011A Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2011A Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire, Sanders & Dempsey (US) LLP, New York, New York, and KnoxSeaton, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by Andrew J. Lauer, Vice President for Legal Affairs, Secretary and General Counsel of the University, and by the University's special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Fulbright & Jaworski L.L.P., New York, New York. The Authority expects to deliver the Series 2011A Bonds in definitive form in New York, New York, on or about September 28, 2011.*

**Morgan Stanley**

**Barclays Capital**

**Goldman, Sachs & Co.**

**J.P. Morgan**

**Ramirez & Co. Inc.**

**\$90,000,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**YESHIVA UNIVERSITY REVENUE BONDS**  
**SERIES 2011A**

**\$25,450,000 Serial Bonds**

<u>Due November 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>1</sup></u>	<u>Due November 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>1</sup></u>
2014	\$1,925,000	4.00%	1.25%	649906KF0	2019	\$ 645,000	4.00%	2.90%	649906KL7
2015	2,000,000	4.00	1.52	649906KG8	2019	2,925,000	5.00	2.90	649906KU7
2016	2,080,000	4.00	1.92	649906KH6	2020	3,750,000	5.00	3.24	649906KM5
2017	915,000	4.00	2.25	649906KJ2	2021	3,935,000	5.00	3.46	649906KN3
2017	2,325,000	5.00	2.25	649906KT0	2022	1,550,000	5.00	3.65*	649906KP8
2018	3,400,000	5.00	2.58	649906KK9					

\$7,610,000 4.00% Term Bonds Due November 1, 2025, Yield 4.16% CUSIP Number<sup>1</sup> 649906KV5

\$13,270,000 4.00% Term Bonds Due November 1, 2026, Yield 4.24% CUSIP Number<sup>1</sup> 649906KQ6

\$20,000,000 5.00% Term Bonds Due November 1, 2031, Yield 4.72%\* CUSIP Number<sup>1</sup> 649906KR4

\$23,670,000 5.00% Term Bonds Due November 1, 2040, Yield 4.90%\* CUSIP Number<sup>1</sup> 649906KS2

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\* Priced at the stated yield to the November 1, 2021 optional redemption date at a redemption price of 100%.

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<sup>1</sup> CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2011A Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2011A Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2011A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2011A 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 2011A Bonds.

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

*This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2011A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.*

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

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

*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 2011A Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2011A Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2011A Resolution and the Loan Agreement are on file with the Authority and the Trustee.*

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

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

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

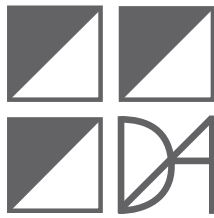
*The Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "will," and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the University. These forward-looking statements speak only as of the date of this Official Statement. The University and the Authority disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the University's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.*

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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**  
**\$90,000,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**YESHIVA UNIVERSITY REVENUE BONDS**  
**SERIES 2011A**

**PART 1 - INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the University, in connection with the offering by the Authority of \$90,000,000 aggregate principal amount of its Yeshiva University Revenue Bonds, Series 2011A (the “Series 2011A Bonds”).

The following is a brief description of certain information concerning the Series 2011A Bonds, the Authority and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2011A 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 2011A 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 2011 Project, which is described below, (ii) to currently refund all but approximately \$3.1 million of the Authority’s Yeshiva University Insured Revenue Bonds, Series 2001 (the “Refunded Bonds”), (iii) to pay the Costs of Issuance of the Series 2011A Bonds, and (iv) to pay capitalized interest. See “PART 4 — THE REFUNDING PLAN,” “PART 5 — THE 2011 PROJECT” 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 University. The Series 2011A Bonds will be issued pursuant to the Act, the Resolution, and the Series 2011A Resolution. The Series 2011A Bonds are the second Series of Bonds to be issued under the Resolution. In addition to the Series 2011A Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay other Costs of one or more projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority or other issuers that were issued on behalf of the University. 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 2011A Bonds. See “PART 3 — THE SERIES 2011A BONDS.”

**The Authority**

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

## **The University**

The University is an independent, coeducational, nonsectarian, not-for-profit institution of higher education accredited by the Middle States Association of Colleges and Schools. The University is located on four campuses in New York City. See “PART 7 - THE UNIVERSITY” and “Appendix B – Consolidated Financial Statements of Yeshiva University and Related Entities and Independent Accountants’ Report.”

## **The Series 2011A Bonds**

The Series 2011A Bonds will be dated their date of delivery and bear interest from such date (payable November 1, 2011 and on each May 1 and November 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 2011A BONDS - Description of the Series 2011A Bonds.”

## **Payment of the Series 2011A Bonds**

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

## **Security for the Series 2011A Bonds**

The Series 2011A Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2011A Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and the Series 2011A Resolution in connection with the Series 2011A Bonds.

The Loan Agreement is a general, unsecured obligation of the University. No security interest in any revenues or assets of the University has been granted by the University to the Authority under the Loan Agreement. However, the University may grant and has granted security interests in certain revenues and assets of the University to secure certain of the University’s outstanding indebtedness other than the Series 2011A Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS - Security for the Series 2011A Bonds” and “Issuance of Additional Bonds” and “PART 7 – THE UNIVERSITY – FINANCIAL STATEMENT INFORMATION – Outstanding Long-Term Debt and Other Obligations of the University.”

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

## **The 2011 Project**

The 2011 Project consists of the financing or refinancing of the renovation, improvement, repair and equipping of the exterior and/or interior of existing facilities located at the University’s campuses in the Bronx and Manhattan, in New York City, including the refinancing of certain taxable debt that financed a portion of such expenditures. See “PART 5 - THE 2011 PROJECT.”

## **PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2011A 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 2011A Resolution. Copies of the Loan Agreement, the Resolution and the Series 2011A Resolution are on file with the Authority and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.*

## **Payment of the Series 2011A Bonds**

The Series 2011A Bonds will be special obligations of the Authority. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2011A Bonds are payable solely from the Revenues, which consist of payments to be made by the University pursuant to the Loan Agreement



on account of the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2011A Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders.

The Loan Agreement obligates the University to make payments to satisfy the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Outstanding Series 2011A Bonds. Payments made by the University in respect of interest on the Series 2011A Bonds are to be made on the 10th day of each October immediately preceding the November 1 and on the 10th day of each April immediately preceding the May 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 University in respect of principal are to be made on the 10th day of each October immediately preceding the November 1 on which such principal becomes due. The Loan Agreement also obligates the University to pay the amount, if any, required to pay the Purchase Price or Redemption Price of such Bonds. See "PART 3 - THE SERIES 2011A BONDS - Redemption and Purchase in Lieu of Redemption Provisions."

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

### **Security for the Series 2011A Bonds**

The Series 2011A Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2011A Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and the Series 2011A Resolution in connection with the Series 2011A Bonds. Each Series of Bonds issued pursuant to the Resolution will be separately secured from each other Series.

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

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

No security interest in any revenues or assets of the University has been granted by the University to the Authority under the Loan Agreement. However, the University may grant and has granted security interests in certain revenues and assets of the University to secure certain of the University's outstanding indebtedness other than the Series 2011A Bonds. See "PART 7 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Outstanding Long-Term Debt and Other Obligations of the University," for a description of such indebtedness of the University secured by certain pledged revenues. In the event of a default under any debt instrument secured by such pledged revenues, the holder or trustee under such debt instrument (including the Authority) will have the right to collect a portion or all of such pledged revenues, and apply the revenues so collected to the payment of amounts due under such debt instrument. Any revenues so collected and applied will not be available for satisfying any of the University's obligations under the Loan Agreement.

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

The following are events of default under the Resolution with respect to the Series 2011A Bonds: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by the Authority in the payment of interest on any Bond; (iii) a Determination of Taxability shall have occurred and be continuing; (iv) a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2011A Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of

Outstanding Series 2011A Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) the Authority shall have notified the Trustee that an “Event of Default,” as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2011A Bonds, shall declare the principal of and interest on all the Outstanding Series 2011A Bonds to be due and payable. At any time after the principal of the Series 2011A 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 2011A Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

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

#### **Issuance of Additional Bonds**

In addition to the Series 2011A Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority or other issuers that were issued on behalf of the University. 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 2011A Bonds. The Series 2011A Bonds will be the second Series of Bonds issued under the Resolution.

#### **General**

The Series 2011A Bonds will not be a debt of the State and the State will not be liable on the Series 2011A Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See “PART 8 — THE AUTHORITY.”

### **PART 3 - THE SERIES 2011A BONDS**

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

#### **Description of the Series 2011A Bonds**

The Series 2011A Bonds will be issued pursuant to the Resolution and the Series 2011A Resolution and will be dated their date of delivery and bear interest from such date (payable November 1, 2011 and on each May 1 and November 1 thereafter) at the rates set forth on the cover page of this Official Statement.

The Series 2011A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2011A Bonds will be payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2011A Bonds, by wire transfer to the wire transfer address within the United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the interest payment date. If the Series 2011A Bonds are not registered in the name of the Depository Trust Company, New York, New York (“DTC”) or its nominee, Cede & Co., the principal and Redemption Price of the Series 2011A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of U.S. Bank, National Association, the Trustee and Paying Agent.

The Series 2011A Bonds will be registered in the name of Cede & Co., as nominee for DTC, pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2011A 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 2011A Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2011A 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 2011A Bonds is the responsibility of DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2011A Bonds, the Series 2011A Bonds will be exchangeable for fully registered Series 2011A 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 2011A Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

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

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

##### ***Optional Redemption***

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

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

The Series 2011A Bonds maturing after November 1, 2021 are also subject to purchase in lieu of optional redemption prior to maturity at the option of the University with the consent of the Authority, on or after November 1, 2021, in any order, in whole or in part at any time, at a purchase price equal to 100% of the principal amount of the Series 2011A Bonds to be purchased, plus accrued interest (the “Purchase Price”) to the date set for purchase (the “Purchase Date”).

##### ***Mandatory Redemption***

The Series 2011A Bonds maturing on November 1, 2025, November 1, 2026, November 1, 2031 and November 1, 2040 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 Series 2011A Bond to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2011A Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2011A Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Authority shall be required to pay for the retirement of the Series 2011A Bonds maturing on November 1 of each of the years set forth in the following table, the amount set forth opposite such year:

**Series 2011A Bonds**  
**Maturing November 1, 2025**

<b><u>Year</u></b>	<b><u>Sinking Fund Installment</u></b>
2023	\$2,520,000
2024	2,535,000
2025*	2,555,000

**Series 2011A Bonds**  
**Maturing November 1, 2026**

<b><u>Year</u></b>	<b><u>Sinking Fund Installment</u></b>
2022	\$2,580,000
2023	1,785,000
2024	1,945,000
2025	2,105,000
2026*	4,855,000

**Series 2011A Bonds**  
**Maturing November 1, 2031**

<b><u>Year</u></b>	<b><u>Sinking Fund Installment</u></b>
2027	\$5,080,000
2028	5,345,000
2029	5,615,000
2030	1,930,000
2031*	2,030,000

**Series 2011A Bonds**  
**Maturing November 1, 2040**

<b><u>Year</u></b>	<b><u>Sinking Fund Installment</u></b>
2032	\$2,135,000
2033	2,245,000
2034	2,360,000
2035	2,480,000
2036	2,610,000
2037	2,740,000
2038	2,885,000
2039	3,030,000
2040*	3,185,000

\* Final Maturity

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

#### ***Special Redemption***

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

#### ***Selection of Bonds to be Redeemed***

In the case of redemptions of Series 2011A Bonds, the Authority will select the maturities of the Series 2011A Bonds to be redeemed. If less than all of the Series 2011A Bonds of a maturity are to be redeemed, the Series 2011A 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 2011A Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2011A Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than 10 Business Days prior to the date such notice is given. 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 availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2011A Bonds to be redeemed. The failure of any owner of a Series 2011A Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2011A Bond.

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

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

If not all of the Outstanding Series 2011A Bonds of a maturity are to be purchased, the Series 2011A Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2011A 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 2011A 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 2011A 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 2011A Bonds. The Series 2011A 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 2011A Bond certificate will be issued for each maturity of the Series 2011A 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, as amended. 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"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2011A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011A 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, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011A 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 2011A Bonds, except in the event that use of the book-entry system for the Series 2011A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A 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 2011A 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 2011A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A 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. Beneficial Owners of the Series 2011A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2011A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Series 2011A Bonds. For example, Beneficial Owners of Series 2011A Bonds may wish to ascertain that the nominee holding the Series 2011A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity of the Series 2011A Bonds 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 Series 2011A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2011A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and redemption premium, if any, of and interest payments on the Series 2011A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2011A Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2011A Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, the Series 2011A Bond certificates will be printed and delivered to DTC.

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

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

THE AUTHORITY, THE UNIVERSITY, THE TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2011A BONDS (1) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2011A BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF

BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2011A BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2011A BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

So long as Cede & Co. is the registered owner of the Series 2011A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2011A Bonds (other than under the caption "PART 11 - TAX MATTERS") means Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2011A Bonds.

### **Principal, Sinking Fund Installments and Interest Requirements**

The following table sets forth the amounts required to be paid by the University during each twelve month period ending June 30 of the years shown, after giving effect to the refunding of the Refunded Bonds, for the payment of debt service on the currently outstanding indebtedness of the University, the principal, sinking fund installment and interest on the Series 2011A Bonds and the total debt service on indebtedness of the University, including the Series 2011A Bonds. See "PART 4 – THE REFUNDING PLAN" below. See "PART 7 – THE UNIVERSITY – Outstanding Long-Term Debt and Other Obligations of the University" for a discussion of existing debt of the University and for a discussion of certain debt anticipated to be incurred by the University in the near future (which future debt is not reflected in the table below).



<b>12-Month Period Ending June 30</b>	<b>Series 2011A Bonds</b>		<b>Debt Service on Other Indebtedness<sup>1</sup></b>	<b>Total Debt Service<sup>1</sup></b>
	<b>Principal</b>	<b>Interest</b>		
2012	--	\$2,494,200	\$15,707,974	\$18,202,174
2013	--	4,215,550	17,908,770	22,124,320
2014	--	4,215,550	20,059,740	24,275,290
2015	\$1,925,000	4,177,050	19,287,113	25,389,163
2016	2,000,000	4,098,550	25,696,671	31,795,221
2017	2,080,000	4,016,950	25,441,971	31,538,921
2018	3,240,000	3,898,925	24,616,170	31,755,095
2019	3,400,000	3,737,500	19,803,704	26,941,204
2020	3,570,000	3,566,475	20,004,454	27,140,929
2021	3,750,000	3,386,700	20,006,067	27,142,767
2022	3,935,000	3,194,575	20,004,148	27,133,723
2023	4,130,000	3,005,850	20,007,679	27,143,529
2024	4,305,000	2,829,400	20,003,610	27,138,010
2025	4,480,000	2,653,700	20,202,148	27,335,848
2026	4,660,000	2,470,900	20,204,720	27,335,620
2027	4,855,000	2,280,600	20,204,329	27,339,929
2028	5,080,000	2,056,500	20,199,667	27,336,167
2029	5,345,000	1,795,875	20,231,877	27,372,752
2030	5,615,000	1,521,875	16,421,490	23,558,365
2031	1,930,000	1,333,250	16,420,802	19,684,052
2032	2,030,000	1,234,250	16,181,409	19,445,659
2033	2,135,000	1,130,125	16,182,043	19,447,168
2034	2,245,000	1,020,625	16,122,585	19,388,210
2035	2,360,000	905,500	16,095,847	19,361,347
2036	2,480,000	784,500	9,580,625	12,845,125
2037	2,610,000	657,250	9,578,125	12,845,375
2038	2,740,000	523,500	9,579,500	12,843,000
2039	2,885,000	382,875	9,578,625	12,846,500
2040	3,030,000	235,000	--	3,265,000
2041	3,185,000	79,625	--	3,264,625

<sup>1</sup> Includes debt service on mortgage notes payable by the University, certain indebtedness of the Housing Company (as defined herein) and various lease obligations, but does not include the debt service on the revolving loan agreement or the Refunded Bonds. As further discussed under "Outstanding Long-Term Debt and Other Obligations of the University," the University has not yet formally assumed certain mortgage notes. The debt service set forth above includes payments on such mortgage notes, and assumes that the University will continue to make scheduled payments on such mortgage notes. However, should the University and such lenders be unable to agree upon the terms of the University's assumption of such mortgage notes, the amount of such mortgage notes may be required to be repaid or refinanced.

#### **PART 4 - THE REFUNDING PLAN**

A portion of the proceeds of the Series 2011A Bonds will be used to provide for payment of the Refunded Bonds. The Refunded Bonds constitute all but approximately \$3.1 million of the Authority's Yeshiva University Insured Revenue Bonds, Series 2001. Such proceeds, together with other available moneys, will be sufficient to pay the redemption price of the Refunded Bonds within 90 days of the issuance, and the interest coming due on the Refunded Bonds on the redemption date. Upon issuance of the Series 2011A Bonds, the proceeds of the Series 2011A Bonds and other available moneys will be deposited with the trustee for the Refunded Bonds in an escrow account to be held in trust solely for payment of the redemption price of and interest on the Refunded Bonds, which will no longer be outstanding under the prior resolution.

#### **PART 5 - THE 2011 PROJECT**

The 2011 Project consists of the financing or refinancing of the renovation, improvement, repair and equipping of the exterior and/or interior of existing facilities located at the University's campuses in the Bronx and Manhattan, in New York City, including the refunding of certain taxable debt that financed a portion of such expenditures.

#### **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 2011A Bonds.....	\$90,000,000.00
Net Original Issue Premium .....	3,390,365.10
Other Available Funds.....	<u>1,063,314.00</u>
Total Sources .....	\$94,453,679.10

##### **Uses of Funds**

Deposit to Project Fund.....	\$44,004,461.56
Deposit to Refunding Escrow.....	46,090,830.57
Deposit to Capitalized Interest Fund .....	1,964,695.56
Costs of Issuance <sup>1</sup> .....	1,889,332.43
Underwriters' Discount .....	<u>504,358.98</u>
Total Uses .....	\$94,453,679.10

<sup>1</sup> Includes legal fees, State bond issuance charge and associated costs relating to the Series 2011A Bonds.

#### **PART 7 - THE UNIVERSITY**

##### **GENERAL INFORMATION**

##### **History and General Description**

Yeshiva University (the "University") originated in New York City in 1886 within the Rabbi Isaac Elchanan Theological Seminary ("RIETS"), with which it is still affiliated, and was chartered as a separate university on November 16, 1945. The University brings together the heritage of Western civilization and the ancient traditions of Jewish law and life. A total of approximately 6,500 undergraduate and graduate students study at the University. The University has four New York City campuses: the Wilf Campus (consisting of several buildings in the Washington Heights section of Manhattan), the Israel Henry Beren Campus (consisting of several buildings in the Murray Hill section of Manhattan), the Brookdale Center (consisting of a building and a nearby housing facility in the Greenwich Village section of Manhattan), and the Jack and Pearl Resnick Campus (consisting of several buildings in the Bronx). The Wilf Campus, Israel Henry Beren Campus and the Brookdale Center comprise the Manhattan Campuses. The University also conducts the S. Daniel Abraham Israel Program in Israel. The University's undergraduate education offers a dual program comprised of liberal arts courses and Jewish studies. Its graduate and professional schools include Albert Einstein College of Medicine ("Einstein"), Benjamin N. Cardozo School of Law ("Cardozo"), Wurzweiler School of Social Work ("Wurzweiler"), Ferkauf Graduate School

of Psychology (“Ferkauf”), Azrieli Graduate School of Jewish Education and Administration (“Azrieli”), and Bernard Revel Graduate School of Jewish Studies (“Revel”).

School/ Program, Year of Founding and Campus Location

Isaac Breuer College of Hebraic Studies (1917) – Wilf Campus  
Yeshiva Program/Mazer School of Talmudic Studies (1917) – Wilf Campus  
Yeshiva College (1928) – Wilf Campus  
Bernard Revel Graduate School of Jewish Studies (1935) – Wilf Campus  
Azrieli Graduate School of Jewish Education and Administration (1945) – Wilf Campus  
Stern College for Women (1954) – Beren Campus  
Albert Einstein College of Medicine (1955) – Resnick Campus  
James Striar School of General Jewish Studies (1956) – Wilf Campus  
Ferkauf Graduate School of Psychology (1957) – Resnick Campus  
Sue Golding Graduate Division of Medical Sciences (1957) – Resnick Campus  
Wurzweiler School of Social Work (1957) – Wilf and Beren Campuses  
Benjamin N. Cardozo School of Law (1976) – Brookdale Center  
Sy Syms School of Business (1987) – Wilf and Beren Campuses  
Irving I. Stone Beit Midrash Program (1995) – Wilf Campus  
S. Daniel Abraham Israel Program (1999)  
The Graduate Program for Women in Advanced Talmudic Studies (2000) – Beren Campus

### **Academic Programs**

The University’s academic programs offer students the opportunity to pursue studies in the arts, sciences, humanities, business and management, medicine, law, social work, psychology, Judaic studies and Jewish education and administration. On the undergraduate level, the University awards the B.A. and B.S. degrees. The graduate and professional schools offer degrees at the Master’s and Doctoral levels, and professional degrees in the fields of law at Cardozo and medicine at Einstein. The Sue Golding Graduate Division of Medical Sciences provides advanced study and research training leading to the Ph.D. degree.

The University is accredited by the Middle States Association of Colleges and Schools, Einstein is accredited by the Council on Medical Education of the American Medical Association and Cardozo is accredited by the American Bar Association. The other academic programs are accredited by appropriate state and professional accrediting agencies and associations.

The University also conducts combined and/or joint degree programs with, among others, Columbia University (Engineering and Occupational Therapy); New York University (Nursing, Occupational Therapy and Dental Medicine); and State University of New York (Optometry and Engineering).

### **Related Entities**

There are several entities (the “Related Entities”) that are controlled by the University and for which the University provides various administrative services. The financial results of the Related Entities are consolidated within the financial results of the University for financial statement reporting purposes.

The Albert Einstein College of Medicine Staff Housing Co., Inc. (the “Housing Company”) owns and operates a 635-unit, limited profit housing project under the supervision of the Housing Development Corporation of the City of New York through the Mitchell-Lama Housing Program. The Housing Company, a not-for-profit entity, provides housing primarily for Einstein students.

The Yeshiva Endowment Foundation, Inc. was formed in 1927 as a separate not-for-profit corporation organized for the benefit of the University and RIETS. Control of the Foundation is vested in a Board of Trustees, all of whom are currently officers of the University.

The University owns several entities that provide, among other things, housing for University-affiliated individuals and others. See “PART 7 – THE UNIVERSITY – FINANCIAL STATEMENT INFORMATION – Outstanding Long-Term Debt and Other Obligations of the University” below.

## **Affiliated Organizations**

RIETS and the Yeshiva University High Schools (the “High Schools”, and collectively with RIETS, the “Affiliates”) are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York. The University provides various administrative services to each Affiliate. Control of each Affiliate is vested in its respective board of trustees, a minority of whose members also serve on the University’s Board of Trustees. The financial results of these Affiliates are not included in the University’s consolidated financial statements.

## **Affiliation Agreements**

Einstein has long-standing affiliation agreements with the New York City Health and Hospitals Corporation (“HHC”) and with several area hospitals including Jacobi Medical Center (“Jacobi”), North Shore-Long Island Jewish Health Systems, Maimonides Medical Center, Beth Israel Medical Center, Bronx Lebanon Hospital, and Montefiore Medical Center (“Montefiore”). Under the terms of these agreements, the affiliated institutions provide a clinical training site for Einstein’s students and Einstein pays a limited amount for the supervision and direction of its students provided by the affiliated institutions. In addition, Einstein provides certain professional and related supporting services in exchange for payment by the affiliated institutions of certain direct contract and overhead costs incurred by Einstein in connection with graduate educational programs and research programs conducted at the affiliated institutions. From time to time, Einstein subcontracts with researchers or physicians at the affiliated institutions to conduct research for Einstein in connection with Einstein’s grants from the National Institutes of Health (“NIH”); in such instances Einstein reimburses those researchers or physicians in accordance with the budget approved by NIH. Additional information is set forth in the University’s consolidated financial statements included in Appendix B of this Official Statement.

## **University Libraries**

The University’s four-campus library system offers a broad range of collections and services, both traditional and current. The libraries hold in excess of 1.16 million physical volumes and provide access to more than 393,000 electronic books. Approximately 65,700 journals, most in electronic format and spanning the disciplines, support study and research at the University. The internationally-recognized Jewish Studies research collections focus especially upon Rabbinics, Bible, Jewish history, Jewish philosophy and Sephardic studies, and include rare books, manuscripts, and archival documents. The libraries offer general undergraduate collections and extensive collections in psychology and social work. Research collections in health sciences and law are provided at Einstein and Cardozo, respectively, with access offered University-wide as feasible. The library system is a selective depository for United States government publications.

## **Research Activities**

The University’s research programs are broadly based, including disciplines of the physical sciences, life sciences, social sciences and humanities, and medical sciences.

In the most recently-completed federal fiscal year, Einstein was awarded approximately \$214 million in federal grants and contracts, approximately \$199 million of which was directly from NIH. The 2010 Association of American Medical Colleges report ranks Einstein 38th among the nation’s 128 reported medical schools included in direct Federal Research Grants and Contracts Recorded.

## **Governance**

In accordance with the Charter of the University, the governing body of the University is its self-perpetuating Board of Trustees, presently consisting of 41 members, with a maximum of 50, which is responsible for the direction of the affairs of the University, including academic policies, University development and financial matters. The Board of Trustees’ Governance Committee acts as the Nominating Committee for Trustees who may be elected for terms of one, two, three or four years. Trustees are eligible for re-election without limitation. During the intervals between meetings of the Board of Trustees, the Executive Committee may meet and exercise the powers of the Board of Trustees granted to it by the By-Laws.

In accordance with its By-Laws, the Board of Trustees elects the President of the University, currently Richard M. Joel. The President is the Chief Corporate and Executive Officer of the University and is, ex-officio, a voting member of the Board of Trustees.

## UNIVERSITY BOARD OF TRUSTEES

<u>Name</u>	<u>Year Term Expires</u>	<u>Occupation</u>
<b><u>Chairman:</u></b>		
Dr. Henry Kressel*	2013	Managing Director, Warburg Pincus LLC
<b><u>Chairmen Emeriti:</u></b>		
Ronald P. Stanton	No expiration	Chairman, Transammonia Inc.
Robert M. Beren	No expiration	Owner and CEO, Natural Gas Exploration and Production Companies
David S. Gottesman	No expiration	Managing Partner, First Manhattan Company
Morry J. Weiss	No expiration	Chairman, American Greetings Corporation
<b><u>Vice Chairmen:</u></b>		
Ludwig Bravmann*	2015	Managing Director, Oppenheimer & Co. Inc.
Mordecai D. Katz*	2015	Investor
<b><u>Treasurer:</u></b>		
Alan E. Goldberg*	2015	Co-Managing Partner, Lindsay Goldberg
<b><u>Trustees Emeriti:</u></b>		
Joseph Wilf	No expiration	Partner, Garden Homes Management
David Eshaghian	No expiration	President, The Somerset Group
Dr. Ira Kukin	No expiration	Chairman of the Board, Apollo Technologies International
<b><u>Trustees:</u></b>		
David J. Azrieli	2012	President, Canpro Investments Co., Ltd.
Dr. Jayne G. Beker	2015	Psychologist
Jack A. Belz	2012	President and CEO, Belz Enterprises
Julius Berman*	Ex officio**	Special Counsel, Kaye Scholer LLP
Marvin S. Bienenfeld	2012	Retired
Marjorie Diener Blenden*	2015	Real Estate
Sender Z. Cohen	2013	Managing Director, Soros Fund
Jeffrey J. Feil	2012	CEO, The Feil Organization
Philip Friedman	2013	CEO and President, Computer Generated Solutions
Michael H. Gamson	2015	Senior Partner and Group Manager, Vitol S.A.
Dr. Felix L. Glaubach	2012	President, Personal Touch Homecare Corp.
Ruth L. Gottesman*	Ex officio**	Psychologist
Fanya Gottesfeld Heller	2013	Author
Lance L. Hirt*	2013	Partner, Lindsay Goldberg
Michael Jesselson*	2012	Executive Officer, Jesselson Investments
Richard M. Joel*	Ex officio**	President, Yeshiva University
Marcos D. Katz	2012	Entrepreneur
Dr. Norman Lamm*	Ex officio**	Chancellor, Yeshiva University
Matthew J. Maryles	2012	Member, Wolf Maryles & Associates, L.L.C.
Ira Mitzner	2014	President, RIDA Development Corp.
Joshua L. Muss*	2013	President, Muss Development
Jack M. Nagel	2014	Owner, Decron Properties Corp.

Leslie Payson*	Ex officio**	Director, Institutional Client Group, Citigroup
Vivian Glueck Rosenberg	2013	Vice President, Eastcoast Flavors, Inc.
David I. Schachne	2012	Founding Partner, Fairfield Properties
Jay Schottenstein	2015	Chairman of the Board, Schottenstein Stores Corp.
Daniel A. Schwartz*	2013	Chief Investment Officer, Managing Partner, York Capital Management, LLC
Irwin Shapiro	2012	Retired
Mark Silber	2014	Executive Vice President, Renaissance Technologies LLC
Moshael J. Straus*	2013	Manager, Ascend Capital Group International, LLC
Josh S. Weston	2013	Chairman Emeritus, Automated Data Processing, Inc.
Zygmunt Wilf	2014	President, Garden Homes, Inc.
Shira R. Yoshor	2015	Partner, Baker Botts LLP

\* Executive Committee Member

\*\* President, Chancellor, and Chairs of Einstein, Cardozo and RIETS Boards

## Administration

The President of the University, as Chief Corporate and Executive Officer, is responsible for the administration, operation and the educational policies of the University. Executive and administrative officers of the University include:

<u>Name</u>	<u>Position</u>
Richard M. Joel	President
Dr. Norman Lamm	Chancellor
Dr. Morton Lowengrub	Provost and Senior Vice President for Academic Affairs
Dr. Allen M. Spiegel	Vice President for Medical Affairs
J. Michael Gower	Vice President for Business Affairs and CFO
Andrew J. Lauer	Vice President for Legal Affairs, Secretary and General Counsel

**Richard M. Joel** is the fourth President of the University and the Bravmann Family University Professor. Prior to his appointment as President of the University in 2003, President Joel served as the President and International Director of Hillel: The Foundation for Jewish Campus Life. President Joel received his B.A. and J.D. from New York University, where he was a Root-Tilden Scholar. He then served as an Assistant District Attorney and Deputy Chief of Appeals in Bronx, NY, following which he served first as the University's Director of Alumni Affairs and, at Cardozo, as an Associate Dean and Professor of Law.

**Dr. Norman Lamm** became Chancellor of the University in May 2003, having served as President since 1976. He has occupied the Erna and Jakob Michael Chair in Jewish Philosophy, a University professorship, since 1966, having first been appointed to the faculty in 1959. He received his B.A. from Yeshiva College; rabbinic ordination from RIETS; and Ph.D. in Jewish Philosophy from Revel. Dr. Lamm serves on the Boards of the United Jewish Appeal-Federation of Jewish Philanthropies of New York and the American Zionist Youth Foundation.

**Dr. Morton Lowengrub** became the University's Vice President for Academic Affairs in 1999 and Provost and Senior Vice President for Academic Affairs in 2007. Dr. Lowengrub received his B.A. from New York University, M.S. from California Institute of Technology, and Ph.D. in Mathematics from Duke University. He has taught at Duke University, Wesleyan University and, from 1967 until 1999, at Indiana University. At Indiana, he served as the Chair of the Mathematics Department, Dean for Research and Graduate Studies, and Dean of the College of Arts and Sciences. Dr. Lowengrub continues to teach as a Professor of Mathematics at the University.

**Dr. Allen M. Spiegel** became the Dean of Einstein and Vice President for Medical Affairs of the University in 2006. Prior thereto, Dr. Spiegel was Director of NIH's National Institute of Diabetes & Digestive Diseases & Kidney Diseases (NIDDK). During nearly 35 years at NIH, Dr. Spiegel served as an Endocrinology Clinical Associate, a Senior Investigator in Metabolic Diseases, Chief of Molecular Pathophysiology, Chief of the Metabolic Diseases Branch, and then Director of the NIDDK's Division of Intramural Research. A member of the

Institute of Medicine of the National Academy of Sciences, Dr. Spiegel earned his B.A. from Columbia University and M.D. from Harvard Medical School.

**J. Michael Gower** has been the Vice President for Business Affairs and Chief Financial Officer (CFO) of the University since July 2008. Prior thereto, Mr. Gower was VP for Finance & Administration and Treasurer at the University of Vermont. Previously, Mr. Gower served as a higher education management consultant for PricewaterhouseCoopers and held various positions at Duke University Medical Center, including Assistant VP for Finance, Associate CFO of the School of Medicine, and Director of Financial Planning & Systems. Earlier, he served in accounting roles at Duke and Cornell University. He also serves on the Board of Directors for the Eastern Association of College and University Business Officers. Mr. Gower has an A.B. and M.B.A. from Duke University.

**Andrew J. Lauer** has been the Vice President for Legal Affairs, Secretary and General Counsel of the University since March 2008, and is the University's Chief Legal Officer. Mr. Lauer also serves as counsel to the President of the University. Prior to his appointment at the University, Mr. Lauer was a partner at the international law firm of Thelen Reid Brown Raysman and Steiner LLP. Mr. Lauer received his B.A. from City University of New York, Queens College, J.D. from Brooklyn Law School, and L.L.M. from New York University School of Law. Mr. Lauer is admitted to the Bar in the States of New York and New Jersey as well as various federal courts, including the United States Supreme Court.

## OPERATING INFORMATION

### Students

The following table sets forth information regarding Fall undergraduate freshman applications, acceptances and matriculations for the past five academic years. The undergraduate student body includes students hailing from 33 states and 22 countries.

The University has faced challenges brought about by the recession and by increased competition from several public institutions which are more affordable and have become more accommodating to the Orthodox student population with such additions as kosher kitchens. The University experienced a drop in applications for the Fall 2009 and Fall 2010 classes; however, the number of matriculants improved in 2010, and the quality of enrollees did not decline, as the mean SAT score has remained relatively stable at approximately 1215 to 1220 (of a total of 1600). The University has responded with new efforts on affordability and increased its recruitment activity. As of September 1, 2011, Fall 2011 applications were approximately 11% higher than Fall 2010 applications at the same time last year. The University also is developing a new financial aid brochure for the Fall 2012 recruitment cycle.

### Freshman Admissions for the Fall Semester

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Applications	2,158	2,031	1,992	1,809	1,710
Acceptances	1,276	1,354	1,391	1,158	1,222
Percent Accepted	59.1%	66.7%	69.9%	64.0%	71.5%
Matriculants	868	930	945	782	865
Percent Matriculated	68.0%	68.7%	67.9%	67.5%	70.8%

The following table shows Fall semester enrollment for all University students for the past five academic years. Cardozo enrolls approximately 1,200 students and Einstein enrolls approximately 1,100 students in an academic year. The headcounts include both full-time and part-time students. Most undergraduates and professional school students attend on a full-time basis while the other graduate programs have significant numbers of part-time students. As of September 1, 2011, *preliminary* data indicates that undergraduate enrollment for Fall 2011 is stabilizing as compared to the prior year. Enrollments at Einstein and Cardozo remain consistent with previous years.

### Enrollment for the Fall Semester

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Undergraduate	2,947	3,015	3,047	2,830	2,832
Graduate	<u>3,444</u>	<u>3,486</u>	<u>3,361</u>	<u>3,338</u>	<u>3,612</u>
Total	6,391	6,501	6,408	6,168	6,444

## Tuition and Fees

The table below indicates tuition rates (exclusive of room, board and other fees) for full-time undergraduate students for the past five academic years:

<b>Undergraduate Tuition</b>				
<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$28,200	\$30,060	\$31,594	\$31,594	\$32,550

For the 2010-11 academic year, the total tuition and fees (which includes tuition, room and board, and mandatory fees) for full-time undergraduate students was \$43,955. Housing and food services are classified as auxiliary enterprises in the University's consolidated financial statements. Dormitory and board charges are determined so that substantially all auxiliary enterprise costs, including related debt service, are expected to be recovered from related fees or charges. The undergraduate tuition and fees for the 2011-12 academic year will increase by approximately 4.3%, to \$45,850.

Graduate and professional school annual full-time tuition ranges from approximately \$23,000 to \$45,000, and has increased by approximately 5% each year over the last five academic years. The tuition for these students for the 2011-12 academic year will increase by approximately 3%.

## Financial Aid

The University's admissions policies are designed to enable the most qualified students to attend the University. Decisions regarding admission to the University are made without regard to financial need.

Financial aid for undergraduate, graduate and professional school students is offered in the form of University grants (such as scholarships and fellowships), loans and employment. Approximately 75% of the undergraduate students receive grants from the University to cover all or a part of their cost of education, awarded based primarily on need.

### University Financial Aid Grants (Scholarships and Fellowships) Fiscal Years Ended June 30, (In Thousands)

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$58,824	\$62,834	\$72,963	\$81,176	\$82,034

During the 2010-11 academic year, students also received approximately \$3 million of additional assistance from federal and state grant programs and approximately \$650,000 of assistance through the work study program, and borrowed approximately \$75 million under various federal loan programs.

## Faculty

The University faculty includes leading scholars and scientists in an array of disciplines. At Einstein, seven major biomedical fields - AIDS, cancer, brain disease, diabetes, liver disease, sickle cell disease and human genome research - have received "Center of Excellence" designations from the NIH. At Cardozo, nationally renowned programs include the Holocaust Claims Restitution Clinic and the Innocence Project, which has used DNA evidence to assist in exonerating over 230 wrongly convicted individuals across the country. Faculty expertise throughout the University covers disciplines ranging from ethics, theology, history, literature, philosophy, education, mathematics, physics, biology, and psychology.

The faculty includes six Fellows of the National Academy of Sciences. Others have been recipients of numerous prestigious fellowships and scholarships such as Guggenheim, Oxford University, National Humanities Center, Harvard University, Woodrow Wilson, Andrew Mellon and American Academy of Jewish Research Fellowships, as well as Beck, Fulbright, Kent and Harlan Fiske Stone Scholarships.

The faculty, of which 93% hold doctorates, is supplemented each year by visiting scholars and lecturers from across the globe. Several Nobel Laureates in various fields of science and economics and two of the most internationally prominent Holocaust historians have taught and lectured at the University during the past few years.



Approximately 70% of the faculty is full-time, and approximately 27% of full-time faculty is tenured, with an additional 45% on tenure track. Most of the undergraduate and Cardozo faculty are full-time, while most faculty members at Einstein are also practicing physicians. From Fall 2007 through Fall 2011, the University has filled 101 full-time faculty positions in the undergraduate programs, including 64 new positions, most of whom are not yet tenured professors.

## FINANCIAL STATEMENT INFORMATION

### University Finances

The following information is derived from the University's consolidated financial statements for the fiscal years ended June 30, 2006, 2007, 2008, 2009, and 2010, which are available at [www.emma.msrb.org](http://www.emma.msrb.org) and/or at [www.dacbond.com](http://www.dacbond.com). It should be read in conjunction with the University's consolidated financial statements as of and for the fiscal years ended June 30, 2010 and 2009, included in Appendix B of this Official Statement.

### Summary of Consolidated Statements of Activities Fiscal Years Ended June 30, (In Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Operating Revenue:</b>					
Tuition and Fees, net <sup>(1)</sup>	\$112,004	\$118,705	\$120,137	\$125,042	\$121,225
Investment Return Utilized	66,941	67,538	65,078	66,609	61,262
Private Gifts and Bequests	20,761	17,664	26,728	16,543	19,367
Grants and Contracts	244,788	243,452	256,382	235,570	248,737
Services under Affiliation Agreements	11,122	11,679	12,585	12,926	13,258
Sales and Services of Auxiliary Enterprises	25,781	27,589	29,299	30,081	29,721
Other Sources	10,116	14,270	16,265	15,854	20,049
Net Assets Released From Restriction	24,776	39,010	31,605	44,115	27,140
<b>Total Operating Revenue</b>	<b><u>\$516,289</u></b>	<b><u>\$539,907</u></b>	<b><u>\$558,079</u></b>	<b><u>\$546,740</u></b>	<b><u>\$540,759</u></b>
Instruction, Clinical and Dept. Research	\$153,342	\$169,663	\$195,069	\$210,323	\$217,759
Sponsored Research and Training	208,126	201,792	214,531	220,522	225,888
Academic Support	33,887	39,117	45,263	44,511	41,083
Student Services	24,144	27,279	31,364	32,024	30,754
Institutional Support	44,957	49,831	73,981	88,107	88,416
Development	13,366	15,041	20,003	17,922	17,447
Auxiliary Enterprises	25,632	26,189	29,499	28,399	26,946
<b>Total Operating Expenses</b>	<b><u>\$503,454</u></b>	<b><u>\$528,912</u></b>	<b><u>\$609,710</u></b>	<b><u>\$641,808</u></b>	<b><u>\$648,293</u></b>
<b>Increase (Decrease) From Operating Activities</b>	<b><u>\$12,835</u></b>	<b><u>\$10,995</u></b>	<b><u>(\$51,631)</u></b>	<b><u>(\$95,068)</u></b>	<b><u>(\$107,534)</u></b>
<b>Non-Operating Activities:</b>					
Private Gifts and Bequests	\$29,291	\$99,459	\$110,630	\$64,667	\$34,512
Net Assets Released From Restriction	(24,776)	(39,010)	(31,605)	(44,115)	(27,140)
Change in Value of Split Interest Agreements	783	3,244	(113)	(4,415)	(64)
Investment Return (Loss) Reinvested	126,732	218,413	(155,211) <sup>(2)</sup>	(358,038)	37,754
Provision for Uncollectible Contributions	(4,224)	3,783	(1,525)	(5,550)	(27,647)
Other, Net	<u>(37,350)</u>	<u>(5,484)</u>	<u>(6,771)</u>	<u>(7,819)</u>	<u>(4,731)</u>
<b>Change In Net Assets</b>	<b><u>\$103,291</u></b>	<b><u>\$291,400</u></b>	<b><u>(\$136,226)</u></b>	<b><u>(\$450,338)</u></b>	<b><u>(\$94,850)</u></b>

<sup>(1)</sup> Tuition and Fees are net of the University grants detailed in the previous Financial Aid section.

<sup>(2)</sup> Includes loss from investment write-off of \$95,290,000.

In accordance with generally accepted accounting principles, the above amounts include unrestricted, temporarily restricted and permanently restricted revenues. Temporarily restricted revenues are subject to donor-imposed restrictions that will be met either by actions of the University and/or the passage of time. Permanently restricted revenues are subject to donor-imposed restrictions that they be maintained permanently by the University. The University's consolidated financial statements also include the revenues and expenses of the Related Entities (but not those of the Affiliates). For the fiscal years 2006-2010, the revenues and expenses of the Related Entities averaged approximately 1.61% and 1.80% of total annual consolidated revenues and of total annual consolidated expenses, respectively. During this period, the Related Entities' assets averaged 2.60% of total year-end consolidated assets and their liabilities averaged approximately 13.42% of total year-end consolidated liabilities.

Although the Related Entities are consolidated within the University's financial statements, the Related Entities are not liable for any of the University's debt obligations. Similarly, the University is not liable for the debts and other obligations of the Affiliates and Related Entities; however, given the relationship between the University and the Affiliates and the Related Entities, the University might be adversely affected if it did not take action to cure a payment or other default by the Affiliates or Related Entities under their obligations.

## **Management's Discussion**

### **Results of Recent Years**

Over several years prior to fiscal year 2009, the University began a planned strategic investment in its long-term future in order to enhance its academic and clinical research programs and to expand its physical footprint. During those years, the University replaced many adjunct positions with full-time senior faculty, completed the construction of the Michael F. Price Center for Genetic and Translational Medicine/Harold and Muriel Block Research Pavilion (the "Price Center"), acquired property in the upper Manhattan neighborhood surrounding the Wilf Campus, built a new facility for Jewish Study, academics and library archives (the Jacob and Dreizel Glueck Center for Jewish Study on the Wilf Campus (the "Glueck Center")), and expanded the Beren Campus in Midtown Manhattan with the reacquisition (by buyout of a long-term lease) of a dormitory on 35th Street and a small building adjacent to the Stern College academic buildings. The investment in academic positions and the construction of the Glueck Center was undertaken in order to foster enrollment growth by enriching the academic programs; the investment in research faculty and the construction of the Price Center was undertaken in order to expand the University's ability to obtain increased grant funding in biomedical research and translational medicine; and the investment in property was undertaken in order to enhance the neighborhoods surrounding the campuses, provide additional housing for students, faculty and affiliated individuals, and create an opportunity for future campus expansion when required. The operating budget grew \$80 million from fiscal years 2007 to 2008, \$54 million of which is attributed to growth in instruction and sponsored research. The expectation was that these program enhancements would generate increased revenues through growth in tuition income and sponsored research funding in the future; however, the economic downturn which began in fiscal year 2008 negatively impacted the University's major revenue sources: enrollment-related revenue, research funding, philanthropy and investment income. Further, the property acquisitions resulted in an increase of approximately \$21 million in mortgage indebtedness, as well as an increase in depreciation expense of approximately \$10-17 million in aggregate after fiscal year 2007. The factors described above resulted in a structural deficit that persists to date.

The University's net assets decreased by approximately \$450 million from June 30, 2008 to June 30, 2009 due to a net operating loss of approximately \$95 million and a loss from non-operating activities of approximately \$355 million. The net operating loss resulted from a number of factors including a continuation of expenses relating to the actions taken in prior fiscal years described above, start-up expenses associated with recruiting research faculty for the new Price Center, funding for certain research activities from institutional sources to replace reductions in grant funding from the NIH and other sources, and increases in instructional and academic support expenses. In fiscal year 2009, grants and contracts revenue decreased by over \$20 million compared to fiscal year 2008, while clinical and research expenses increased by approximately \$15 million, along with a \$14 million increase in institutional support (administrative and support services). In addition, the national economic downturn spurred the University to increase undergraduate financial aid to address the additional financial need of its students. The loss in non-operating activities for fiscal year 2009 (in excess of \$350 million) was primarily a result of a decline in the value of investments of approximately \$358 million. Furthermore, philanthropic support (for operating and non-operating activities) in fiscal year 2009 was approximately 40% lower than in fiscal year 2008.

Net assets further declined by nearly \$95 million from June 30, 2009 to June 30, 2010, reflecting a net operating loss of over \$107 million, offset in small part by a non-operating gain of approximately \$12 million. The net operating loss resulted from a continuation of the expenses relating to the actions taken in prior fiscal years described above, a continuation of the expenses incurred in fiscal year 2009, and lower net tuition revenues. During fiscal year 2010 (which includes the academic year commencing in Fall 2009), the University experienced an unexpected decrease in undergraduate enrollment despite not increasing tuition and further enhancing financial aid, although at a slower rate than in fiscal year 2009. Enrollment at Wurzweiler also continued to decline in fiscal year 2010. Start-up expenses relating to the Price Center continued in fiscal year 2010, with a nearly \$8 million increase in expense related to research, partly offsetting an increase of approximately \$13 million in grants and contracts revenue. In addition, investment return utilized for operations was reduced by approximately \$5 million as a result of reduced investment values in fiscal years 2008 and 2009 and the impact of New York law then in effect relating

to expenditures of income from certain endowed funds with current market values below their values at the time of donation. In non-operating activities, the University experienced a decrease in both philanthropic cash contributions and new pledges in fiscal year 2010, further adversely impacting net assets. During fiscal year 2010, the University adopted a change in the classification of certain pledges from donor-advised funds that reduced, for financial statement purposes, net pledges by over \$20 million (although such contributions are expected to ultimately be received in the future from such donor-advised funds). Partially offsetting the net operating loss and reduction in philanthropic revenues, the University experienced a gain of approximately \$38 million in the value of its investments, after two years of substantial investment losses.

Beginning in fiscal year 2009, the University conducted a “reframing” of its operating and capital budgets, which led to various expense reductions in fiscal year 2009 that continued in fiscal years 2010 and 2011. These cost-cutting measures have largely been for non-academic functions and included a reduction in staff and non-personnel expenses. In addition, only limited compensation increases for staff in core University programs and departments were permitted. The University instituted an early retirement incentive program, which had the effect of increasing expenses in fiscal year 2009 (as incentive payments were made) but helping to limit increases in overall salary costs in fiscal year 2010 and thereafter.

### **Fiscal Year 2011 Results**

The University’s fiscal year 2011 recently ended on June 30, 2011, and therefore analysis of the results of such year is preliminary, and the financial statements have not yet been prepared by management or audited by the University’s outside independent accountants. The audited results may vary from the preliminary estimates available at this time. The University expects that it will experience a net operating loss in fiscal year 2011. Many of the expenses relating to the actions taken in prior years continued in fiscal year 2011 (although the University substantially completed its recruiting efforts for researchers at Einstein in fiscal year 2010), and research activities continued to require substantial University funding in the absence of a substantial increase in NIH and other funding sources. Undergraduate enrollment and enrollment at Wurzweiler continued to be below the levels prior to fiscal year 2010 (i.e., before the 2009-2010 academic year); while undergraduate enrollment appears to be stabilizing, enrollment at Wurzweiler continues to decline. Additional reductions of non-academic costs are expected to have a limited offsetting impact. Investment return utilized for operations is expected to be negatively impacted by the effect of investment losses in fiscal years 2008 and 2009, offset in part by a change in New York law that has provided additional flexibility with respect to the use of certain endowed funds with current market values below their values at the time of donation. With respect to non-operating results, it is expected that total philanthropic revenues will be lower than in fiscal year 2010 (although cash receipts are expected to be higher), but the University does not expect to record incremental loss due to the reclassification of pledges. Investment values are expected to be slightly higher at the end of fiscal year 2011 as compared to the end of fiscal year 2010.

### **Fiscal Year 2012 Financial Plan**

The Board of Trustees considered, but did not adopt, a comprehensive budget for the entire University for fiscal year 2012, at its June 2011 meeting. However, at that time, the Board did approve a fiscal year 2012 budget for Einstein. The budget for activities at Einstein reflects a continued structural operating deficit, institutional funding of approximately \$21 million, and limited capital expenditures. At its meeting on September 20, 2011, the Board of Trustees considered and adopted fiscal years 2012 and 2013 budgets for other components of the University which similarly reflect a continuation of the structural deficit (offset in part by cost reductions in non-academic areas and reductions in non-core academic programs) through fiscal year 2012 with the goal to eliminate the cash deficit in fiscal year 2013, a continued reduction in investment return available to be utilized for operations (reflecting the substantial reductions in investment values experienced in fiscal years 2008 and 2009), the elimination of certain one-time sources of funds, institutional funding of approximately \$5 million and limited capital expenditures. The budgets are prepared based on certain assumptions, some or all of which may not materialize and unanticipated events may occur that could affect actual results. Therefore, there can be no assurance that revenues will be received or expenses incurred in the amounts included in the budgets or that actual results will be as budgeted.

As further described below, the University is planning to undertake actions intended to significantly reduce or eliminate the net cash-based operating deficit by fiscal year 2014. Further actions will be needed to achieve a balanced GAAP-based operating result, given the increased depreciation expense resulting from the capital projects that were completed over the last few years and other non-cash items. It is anticipated that capital expenditures (other than those to be funded with the proceeds of the Series 2011A Bonds) will be kept to a minimum because

there is no readily available internal source of funds for capital expenditures. It is projected that the level of available capital will only be sufficient for capital expenditures for emergency and safety projects and for relatively minor improvements.

The University's administration has identified several areas on which to focus to identify actions to be undertaken to address the structural deficit:

- Undergraduate enrollment, core academic budgets, and student-faculty ratios.
- Use of financial aid and the level of aid not funded by contributions or the endowment.
- Research activities at Einstein if NIH and other funding sources do not increase; identifying incremental non-governmental research support.
- Enrollment and operations at Wurzweiler.
- Contribution of the High Schools (subsidized by the University with approximately \$1.8 million annually to direct operations) to the core mission of the University.
- Philanthropy for financial aid, continuing programs, and capital expenditures.
- The structure of undergraduate Judaic studies programs.
- Review of each non-academic or administrative service provided at the institutional level for the University as a whole, as well as those provided at the Manhattan Campuses (an external firm will conduct management reviews for the administration).

The University has commenced an Enrollment Management initiative to identify ways to reverse the decline in undergraduate enrollment that began in the 2009-2010 academic year. This initiative will also examine the best use of financial aid, the structure of Judaic studies, and student service programs for undergraduate students. Faculty and staff at Wurzweiler have been reduced significantly during fiscal year 2011, and the Wurzweiler's faculty and administration seek to bolster enrollment, by offering courses at satellite locations and improving and broadening course offerings. The University has recently hired a consultant to assess and analyze the University's operations and services in order to verify efficiency and effectiveness or to suggest revisions or other options. In addition, the Provost is assessing the academic units of the Manhattan Campuses and will be merging or closing certain departments and programs to provide more efficient delivery of instruction.

The Board of Trustees has appointed an *ad hoc* work team comprised of Trustees and members of the University's administration to conduct a program-by-program review of all activities on the Manhattan Campuses and in corporate functions. This team reported to the Finance Committee of the Board of Trustees in the Fall of 2011 that it had compiled a list of cost-savings initiatives totaling approximately \$40 million to be considered by the Board (some of which were included in the budgets for fiscal years 2012 and 2013). The team expects to continue to meet to explore cost-savings initiatives as well as new revenue opportunities, and provide periodic updates to the Finance Committee of the Board of Trustees. During fiscal year 2012 the University has significantly curtailed staff recruitment and hiring for positions that service the University as a whole, or that service the Manhattan Campuses, and is actively reviewing all major discretionary expenditures for the Manhattan Campuses. The University has approved actions to limit, and in some respects decrease, overall compensation costs in fiscal years 2012 and 2013 and to reduce administrative and academic programs in order to meet the cash-positive target for fiscal year 2013.

The administration at Einstein is also reviewing all administrative (including academic support), service, and operations functions for cost savings. The faculty's research productivity and cost recoveries will be examined, and closure of those programs that are not meeting defined goals will be considered. Einstein will focus on the potential impact of a flattening of the NIH budget relative to its faculty's portfolio of grants; philanthropy is equally important as it can fill the gap from reduced research program support.

### **University Investments**

The University's long-term investments are invested in its Consolidated Investment Pool. The long-term investments of the Affiliates and Related Entities are also invested as part of the Consolidated Investment Pool. As of July 31, 2011, the University's investments comprised approximately 88.6% of the Consolidated Investment

Pool. The University utilizes a spending rate in allocating income earned on the Consolidated Investment Pool assets. In accordance with the spending rate policy, 5.5% of the fair value per unit, based on a 12-quarter rolling average at December 31 of the previous fiscal year, is available for expenditure for the fiscal year commencing July 1. If interest and dividends earned during the year are not sufficient to support the authorized spending level, the balance is provided from accumulated capital appreciation to the extent permitted by applicable law. If investment return is in excess of the authorized spending level, the balance is available for reinvestment.

Long-term investments are generally invested in investment funds or accounts managed by external investment managers, while short-term investments, including those in the Consolidated Investment Pool, are managed by the Finance Department of the University. The Board of Trustees has delegated to the Investment Committee the authority to manage and invest the University's long-term investments. Among other things, the Investment Committee helps develop investment policies; sets and reviews compliance with, and goals for, allocation of investments; and directs any investments. The Investment Committee periodically reports to the Board of Trustees on its activities and the performance of the University's investments. Under enhanced conflict of interest policies adopted in fiscal year 2009, all members of the Board of Trustees and all other members of the Investment Committee are absolutely prohibited from managing money from the Consolidated Investment Pool. In the third quarter of calendar year 2009, the University established an Investment Office within the Finance Department. The Investment Office is managed by a Chief Investment Officer or, in the absence of a Chief Investment Officer, by the University's Chief Financial Officer, and is currently comprised of a total staff of four who are responsible for the daily management and oversight of the University's long-term investments, including research, identification, analysis, monitoring and redemption recommendations for all current or potential allocations. Currently, a search is in process to replace the Chief Investment Officer, who left the University in March 2011.

A summary of the fair value of the investments of the University and its consolidated Related Entities is shown below. Additional detailed information regarding liquidity is included in the footnotes of the University's consolidated financial statements.

#### Fair Value of Investments

	<u>As of June 30,</u> <u>(In Thousands)</u>					<u>As of</u> <u>July 31,</u> <u>(unaudited)</u>
<b>Investment</b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Mutual Funds	\$79,581	\$80,237	\$71,668	\$79,189	\$143,240	\$156,600
US Government Obligations	113,098	41,048	33,928	201,799	94,585	77,556
State of Israel Bonds	18,994	17,660	17,713	15,200	14,397	13,455
Corporate Bonds	22,997	22,657	14,139	10,551	6,747	3,195
Corporate Stocks	208,990	275,547	168,500	26,133	32,589	46,219
Prepaid Alternative Investment	-	-	-	-	15,000	-
Alternative Investments	1,264,863	1,467,198	1,301,526	789,225	825,711	802,597
Cash and Cash Equivalents	-	-	-	-	-	40,317
Other	9,173	8,576	10,631	14,622	16,083	9,335
<b>Total*</b>	<b><u>\$1,717,696</u></b>	<b><u>\$1,912,923</u></b>	<b><u>\$1,618,105</u></b>	<b><u>\$1,136,719</u></b>	<b><u>\$1,148,352</u></b>	<b><u>\$1,149,274</u></b>
Less: unconsolidated affiliates' (RIETS and High Schools) interests in the investment portfolio	<u>(164,717)</u>	<u>(189,250)</u>	<u>(172,395)</u>	<u>(130,694)</u>	<u>(139,244)</u>	<u>(147,774)</u>
<b>Net Total</b>	<b><u>\$1,552,979</u></b>	<b><u>\$1,723,673</u></b>	<b><u>\$1,445,710</u></b>	<b><u>\$1,006,025</u></b>	<b><u>\$1,009,108</u></b>	<b><u>\$1,001,500</u></b>

\* During fiscal year 2009, Bernard Madoff, a former University Trustee and Treasurer, pled guilty to charges of criminal securities fraud. Also during fiscal year 2009, the University received a communication from the now former chairman of its Investment Committee, J. Ezra Merkin, a general partner of Ascot Partners L.P. ("Ascot"), an investment partnership in which the University was a limited partner, indicating that substantially all of the Ascot assets had been invested with Madoff. Mr. Madoff and Mr. Merkin resigned from all University positions. The University wrote off its Madoff-related investments totaling \$95,290,000 as of June 30, 2008 and such write-off is reflected in the value of investments as of June 30, 2008. In accordance with accounting rules, investment values as of the end of each fiscal year ended prior to June 30, 2008 were not adjusted. It is not possible to determine the recoverability of any of the written-off funds. Similarly, the June 30, 2008 value of the investments of the Affiliates reflects their write-off of their Madoff-related investments (aggregating approximately \$11 million). A court-appointed trustee seeking to recover funds to benefit Madoff investors who sustained losses has sued the University to recover approximately \$1 million in charitable contributions made by Madoff to the University across a 6 year period. The case is in the very early stages, and the University has presented the trustee with what the University believes to be valid defenses.

As set forth above, as of July 31, 2011, the unaudited fair value (determined as discussed below) of investments of the University and its Affiliates and consolidated Related Entities was \$1,149,274,000 (87.1% of which were the University's funds). The unaudited fair value of the Consolidated Investment Pool was \$1,102,864,000 (88.6% of which were the University's funds). Between June 30, 2010 and July 31, 2011, the percentage (determined as described below) of the Consolidated Investment Pool invested in short-term obligations increased, while the allocation of investments to equities and alternative investment vehicles decreased accordingly. As of July 31, 2011, approximately 9.0% of the fair value of the investments in the Consolidated Investment Pool was held in U.S. Government obligations or other short-term obligations. Investments in alternative investment vehicles that primarily hold illiquid securities (for example, private equity and private real estate) represented approximately 13% of the fair value of investments in the Consolidated Investment Pool as of July 31, 2011. In addition, investments in alternative investment vehicles that primarily hold liquid securities, but may also hold illiquid securities (for example, hedge funds), represented approximately 60.0% of the fair value of the investments in the Consolidated Investment Pool as of July 31, 2011.

Alternative investments are less liquid than other investments. The following unaudited table summarizes these alternative investments, by investment strategy at July 31, 2011.

<u>Alternative investment strategy</u>	<u># of funds</u>	<u>Fair Value (Unaudited) (Dollars in Thousands)</u>
Multistrategy, fund of funds and absolute return	36	311,183
Event-driven and distressed securities	18	213,588
Relative value	4	116,702
Real estate	4	26,213
Long/short equity	7	126,398
Fixed income arbitrage and aggressive fixed income	<u>2</u>	<u>8,513</u>
<b>Total</b>	<b><u>71</u></b>	<b><u>\$802,597</u></b>

The alternative investment portfolio includes limited partnerships, limited liability corporations, and off-shore investment funds. The underlying investments include, among other financial instruments, futures and forward contracts, options, and securities sold but not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments involve varying degrees of off-balance sheet risk.

From July 1, 2010 to July 31, 2011, approximately \$272.0 million was received from alternative investment redemptions. Future redemptions of approximately \$48 million are expected by the end of calendar year 2011, and the University has requested, or expects to request, redemptions of an additional approximately \$119 million to be paid over the next several years. However, these amounts are based on the value of the alternative investments as of July 31, 2011. The amounts ultimately received by the University in respect of these redemptions will be, possibly materially, affected by individual funds' performance until the applicable actual date of redemption. In addition, as discussed below, the University's rights to withdraw from these alternative investment vehicles is subject to significant restrictions, and there can be no assurance that the University's right to redeem will not be suspended or limited. It should also be noted that the University has been, and expects to continue to be, required to make additional contributions to certain alternative investment vehicles (for example, pursuant to capital calls). Additional redemptions may be made by the University in accordance with market conditions and prudent investment and redemption timing and practices.

The fair value of investments in alternative investment vehicles is based solely on information provided by the applicable investment manager, without any verification or adjustment by the University. This information is generally provided on a quarterly basis after a lag of several weeks following the end of the subsequent quarter. There may be significant restrictions on the ability of the University to sell an investment in an alternative investment vehicle (such as a requirement that the investment manager consent to such sale), and there may be significant restrictions on the ability of an investment manager to sell illiquid securities. Even if the alternative investment vehicle is able to sell its illiquid securities (or if the University is able to sell its investment in an alternative investment), the actual proceeds from such sale may be materially less than the value of such securities as reflected in the University's consolidated financial statements. In addition, the University's rights to withdraw funds

from alternative investment vehicles that primarily hold liquid securities are subject to significant restrictions (for example, withdrawals may be permitted only once or twice a year or may be subject to significant limitations on the amounts that can be withdrawn on any withdrawal date) and investment managers generally may suspend an investor's (including the University's) right to withdraw any funds (or significantly reduce the amount that the University may withdraw). Investment managers of several alternative investment vehicles have from time to time, including currently, temporarily suspended withdrawals or informed the University that they will only permit withdrawals on a limited basis. Generally, the University does not have the right to withdraw any funds from alternative investment vehicles that primarily hold illiquid assets.

### Endowment and Similar Funds

A summary of the net assets of the University's Endowment and Similar Funds, which are a significant portion of the overall University investments, is presented below.

<b>Endowment and Similar Funds</b>					
<b>As of June 30,</b>					
<b>(In Thousands)</b>					
	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008*</u></b>	<b><u>2009*</u></b>	<b><u>2010</u></b>
Unrestricted Net Assets	\$523,096	\$576,623	\$466,382	\$255,770	\$266,690
Temporarily Restricted Net Assets	152,292	169,654	130,427	85,906	93,791
Permanently Restricted Net Assets	<u>455,948</u>	<u>542,561</u>	<u>484,501</u>	<u>520,242</u>	<u>532,736</u>
<b>Total</b>	<b>\$1,131,336</b>	<b>\$1,288,838</b>	<b>\$1,081,310</b>	<b>\$861,918</b>	<b>\$893,217</b>

\* In fiscal years 2008 and 2009 the amounts reported in the footnotes of the financial statements were revised to include the Yeshiva Endowment Foundation.

In September 2010, the New York State Legislature passed the New York Prudent Management of Institutional Funds Act ("NYPMIFA") to supersede the Uniform Management of Institutional Funds Act ("UMIFA") as adopted by New York State in 1978. In accordance with the provisions outlined in NYPMIFA, which under certain circumstances permit institutions to appropriate monies from endowment funds with a fair value below the value of the contribution at the time of initial donation, the University may be able to expend from endowment funds, consistent with prudence and the University's spending rate policy, an additional approximately \$3.8 million not previously available under UMIFA. In addition, it is expected that, as a result of the enactment of NYPMIFA, approximately \$200 - \$220 million of accumulated endowment gains previously classified as part of Unrestricted Net Assets will be required to be reclassified and transferred to Temporarily Restricted Net Assets as of June 30, 2011; after such mandated reclassification, these funds will remain available for future expenditure consistent with the requirements of NYPMIFA relating to prudent care, as well as the University's spending policy and the donors' intentions. In addition, the University has approved the utilization of certain accumulated donor restricted endowment fund gains to settle certain intra-University borrowings from the Consolidated Investment Pool that were generated to fund cumulative operating deficits. The impact of this settlement will result in the reclassification of approximately \$40 - \$50 million of Temporarily Restricted Net Assets to Unrestricted Net Assets. The net effect of these reclassifications is anticipated to be a transfer of approximately \$170 million from Unrestricted Net Assets to Temporarily Restricted Net Assets.

### State Aid

Since the 1969-70 academic year, the University annually has received funds allocated by the State of New York (the "State") under its Bundy Aid program to non-profit institutions of higher education based on the number of academic degrees conferred in the preceding year. The University has for some time received less than \$1 million of Bundy Aid annually.

### Private Gifts and Bequests

The following table indicates the private gifts and bequests received by the University for fiscal years 2006-2010 presented on a GAAP basis. Such amounts include cash contributions as well as pledges received, at their discounted present values. In fiscal year 2007, the University received a \$100 million pledge payable over several years (nearly 50% of which has been paid as of June 30, 2011).

**Private Gifts and Bequests**  
**Fiscal Years Ended June 30,**  
**(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Unrestricted	\$20,761	\$17,664	\$26,728	\$16,543	\$19,367
Temporarily Restricted	17,075	8,433	56,707	46,891	12,993
Permanently Restricted	<u>12,216</u>	<u>91,026</u>	<u>53,923</u>	<u>17,776</u>	<u>21,519</u>
<b>Total</b>	<b>\$50,052</b>	<b>\$117,123</b>	<b>\$137,358</b>	<b>\$81,210</b>	<b>\$53,879</b>

For fiscal year 2011, cash contributions, which are defined as new cash gifts and cash payments on past pledges, totaled approximately \$80.7 million compared to approximately \$74.1 million during the previous fiscal year, representing an 8.8% increase. New pledges and new gifts for fiscal 2011 (on a non-GAAP basis, without discounting for the present value of pledges payable over years and without allowing for any estimate for uncollectible amounts) totaled approximately \$66.4 million compared to approximately \$75.2 million during the previous fiscal year, representing an 11.7% decrease.

**Grants and Contracts**

During the fiscal year ended June 30, 2010, the University's government and non-government grants and contracts revenues amounted to approximately \$248.7 million, which accounted for approximately 46% of the University's total operating revenues of approximately \$540.8 million. Of the \$248.7 million, approximately \$183.4 million was received as reimbursement of direct costs and approximately \$65.3 million was received as reimbursement of indirect costs. Indirect costs on government grants and contracts represent the allocation of overhead (library, university and departmental administration, operations and maintenance of plant, and building and equipment use allowance) to the projects funded by such grants.

The following table sets forth the amounts received, or expended and accrued, from government and non-government grants and contracts for each of fiscal years 2006-2010.

**Government and Non-Government Grants**  
**Fiscal Years Ended June 30,**  
**(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Grants and Contracts	\$244,788	\$243,452	\$256,382	\$235,570	\$248,737

In the fiscal year ended June 30, 2010, government grants (federal, State and New York City) were approximately \$217.9 million of the \$248.7 million. The NIH grants and contracts accounted for approximately 88% of the University's federal government grants and contracts. The following NIH grants and contracts were awarded to the University on the federal government's fiscal year basis:

	<u>NIH Grants</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Fellowships	\$946,926	\$691,502	\$782,481	\$899,785	\$791,902
Research & Development	1,255,062	4,868,872	0	0	0
Contracts					
Training	5,908,730	5,363,753	6,167,997	6,219,120	4,680,833
Research Grants	136,978,063	125,766,920	124,647,082	127,639,900	183,143,454
Other	<u>566,138</u>	<u>632,170</u>	<u>532,116</u>	<u>593,680</u>	<u>10,780,426</u>
<b>Total</b>	<b>\$145,654,919</b>	<b>\$137,323,217</b>	<b>\$132,129,676</b>	<b>\$135,352,485</b>	<b>\$199,396,615</b>

The increase in NIH grant funding in fiscal year 2010 can be attributed to several factors, including \$11.5 million of special funding provided by the American Recovery and Reinvestment Act of 2009 (ARRA), an "Interdisciplinary Research Consortium" grant, and new grants, which will continue for several years, awarded to medical investigators recruited to conduct research at the Price Center. ARRA grants in fiscal year 2011 through fiscal year 2013 in hand are estimated to aggregate approximately \$24.3 million.



## **Employee Relations**

The University has collective bargaining agreements with three labor organizations covering 1,417 of its approximately 4,900 employees. The number of union employees and the contract expiration dates are as follows: American Physical Therapy Association (New York Chapter) – 3 employees (contract expires on June 30, 2013), New York State Nurses Association – 35 employees (contract expires on December 31, 2012), and 1199 SEIU United Healthcare Workers East – 1,050 employees on the Resnick Campus (contract expires on April 30, 2015) and 329 employees on the Manhattan Campuses (contract expires on June 30, 2015).

## **Retirement Plans**

The University has several defined contribution retirement plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund retirement costs currently. There are no prior service costs under the plans. Total retirement plan expense for the fiscal years ended June 30, 2010 and 2009 was approximately \$22.1 million and \$22.7 million, respectively.

## **Outstanding Long-Term Debt and Other Obligations of the University**

The University currently has debt associated with three outstanding fixed rate revenue bond issues, all issued through the Authority: the Series 2001 Bonds (final maturity July 1, 2030), the Series 2004 Bonds (final maturity July 1, 2034) and the Series 2009 Bonds (final maturity September 1, 2038). The Series 2001 Bonds and Series 2004 Bonds are secured by a portion of the University's unrestricted revenues equal to the maximum amount of principal and interest due in any year; the Series 2009 Bonds are unsecured general obligations of the University. A portion of the proceeds of the Series 2011A Bonds will be used to redeem all but approximately \$3.1 million principal amount of the outstanding Series 2001 Bonds. Other long-term debt includes a revolving loan agreement entered into in May 2010, for up to \$50 million in financing for capital expenditures and operations, of which \$27.5 million has been drawn as of June 30, 2011. Such loan matures on May 18, 2012, and may be renewed or paid off on or prior to such date. Also, in connection with the 2007 purchase of 12 Manhattan residential apartment buildings in close proximity to the University's undergraduate campuses, the University assumed outstanding mortgage debt of approximately \$21 million. As described in the University's consolidated financial statements, approximately 22% of such mortgage debt has now been repaid, and while much of the remaining mortgage debt has not yet been formally assumed, the assumption process is underway, all the mortgage loans are current and no defaults have been declared or threatened by any mortgage holder. In addition, although the University is not liable for the debts and other obligations of the Affiliates and Related Entities, given the relationship between the University and the Affiliates and the Related Entities, the University might be adversely affected if it did not take action to cure a payment or other default by the Affiliates or Related Entities under their obligations. The University manages the receipts and disbursements for the Affiliates and Related Entities, and advances funds to the Affiliates and Related Entities when it is necessary to enable them to meet their financial obligations.

In addition, the University, on behalf of Einstein, has entered into various operating and capital lease agreements. During 2005, the University entered into a 30-year non-cancellable lease with HHC for a facility and a 10 acre parcel of vacant land directly across the street from Einstein. The University may renew the lease for an additional 20-year period and five more renewable periods of 10 years each. Einstein is using this facility to support its research, clinical and teaching activities. Also during 2005, the University entered into a separate lease with HHC for an existing facility on the Jacobi campus, a part of HHC, with an initial term of 50 years. The University has the right to cancel the lease after 25 years. Einstein is using this facility to support research, clinical, and teaching activities. During 2008, the University entered into another 30-year lease with HHC, for a 5.1 acre parcel on the grounds of Jacobi. The University may renew this lease for an additional 20 years, and two more renewal periods of 25 and 24 years each. Currently, there are no specific plans for development of this site. University management has earmarked the property for multiple potential purposes.

A detailed discussion concerning the debt and other obligations of the University is included in the footnotes of the University's consolidated financial statements.

The New York State Office of Alcoholism and Substance Abuse Services ("OASAS") is requiring that the University borrow approximately \$19.4 million from the Authority in order to reimburse OASAS for costs paid by OASAS to construct a substance abuse treatment facility owned and operated by the University. The loan is expected to close in the next few months and will be payable over 20 years and will be secured by a mortgage on the facility. Although the loan will be an obligation of the University, debt service on the loan is expected to be paid in

the first instance by OASAS first increasing the amount of payments anticipated to be made by OASAS to the University for the operation of certain programs at such facility in amounts equal to the debt service, and then deducting the amounts of the debt service and transferring such amounts to the Authority.

The University does not intend to incur any other additional long-term debt at this time (other than the Series 2011A Bonds). However, it plans to make capital improvements over the next several years, and will continue to evaluate whether such improvements should be funded with internal resources or with debt, which could include taxable or tax-exempt debt.

#### **LITIGATION AND ADDITIONAL PROCEEDINGS**

There is no material pending litigation against the University at this date for which adequate insurance coverage does not exist or which would have a material adverse effect on the financial resources of the University.

In October 2009, the Internal Revenue Service (“IRS”) began an audit of the University’s June 30, 2008 tax year. The audit is part of an IRS national program which selected approximately 40 colleges and universities for audit. The IRS’s stated focus of the audits was executive compensation, unrelated business income, governance and transactions with controlled entities. To date, the IRS has not made any statements questioning the University’s status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The University has paid approximately \$186,000 to resolve issues related to reporting of various benefits to certain employees, and the University does not expect the audit to have any adverse effect on its status as a tax-exempt organization. The University has covenanted in the Loan Agreement that it will take any action, and will not fail to take any action, necessary to maintain its status as a Section 501(c)(3) tax-exempt organization.

#### **PART 8 - THE AUTHORITY**

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

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

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

municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

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

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

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

At June 30, 2011, the Authority had approximately \$44.1 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

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

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at June 30, 2011 were as follows:



him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at Authority meetings. The members of the Authority serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

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

The current members of the Authority are as follows:

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

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

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

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

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

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President/Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and a member of the Board of Directors at Ronald McDonald House of New York. Previously, Mr. Jiha served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. As the state's chief investment officer, he managed the assets of the NY Common Retirement Fund, valued at \$120 billion, and was also in charge of all activities related to the issuance of New York State general obligation bonds, bond anticipation notes, tax and revenue anticipation notes, and certificates of participation. Mr. Jiha was the Co-Executive Director of the New York State Local Government Assistance Corporation (LGAC) in charge of the sale of refunding bonds,

the ratification of swap agreements, and the selection of financial advisors and underwriters. Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Earlier, Mr. Jiha served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

CHARLES G. MOERDLER, Esq., New York.

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

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

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

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. 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. Ronski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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

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

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 the Authority is as follows:

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

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

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

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

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

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of



Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

### **Claims and Litigation**

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

### **Other Matters**

#### *New York State Public Authorities Control Board*

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

#### *Legislation*

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

#### *Environmental Quality Review*

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

#### *Independent Auditors*

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2011. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

## **PART 9 - LEGALITY OF THE SERIES 2011A BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2011A 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 2011A 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 2011A 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 2011A Bonds.

#### **PART 11 - TAX MATTERS**

In the opinion of Squire, Sanders & Dempsey (US) LLP and KnoxSeaton, Co-Bond Counsel, under existing law: (i) interest on the Series 2011A Bonds is excluded from gross income for federal income tax purposes under 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 2011A 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 2011A Bonds.

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

The 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 2011A 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 the Authority or the University may cause loss of such status and result in the interest on the Series 2011A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2011A Bonds. The Authority and the University have each covenanted to take the actions required of it for the interest on the Series 2011A 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 2011A 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 2011A Bonds or the market value of the Series 2011A Bonds.

A portion of the interest on the Series 2011A Bonds earned by certain corporations may be subject to the federal corporate alternative minimum tax, which is based in part on adjusted current earnings. In addition, interest

on the Series 2011A 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 2011A Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2011A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2011A 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 2011A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2011A Bonds will not have an adverse effect on the tax status of interest on the Series 2011A Bonds or the market value of the Series 2011A 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 2011A Bonds from gross income for federal or state income tax purposes. For example, on September 13, 2011, legislation proposed by President Obama called the American Jobs Act of 2011 was introduced into the Senate that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt bonds, including the Series 2011A Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the Series 2011A 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 2011A 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 2011A Bonds ends with the issuance of the Series 2011A Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Authority, the University or the owners of the Series 2011A 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 2011A Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2011A 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 2011A 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 2011A Bonds.

### **Original Issue Discount and Original Issue Premium**

Certain of the Series 2011A Bonds ("Discount Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2011A Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for

that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2011A Bonds (“Premium Bonds”) as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

**Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.**

#### **PART 12 - STATE NOT LIABLE ON THE SERIES 2011A BONDS**

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2011A 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 the Authority’s notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of the Authority’s notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State’s pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority’s notes or bonds.

#### **PART 14 - LEGAL MATTERS**

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

Certain legal matters will be passed upon for the University by Andrew J. Lauer, Vice President for Legal Affairs, Secretary and General Counsel of the University, and by the University’s special counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Fulbright & Jaworski, L.L.P., New York, New York.

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

## PART 15 - UNDERWRITING

Morgan Stanley & Co. LLC, as representative of the Underwriters (the "Underwriters") has agreed, subject to certain conditions, to purchase the Series 2011A Bonds from the Authority at an aggregate purchase price of \$92,886,006.12 and to make a public offering of Series 2011A 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 2011A Bonds if any are purchased.

The Series 2011A 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.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2011A Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2011A Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

## PART 16 - CERTAIN RELATIONSHIPS

Certain of the Underwriters have provided, from time to time, and may in the future provide, lending facilities to the University and certain of the Underwriters and their affiliates, have, from time to time, provided, and may in the future provide, various services for the University, for which they received or will receive customary fees and expenses. Orrick, Herrington & Sutcliffe LLP, Fulbright & Jaworski L.L.P., Squire, Sanders & Dempsey (US) LLP and KnoxSeaton have represented, continue to represent or expect to represent in the future the Underwriters and/or the Authority in unrelated matters.

## PART 17 - CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the University has undertaken in a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Holders of the Series 2011A Bonds to provide to Digital Assurance Certification LLC ("DAC"), on behalf of the Authority as the Authority's disclosure dissemination agent, on or before 150 days after the end of each of its fiscal years, commencing with the fiscal year of the University ending June 30, 2011, for filing by DAC with the 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 UNIVERSITY" of this Official Statement (the "Annual Information"), together with the University's annual financial statements prepared in accordance with U.S. generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with such generally accepted auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

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

The 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 UNIVERSITY" under the headings "OPERATING INFORMATION" and "FINANCIAL STATEMENT INFORMATION" relating to: (1) *student admissions*, similar to that set forth under the heading "STUDENTS;" (2) *student enrollment*, similar to that set forth under the heading

“STUDENTS,” (3) *tuition and other student charges*, similar to that set forth under the heading “TUITION AND FEES,” (4) *financial aid*, similar to that set forth under the subheading “FINANCIAL AID,” (5) *faculty*, similar to that set forth under the heading “FACULTY,” (6) *employee relations*, including material information about union contracts and, unless such information is included in the audited consolidated financial statements of the University, post retirement benefits and pension plans; (7) *restricted and designated net assets and investments and cash equivalents*, unless such information is included in the audited consolidated financial statements of the University; (8) *investment in plant*, unless such information is included in the audited consolidated financial statements of the University; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited consolidated financial statements of the University; together with (b) a narrative explanation, if necessary to avoid misunderstanding regarding the presentation of financial and operating data concerning the University.

The University has also undertaken in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC should they have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the Authority, the University or the Trustee, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2011A Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the University has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the University, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the University, the Holders of the Series 2011A Bonds or any other party. DAC has no responsibility for the Authority’s, Trustee’s or University’s failure to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine, or liability for failing to determine, whether the University, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the University, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Series 2011A Bondholders.

The Notices include notices of any of the following events (each, a “Notice event”) with respect to the Series 2011A Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, IRS notices or events affecting the tax-exempt status of the Series 2011A Bonds; (7) modifications to the rights of Holders of the Series 2011A Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2011A Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the University; (14) merger, consolidation or acquisition of the University, if material; (15) appointment of a successor or additional trustee or the change of name of a trustee, if material; and (16) failure to provide annual financial information as required. In addition, DAC will undertake, for the benefit of the Holders of the Series 2011A Bonds, to provide to the MSRB in a timely manner, notice of any failure by the University to provide the Annual Information and Audited Financial Statements by the date required in the University’s undertaking described above.

The sole and exclusive remedy for breach or default under the agreement to provide continuing disclosure described above is an action to compel specific performance of the undertaking of DAC, the University and/or the Authority, and no person, including any Holder of the Series 2011A Bonds, may recover monetary damages thereunder under any circumstances. In the event of a failure of the University or DAC to comply with any provision of the Continuing Disclosure Agreement, the Holders’ rights to enforce the provisions of the Continuing Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties’ obligation under the Continuing Disclosure Agreement; and provided further that any challenge to the adequacy of the information provided therein shall be brought only by the Trustee on behalf of the Holders of not less than 25% in aggregate principal amount of the Series 2011A Bonds at the time outstanding.

Any failure by a party to perform in accordance with the Continuing Disclosure Agreement shall not constitute a default on the Series 2011A Bonds or the Resolution or the Series 2011A Resolution or under any other document relating to the Series 2011A Bonds, and all rights and remedies shall be limited to those expressly stated herein. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The Continuing Disclosure Agreement, may be amended or modified without Bondholders consent under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement are on file at the principal office of the Authority.

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

#### **PART 18 - RATINGS**

The Series 2011A Bonds have been assigned a long-term rating of “A2” by Moody’s Investors Service, Inc. (“Moody’s”) and a long-term rating of “AA-” from Standard & Poor’s Rating Service (“S&P”). Such ratings reflect only the view of Moody’s and S&P. Any desired explanation of the significance of such ratings or any outlooks or other statements given with respect thereto should be obtained from Moody’s or S&P at the following addresses: Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; or Standard & Poor’s, 55 Water Street, New York, NY 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by Moody’s or S&P if, in the judgment of Moody’s or S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2011A Bonds.

#### **PART 19 - MISCELLANEOUS**

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

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

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

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

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

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

“Appendix B — Consolidated Financial Statements of Yeshiva University and Related Entities and Independent Accountants’ Report” contains the audited consolidated financial statements of the University as of and for the years ended June 30, 2009 and 2010. The consolidated financial statements as of June 30, 2010 and the year then ended, included in Appendix B, have been audited by PricewaterhouseCoopers, LLP, independent accountants, as stated in their report appearing herein. The consolidated financial statements as of June 30, 2009 and the year then ended, included in Appendix B, have been audited by other auditors. The preliminary financial data for any period or date after June 30, 2010 included in this Official Statement has been prepared by, and is the responsibility of, the University’s management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed

any procedures with respect to the accompanying preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

The University has reviewed the parts of this Official Statement describing the University, the Refunding Plan, the Principal and Interest Requirements, the 2011 Project, the Estimated Sources and Uses of Funds and Appendix B. The University, as a condition to issuance of the Series 2011A Bonds, is required to certify that as of the date of this Official Statement and as of the date of issuance of the Series 2011A 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 University has agreed to indemnify the Authority, the Underwriters and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.



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

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

By:       /s/ Authorized Officer        
                  Authorized Officer

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**CERTAIN DEFINITIONS**

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## CERTAIN DEFINITIONS

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

**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, created and established pursuant to the Resolution.

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

**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 Series 2011A Bonds 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 University, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the University to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to

perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

**Available Money** means:

- (i) when used in connection with Bonds other than Letter of Credit Secured Bonds, any money unless the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to them otherwise provides; and
- (ii) when used in connection with Letter of Credit Secured Bonds:
  - (A) the proceeds of such Bonds;
  - (B) money obtained by the Trustee pursuant to the Letter of Credit for such Bonds;
  - (C) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds;
  - (D) money which has been on deposit with the Trustee for at least one hundred twenty-four (124) days (or, if there are any affiliates of the University, three hundred sixty-six (366) days) prior to and during which no petition by or against the Authority or the University, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the “**Bankruptcy Code**”) shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal; or
  - (E) any other money the application of which to the payment of the principal, Redemption Price or purchase price of or interest on such Bond would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority or the University under the Bankruptcy Code; and
  - (F) the proceeds from the investment of money described in clauses (A) through (E) above.

**Bond or Bonds or Series of Bonds** means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to the applicable Series Resolution and for purposes of Appendix C, means the Series 2011A Bonds.

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

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

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

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

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

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

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

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

**Collateral Security** means a security interest in or pledge or any personal property, tangible or intangible, or mortgage on any real property or interest therein, given or made by the University to secure the University's obligations under a Loan Agreement.

**Construction Fund** means the fund so designated, created and established for a Project by or pursuant to a Series Resolution authorizing the issuance of a Series of Bonds for the purpose of paying or refinancing the Costs of such Project.

**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, Series 2011A Bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the University relating to the construction of the Project, and any amendments to the foregoing.

**Cost or Costs of Issuance** means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Letter of Credit, a financial guaranty insurance policy, a Liquidity Facility, a Hedge 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 determined by the Authority to be necessarily or appropriately incurred in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the University shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the University or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on money borrowed from parties other than the University), (viii) interest on the Bonds, bonds, notes or other obligations of the Authority issued to finance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with the Project or pursuant to the Resolution or to the Loan Agreements, a Letter of Credit, a financial guaranty insurance policy in connection with the Bonds, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

**Debt Service Fund** means, when used in connection with a Series of Bonds, the fund so designated, created and established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

**Debt Service Reserve Fund** means, when used in connection with a particular Series of Bonds, a reserve fund for the payment of the principal and Sinking Fund Installments of and interest on such Series of Bonds, as so designated, created and established by the Authority by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

**Defeasance Security** means:

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

(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 paragraphs (i), (ii) and (iii) in this subsection 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 (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

**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.

**Determination of Taxability** means, when used with respect to a Tax Exempt Bond, a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Authority shall consent or from which no timely appeal shall have been taken, in each case to the effect that interest on such Bond is includable in the gross income of the Holder thereof or purposes of federal income taxation.



**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.

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

**Intercreditor Agreement** means an agreement by and among, *inter alia*, the Authority, the Trustee, and creditors of the University, with respect to (i) the relative priorities of the liens upon the 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.

**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 (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

**Letter of Credit** means an irrevocable direct-pay letter of credit for the benefit of the Trustee pursuant to which the issuer thereof is obligated, upon a drawing made by the Trustee in accordance with the terms of such letter of credit, to advance to the Trustee amounts to pay the principal and Sinking Fund Installments of and interest on such Bonds, as the same becomes due whether or not the Authority is in default hereunder or the University is in default under a Loan Agreement that is issued by (i) a bank, savings bank, savings and loan association or trust company organized under the laws of any state of the United States of America and authorized to do business in the State, (ii) a trust company, (iii) a national banking association, (iv) 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, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, or (vi) 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.

**Letter of Credit Secured Bond** means a Bond in connection with which a Letter of Credit has been issued.

**Lien** means any mortgage, pledge, lien, charge or security interest in the nature thereof (including any conditional sales agreement, equipment trust agreement, or other title retention agreement) or other encumbrance of whatsoever nature, other than:

- (i) any instrument recorded pursuant to the Section 20 of the Loan Agreement;
- (ii) the lien of taxes and assessments which are not delinquent;
- (iii) the lien of taxes and assessments which are either not yet due or are delinquent but the validity of which is being contested in good faith unless the property or the interest of the Authority therein may be in danger of being lost or forfeited;
- (iv) 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;
- (v) 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 for which it is or may reasonably be expected to be held; and

- (vi) any other Liens or other matters approved in writing by the Authority.

**Liquidity Facility** means a 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 by the Trustee upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase in accordance with the terms of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

**Liquidity Facility Provider** means, when used in connection with any particular Bonds, the issuer or provider of a Liquidity Facility related to such Bond.

**Loan Agreement** means, when used in connection with a Series of Bonds or the funds and accounts established in connection with a Series of Bonds, the Loan Agreement by and between the Authority and the University entered into in connection with the issuance of such Series of Bonds, as the same from time to time shall have been amended, supplemented or otherwise modified as permitted hereby and by such Loan Agreement.

**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.

**Opinion of Bond Counsel** means an opinion of Bond Counsel to the effect that the action proposed to be taken will not cause interest on the Bonds to which such action relates to be includable in the gross income of the owners of such Bonds for purposes of federal income taxation and that such action is authorized or permitted by the Resolution and by the applicable Series Resolution and Bond Series Certificate.

**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, means, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any applicable Series Resolution except:

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

**Parity Indebtedness** means any indebtedness for borrowed money issued, incurred, assumed or guaranteed by the University, other than pursuant to a Loan Agreement, that is secured by Collateral Security that, pursuant to

an Intercreditor Agreement or otherwise, is of equal priority with the lien of such Collateral Security securing the University's obligations under one or more Loan Agreements.

**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) 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; and
- (v) 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 pledged.

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

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;
- (v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are, at the time an investment therein is made or the same is deposited in any fund or account 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.

**Project** means the buildings, improvements, fixtures, furnishings and equipment more particularly described in described in Schedule C to the Loan Agreement.

**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 the Series Resolution authorizing Variable Interest Rate Bonds or Option Bonds or the Bond Series Certificate relating thereto provides otherwise with respect to such Variable 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, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Resolution or to the applicable Series Resolution or Bond Series Certificate.

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

**Remarketing Agent** means the person 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.

**Resolution** means the Authority's Yeshiva University Revenue Bond Resolution, adopted by the Authority June 24, 2009, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

**Revenues** means, when used in connection with the Bonds of any particular Series:

(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 lien upon property of the University given to secure the University's obligation under such Loan Agreement.

**Series** means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to the applicable Series Resolution authorizing such Bonds as a separate Series of Bonds or a Bond Series Certificate, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, 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 2011A Bonds** means the Bonds authorized by Article II of the Series 2011A Resolution.

**Series 2011A Resolution** means the Authority's Series 2011A Resolution Authorizing Up To \$90,000,000 Yeshiva University Revenue Bonds, Series 2011A adopted June 22, 2011 with respect to the Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms of the Loan Agreement.

**Shared Collateral** means the lien of any Collateral Security securing the University's obligations under a Loan Agreement that, in accordance with an Intercreditor Agreement or otherwise, is of equal priority with the lien on such Collateral Security that secures the University's obligations under one or more other Loan Agreements or on Parity Indebtedness.

**Sinking Fund Installment** means, as of any date of calculation:

(i) when used with respect to any Bonds of a Series, other than Option Bonds or Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required by the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future July 1 (or such other date as provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds) 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.

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

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

**Tax Certificate** means a certificate executed by an Authorized Officer of the Authority, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Series 2011A Bonds in which the Authority makes representations and agreements as to arbitrage and compliance with the provisions of Section 141 through 150, inclusive, of the Code, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

**Tax Exempt Bond** means any Bond as to which Bond Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

**Term Bond** means any Bond so designated in a Series Resolution or a Bond Series Certificate and payable from Sinking Fund Installments.

**Trustee** means the bank or trust company appointed as Trustee for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution 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.

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

**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 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.

**Verification Report** means when used in connection with any Bonds for the payment of which Defeasance Obligations and money has been deposited with the Trustee in accordance with the defeasance provisions of the Resolution, a letter or other written report verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose.

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**CONSOLIDATED FINANCIAL STATEMENTS OF YESHIVA UNIVERSITY AND  
RELATED ENTITIES AND INDEPENDENT ACCOUNTANTS' REPORT**

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# **Yeshiva University and Related Entities**

**Consolidated Financial Statements and Schedules  
June 30, 2010 and 2009**

**Yeshiva University and Related Entities**  
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**June 30, 2010 and 2009**

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## Report of Independent Auditors

The Board of Trustees of  
Yeshiva University and Related Entities

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of activities and cash flows present fairly, in all material respects, the financial position of Yeshiva University and Related Entities (the "University") at June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The consolidated financial statements of the University as of June 30, 2009 and for the year then ended were audited by other auditors whose report dated November 18, 2009 expressed an unqualified opinion with explanatory language relating to the adoption of fair value accounting as of July 1, 2008.

*PricewaterhouseCoopers LLP*

January 18, 2011

**Yeshiva University and Related Entities**  
**Consolidated Statements of Financial Position**  
**June 30, 2010 and 2009**

<i>(in thousands of dollars)</i>	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 7,232	\$ 16,773
Contributions receivable, net (note 10)	145,826	188,145
Grants and contracts receivable	34,327	34,804
Mortgage loans receivable	21,002	21,459
Due from related organizations (note 9)	2,648	-
Student loans receivable, net (note 10)	54,486	50,817
Prepaid expenses and other assets	26,639	17,019
Investments (note 3)	1,009,108	1,006,025
Funds held by bond trustees (note 7)	19,141	17,403
Trusts and split-interest agreements held by others	20,641	15,041
Land, buildings, and equipment, net (note 11)	740,189	739,639
Total assets	<u>\$ 2,081,239</u>	<u>\$ 2,107,125</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 96,764	\$ 92,395
Deferred revenue	8,342	6,056
Line of credit (note 7)	15,000	71,150
Trusts held for others	7,359	6,660
Other liabilities (note 15)	26,583	28,968
Refundable advances from the U.S. government	5,520	5,763
Bonds payable and other debt (note 7)	352,215	232,188
Capital lease obligation (note 15)	38,946	38,754
Asset retirement obligations (note 16)	14,693	14,524
Total liabilities	<u>565,422</u>	<u>496,458</u>
Net assets		
Unrestricted	623,618	715,854
Temporarily restricted (note 12)	233,712	244,457
Permanently restricted (note 13)	658,487	650,356
Total net assets	<u>1,515,817</u>	<u>1,610,667</u>
Total liabilities and net assets	<u>\$ 2,081,239</u>	<u>\$ 2,107,125</u>

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

**Yeshiva University and Related Entities**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2010 and 2009**

(in thousands of dollars)

	2010				2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Operating revenues</b>								
Tuition and fees, net of scholarships and fellowships of \$82,034 in 2010 and \$81,178 in 2009	\$ 121,225	\$ -	\$ -	\$ 121,225	\$ 125,042	\$ -	\$ -	\$ 125,042
Grants and contracts	248,737	-	-	248,737	235,570	-	-	235,570
Private gifts and bequests	19,367	-	-	19,367	16,543	-	-	16,543
Services under affiliation agreements	13,258	-	-	13,258	12,926	-	-	12,926
Investment return utilized (note 4)	61,262	-	-	61,262	66,609	-	-	66,609
Auxiliary enterprises	29,721	-	-	29,721	30,081	-	-	30,081
Other revenue	20,049	-	-	20,049	15,854	-	-	15,854
Net assets released from restriction	27,140	-	-	27,140	44,115	-	-	44,115
Total operating revenues	540,759	-	-	540,759	546,740	-	-	546,740
<b>Operating expenses</b>								
Instruction, clinical, and departmental research	217,759	-	-	217,759	210,323	-	-	210,323
Sponsored research and training	225,888	-	-	225,888	220,522	-	-	220,522
Academic support	41,083	-	-	41,083	44,511	-	-	44,511
Student services	30,754	-	-	30,754	32,024	-	-	32,024
Institutional support	88,416	-	-	88,416	88,107	-	-	88,107
Auxiliary enterprises	26,946	-	-	26,946	28,399	-	-	28,399
Development	17,447	-	-	17,447	17,922	-	-	17,922
Total operating expenses	648,293	-	-	648,293	641,808	-	-	641,808
Decrease from operating activities	(107,534)	-	-	(107,534)	(95,068)	-	-	(95,068)
<b>Nonoperating activities</b>								
Private gifts and bequests	-	12,993	21,519	34,512	-	46,891	17,776	64,667
Net assets released from restriction	-	(27,140)	-	(27,140)	-	(44,115)	-	(44,115)
Change in value of split-interest agreements	-	(404)	340	(64)	-	(1,207)	(3,208)	(4,415)
Investment return (less than) in excess of amount utilized (note 4)	20,029	16,451	1,274	37,754	(323,715)	(33,115)	(1,208)	(358,038)
Provision for uncollectable contributions receivable	-	(12,645)	(15,002)	(27,647)	-	(3,924)	(1,626)	(5,550)
Other (note 9)	(4,731)	-	-	(4,731)	(7,819)	-	-	(7,819)
Change in net assets	(92,236)	(10,745)	8,131	(94,850)	(426,602)	(35,470)	11,734	(450,338)
<b>Net assets</b>								
Beginning of year	715,854	244,457	650,356	1,610,667	1,142,456	279,927	638,622	2,061,005
End of year	\$ 623,618	\$ 233,712	\$ 658,487	\$ 1,515,817	\$ 715,854	\$ 244,457	\$ 650,356	\$ 1,610,667

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

**Yeshiva University and Related Entities**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2010 and 2009**

<i>(in thousands of dollars)</i>	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>		
Decrease in net assets	\$ (94,850)	\$ (450,338)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Realized and unrealized (losses) gains	(94,863)	294,073
Proceeds from insurance recovery	(2,800)	(1,000)
Interest and dividends reinvested for long-term investment	(24)	(63)
Receipt of contributed securities	(6,248)	-
Depreciation, accretion, and amortization expense	44,037	45,577
(Increase) decrease in trusts and split-interest agreements held by others	(5,600)	3,786
Provision for uncollectible loans and receivables	44,059	10,012
Contributions restricted for long-term investment	(21,519)	(17,776)
Contributions restricted for investment in plant assets	(8,038)	(8,429)
Changes in operating assets and liabilities:		
Receivables	(10,940)	(21,525)
Prepaid expenses and other assets	(9,143)	3,893
Asset retirement obligations	(222)	(237)
Accounts payable and accrued expenses, deferred revenue, and other liabilities	4,969	15,154
Net cash used in operating activities	<u>(161,182)</u>	<u>(126,873)</u>
<b>Cash flows from investing activities</b>		
Increase in student and faculty loans receivables, net	(3,212)	(4,558)
Proceeds from sale of contributed securities	6,248	-
Additions to plant assets	(43,700)	(59,770)
Proceeds from insurance recovery	2,800	1,000
Decrease in accounts payable and accrued expenses related to plant assets	-	(3,655)
Change in funds held by bond trustees	(1,738)	-
Purchases of investments	(1,041,690)	(770,349)
Proceeds from sales of investments	<u>1,133,470</u>	<u>915,961</u>
Net cash (used in) provided by investing activities	<u>52,178</u>	<u>78,629</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term investment	21,519	17,776
Change in permanently restricted contributions receivable	(10,609)	21,244
Contributions restricted for investment in plant assets	8,038	8,429
Change in capital contributions receivable	17,161	5,192
Interest and dividends reinvested for long-term investment	24	63
Change in refundable advances from the U.S. Government	(243)	224
Proceeds from issuance of bonds, notes, and mortgages payable	157,206	2,150
Payment of bonds, notes, and mortgages payable	(93,633)	(7,576)
Change in funds held by bond trustees	<u>-</u>	<u>1,942</u>
Net cash provided by financing activities	<u>99,463</u>	<u>49,444</u>
Net (decrease) increase in cash and cash equivalents	(9,541)	1,200
<b>Cash and cash equivalents</b>		
Beginning of year	<u>16,773</u>	<u>15,573</u>
End of year	<u>\$ 7,232</u>	<u>\$ 16,773</u>
<b>Supplemental disclosure</b>		
Interest paid	14,724	12,526
Decrease in accounts payable and accrued expenses relating to plant assets	(3,462)	-

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



# Yeshiva University and Related Entities

## Notes to Consolidated Financial Statements

### June 30, 2010 and 2009

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*(in thousands of dollars)*

#### 1. Discussion of Operations

Yeshiva University (the "University") is a private, nonprofit institution of higher education based in New York City. The University is composed of several colleges and schools providing undergraduate, graduate, professional, and post-doctoral education and training. The University performs research and clinical services at its Albert Einstein College of Medicine ("Einstein") under grants, contracts, and similar agreements with sponsoring organizations. The Manhattan Campuses of Yeshiva University ("Manhattan Campuses") include all units of the University other than Einstein. The University provides instruction to approximately 6,600 students. In addition, the University operates programs or is associated with programs in Israel, Canada, and a museum in New York City.

#### Grants and Contracts

Grants and contracts received in support of the University's research, clinical, and training activities represented approximately 46% and 43% of the University's total operating revenues in 2010 and 2009, respectively, with more than half of that revenue derived from grants and contracts from the U.S. Government – primarily the Department of Health and Human Services ("DHHS"). Grants and contracts revenue includes the recovery of research facility and administrative costs (indirect costs) and fringe benefit costs that have been charged to DHHS and other governmental agencies' research grants and contracts through the application of indirect cost and fringe benefit rates, which are applied on a percentage basis to modified total direct costs and salary expenses, respectively, in accordance with applicable federal regulations.

Applications for renewal of existing grants and contracts and for new grants and contracts are submitted and approved at varying times during the year. At June 30, 2010 and 2009, Einstein had commitments from various agencies of the U.S. Government, New York State, and New York City of approximately \$251,000 and \$222,000, and commitments from private sources of approximately \$30,000 and \$27,000 for grants and contracts during 2010 and 2009, respectively. These commitments are excluded from the accompanying consolidated statements of financial position at June 30, 2010 and 2009, respectively.

#### Affiliation Agreements

Einstein has entered into affiliations with the New York City Health and Hospitals Corporation ("HHC") and with several hospitals. Included among these affiliations are agreements with Jacobi Medical Center ("Jacobi") (an HHC hospital), North Shore-Long Island Jewish Health System, Beth Israel Medical Center, Bronx Lebanon Hospital, and Montefiore Medical Center ("Montefiore"). Under the terms of these agreements, the affiliated institutions provide a clinical training site for Einstein's students. In addition, Einstein has agreed to provide certain professional and related supporting services in exchange for payment of certain direct contract and overhead costs incurred by Einstein in connection with graduate medical educational programs conducted at the medical centers.

## **Yeshiva University and Related Entities**

### **Notes to Consolidated Financial Statements**

#### **June 30, 2010 and 2009**

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*(in thousands of dollars)*

In addition, Einstein entered into a lease agreement with Montefiore in 1979, whereby Einstein granted exclusive occupation, management, and control of Weiler Hospital of Albert Einstein College of Medicine ("WHAECOM") to Montefiore. The lease expires in 2045. The agreement provides for payments of rent, personal services, and various other charges. The lease payments for fiscal 2011 amount to \$2,010 with annual escalations thereafter of approximately 2% through 2045. The rental income on this lease is recognized evenly over the life of the lease, and accordingly, a deferred rent receivable of \$5,515 and \$4,764 is included in prepaid expenses and other assets in the consolidated statements of financial position at June 30, 2010 and 2009, respectively.

#### **Clinical Programs**

Einstein operates numerous clinics for several programs under contracts with various agencies of New York State and New York City. The clinics primarily provide mental health and rehabilitation services to adults and children, and treatment for drug and alcohol abuse. Grants and contracts revenue includes \$41,344 and \$46,466 of funded patient care revenue for the years ended June 30, 2010 and 2009, respectively.

#### **Related Entities**

The Albert Einstein College of Medicine Staff Housing Co., Inc. (the "Housing Company") owns and operates a 635-unit, limited-profit housing project under the supervision of the Housing Development Corporation of the City of New York through the Mitchell-Lama Housing Program. The Housing Company provides housing primarily for students of Einstein.

The Yeshiva Endowment Foundation, Inc. (the "Foundation") was formed in 1927 as a separate corporation organized for the benefit of the University and its affiliate. Control of the Foundation is vested in a board of trustees, a majority of whose membership includes board members and officers of the University. The Foundation includes five wholly owned, for-profit real estate corporations.

The University also owns several for-profit real estate entities that provide, among other things, housing for university-affiliated individuals and others.

All of the aforementioned related entities are included in the consolidated financial statements.

#### **Affiliated Organizations**

Rabbi Isaac Elchanan Theological Seminary ("RIETS") and the Yeshiva University High Schools (the "High Schools"), an association that maintains separate secondary school programs for boys and girls, are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York in 1970 and 2003, respectively. Control of RIETS and the High Schools is vested in their respective boards of trustees, a minority of whose membership includes board members of the University. The financial results for these two entities are not included in the consolidated financial statements.

# Yeshiva University and Related Entities

## Notes to Consolidated Financial Statements

### June 30, 2010 and 2009

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(in thousands of dollars)

#### **Tax Status**

The University is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). The University is, however, subject to the unrelated business income tax on revenue generated by activities unrelated to its tax exempt mission primarily from income generated by certain alternative investments. For the years ended June 30, 2010 and 2009, the University generated unrelated trade or business losses of \$(396) and \$(7,452), respectively.

The Housing Company is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(2) and is exempt from federal income taxes under Internal Revenue Code Section 501(a).

The Foundation is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). The Foundation operates as a supporting organization of the University.

The real estate entities are wholly owned by either the University or the Foundation and operate as for-profit entities which are either disregarded or are subject to income tax at the federal, state, and local levels. In the opinion of management, these corporations generate recurring losses and de minimus tax liabilities that are not material to the consolidated financial statements.

Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

The University does not believe that the University, the Foundation, or the Housing Company has taken any significant uncertain tax positions.

## **2. Summary of Significant Accounting Policies**

The significant accounting policies followed by the University and its related entities are described below:

#### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University, the Housing Company, the Foundation, and wholly-owned real estate entities. Amounts included for the Housing Company and certain real estate entities are as of and for the years ended December 31, 2009 and 2008.

Net assets of the University and changes therein are classified and reported as follows:

#### **Unrestricted Net Assets**

Net assets that are not subject to donor-imposed restrictions.

#### **Temporarily Restricted Net Assets**

Net assets subject to donor-imposed restrictions that permit the University to use up or expend the donated asset as specified. The restriction will be met by actions of the University and/or the passage of time.

# Yeshiva University and Related Entities

## Notes to Consolidated Financial Statements

### June 30, 2010 and 2009

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*(in thousands of dollars)*

#### **Permanently Restricted Net Assets**

Net assets subject to donor-imposed restrictions stipulating that the corpus be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for specified or unspecified purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Contributions subject to donor-imposed restrictions that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period as received are reported as increases in unrestricted net assets. Expirations of temporary restrictions on prior year net asset balances are reported as net assets released from restriction.

#### **Grants and Contracts**

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

#### **Contributions**

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged.

Conditional promises to give are not recognized until they become unconditional, i.e., when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt if the University received certain goods and services that meet criteria under generally accepted accounting principles ("GAAP") for recognition as contributions. Contributions of property and equipment are recorded as increases in unrestricted net assets unless the donor places restrictions on their use. Pledges not expected to be received within one year are discounted at a risk-adjusted rate that includes a premium for credit risk, if any. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. In addition, an allowance for contributions receivable estimated to be uncollectible is provided.

#### **Cash Equivalents**

Highly liquid debt instruments with maturities at date of purchase of three months or less are classified as cash equivalents, except for those that are held by bond trustees or are managed by external investment managers as part of their long-term strategies.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include allowances for uncollectible receivables, the present value of multi-year pledges, the valuation of alternative investments, and the allocation of expenses to functional classifications.

# Yeshiva University and Related Entities

## Notes to Consolidated Financial Statements

### June 30, 2010 and 2009

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*(in thousands of dollars)*

#### **Investments and Investment Income**

Investments are stated at estimated fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quoted market prices. The alternative investments, which are not readily marketable, are carried at estimated fair values based on net asset values provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and assesses the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

Purchase and sale of short-term instruments, fixed income and equity securities are reflected on a trade date basis. Gains and losses on the sale of securities are based on the difference between the sale price and average historical cost basis, where such basis represents the cost of securities purchased or the fair market value at the date of receipt for securities received by donation. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date.

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

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of permanently restricted net assets.
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the income or net gains and the University has not spent such amounts in the year earned.
- As increases in unrestricted net assets in all other cases.

Income received from distributions from alternative investments is recorded as realized gains/losses.

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

Land, buildings, and equipment is stated substantially at cost, except for those received by gift, which are stated at appraised value at date of gift. Library books are valued at a nominal value of one dollar per volume. Equipment, Furniture and Fixtures having a useful life of one year or more and an acquisition cost of three dollars or more per unit are capitalized.

In the opinion of management, the University has title to all equipment purchased with grant funds, except for certain specialized equipment. In certain cases, the granting agencies retain certain rights thereto and may request transfer of such property to others. At such time, the University recognizes equipment disposals for these items. Items of equipment purchased under affiliation agreements and various clinical program agreements are not capitalized when the terms of the agreements specify that title to such property remains with the funding agency.

Depreciation is computed on a straight-line basis over their estimated useful lives. Depreciable lives of buildings and improvements range from 13 to 50 years and depreciable lives of equipment, furniture, and fixtures range from 5 to 15 years.

# Yeshiva University and Related Entities

## Notes to Consolidated Financial Statements

### June 30, 2010 and 2009

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*(in thousands of dollars)*

Annually, in accordance with the terms of the lease of WHAECOM (see note 1), Montefiore contributes to the "Weiler Hospital Capital Account". These funds are kept in a separate account segregated from all other assets of Einstein and can be used only to fund capital expenditures for the Weiler Hospital. While the capital account, as well as all items purchased using its funds, are property of Einstein, the account remains restricted under terms of the lease.

#### **Refundable Advances from the U.S. Government**

Funds provided by the U.S. Government under the Federal Perkins Loan, the Health Professions Student Loan, and the Disadvantaged Student Loan programs are loaned to eligible students and may be re-loaned after collections. These funds are ultimately refundable to the government and are presented in the accompanying consolidated statements of financial position as a liability.

#### **Split-Interest Agreements and Perpetual Trusts**

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts for which the University serves as trustee. Assets held in these trusts are included in investments. Contribution revenue is recognized at the date that the trusts are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts and other split-interest agreements held and administered by others. The present value of the estimated future cash receipts from the trusts is recognized as an asset and as a contribution when the University is notified that the trusts have been funded. Distributions from trusts are recorded as investment income and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts. Changes in the fair values of assets of perpetual trusts are recorded as increases or decreases in permanently restricted net assets.

#### **Operating and Nonoperating Activities**

The consolidated statements of activities present the changes in net assets in two sections – operating activities and nonoperating activities. Nonoperating activities consist of (i) temporarily and permanently restricted contributions, (ii) temporarily restricted net assets released from restriction, (iii) changes in value of split-interest agreements, (iv) investment return in excess of (less than) the authorized spending level, (v) provision for uncollectible contributions receivable, (vi) bad debt expense on receivables from affiliated organizations, and (vii) nonrecurring items.

#### **Expenses**

Expenses are reported in the accompanying consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction, research, and training. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of these primary program services. For purposes of reporting development (fundraising) expenses, the University includes only those fundraising and various support costs incurred by its development function.

# Yeshiva University and Related Entities

## Notes to Consolidated Financial Statements

### June 30, 2010 and 2009

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(in thousands of dollars)

#### **Recently Adopted Accounting Standards**

During the year ended June 30, 2010, the University adopted the new Accounting Standards Codification ("ASC") as issued by the Financial Accounting Standards Board ("FASB"). The ASC has become the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. The ASC did not intend to change or alter existing GAAP. The adoption of the ASC did not have an impact on the University's consolidated financial statements.

Effective July 1, 2008, the University adopted Fair Value Accounting which defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements related to fair value measurements (note 6).

In conjunction with the adoption of Fair Value Accounting, as of July 1, 2008, the University also elected to early adopt the additional disclosures related to *Fair Value Measurements and Disclosures; Investment in Certain Entities that Calculate Net Asset Value per Share*. This guidance permits investors to use Net Asset Value ("NAV") as a practical expedient for fair value where the investment companies follow GAAP in arriving at their reported NAV (note 3).

On July 1, 2008, the University adopted the Fair Value Option for financial assets and liabilities. Under this guidance, the University may elect to report financial instruments and certain other items at fair value on an instrument basis with changes in value reported in the deficiency of revenues and other support over expenses. The election is irrevocable. The University elected not to apply fair value accounting to its financial instruments held in 2009 or any new financial instruments in 2010.

Effective July 1, 2008, the University adopted *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"), and *Enhanced Disclosures for All Endowment Funds*, which provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of UPMIFA and requires disclosures about all endowment funds. For those entities where UPMIFA is effective, the reporting not-for-profit entity is required to classify the portion of donor-restricted endowment funds that are not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure by the organization. As of June 30, 2010, New York State had not enacted the provisions of UPMIFA and, accordingly, the impact of this guidance has been limited to additional disclosures regarding the University's endowment funds.

On September 17, 2010, the State of New York enacted NYPMIFA, its version of UPMIFA. The statute replaces the concept of preserving the "historic dollar value" of donor-restricted endowment funds with a "prudent investor" investment and spending policy. The new law applies prospectively to endowment funds created after its enactment, and, under certain conditions, retrospectively to already-existing endowment funds. The University is currently evaluating the impact the legislation will have on the consolidated financial statements.

#### **Reclassifications**

Certain previously reported amounts in the 2009 consolidated financial statements have been reclassified in order to conform to the 2010 presentation.

#### **Other Significant Accounting Policies**

Other significant accounting policies are set forth in the following notes.

**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

(in thousands of dollars)

**3. Investments**

The University manages an investment portfolio on behalf of Yeshiva University, its related entities, and its unconsolidated affiliated organizations (note 1). At June 30, 2010 and 2009, the University's investments, on a consolidated basis, consisted of the following:

	2010		2009	
	Cost or contributed value	Fair value	Cost or contributed value	Fair value
Mutual funds	\$ 132,286	\$ 143,240	\$ 81,779	\$ 79,189
U.S. Government obligations	93,321	94,585	201,436	201,799
State of Israel bonds	14,397	14,397	15,200	15,200
Corporate bonds	7,685	6,747	12,291	10,551
Corporate stocks	35,850	32,589	34,352	26,133
Alternative investments	601,542	825,711	546,583	789,225
Prepaid alternative investment	15,000	15,000	-	-
Other	17,824	16,083	18,261	14,622
	<u>917,905</u>	<u>1,148,352</u>	<u>909,902</u>	<u>1,136,719</u>
Less: Unconsolidated affiliates' (RIETS and High Schools) interests in the investment portfolio	<u>(118,000)</u>	<u>(139,244)</u>	<u>(111,872)</u>	<u>(130,694)</u>
	<u>\$ 799,905</u>	<u>\$ 1,009,108</u>	<u>\$ 798,030</u>	<u>\$ 1,006,025</u>

Prepaid alternative investment represents a subscription paid in advance on June 30, 2010 for a hedge fund investment that is effective July 1, 2010.

The alternative investment portfolio includes limited partnerships, limited liability corporations, and off-shore investment funds. The underlying investments held by these investment funds may include, financial instruments with off-balance-sheet risk such as, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against equity, market, currency or interest rate risk.

All investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

The University manages substantially all of its investments and those of certain consolidated related and its unconsolidated affiliated entities in two investment pools. The first pool, the pooled asset fund, invests principally in short-term obligations, and the second pool, the consolidated investment pool, invests principally in longer term investments, including alternative investments, as described above.



**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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(in thousands of dollars)

At June 30, 2010 and 2009, the value of the University's interest in these pools, as well as certain separately invested investments, was as follows:

	2010		2009	
	Cost or contributed value	Fair value	Cost or contributed value	Fair value
Pooled asset fund	\$ 28,878	\$ 28,442	\$ 35,640	\$ 35,122
Consolidated investment pool	741,295	950,183	731,111	940,833
Other – separately invested	29,732	30,483	31,279	30,070
	\$ 799,905	\$ 1,009,108	\$ 798,030	\$ 1,006,025

The University's investments include assets held in irrevocable charitable remainder annuity trusts in the amount of \$30,917 (of which \$22,504 is in the pooled asset fund and \$8,413 is in other separately invested investments) and \$30,473 (of which \$21,715 is in the pooled asset fund and \$8,758 is in other separately invested investments) at June 30, 2010 and 2009, respectively.

Under the terms of certain alternative investment agreements, the University is obligated to periodically advance additional funding. The University had commitments of approximately \$41,908 and \$65,341 at June 30, 2010 and 2009, respectively, to investment funds and limited partnerships for which capital calls had not been exercised. These amounts have not been recorded as liabilities in the accompanying consolidated statements of financial position. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity in its investment portfolio to cover such calls.

**4. Spending Rate and Investment Return**

The University utilizes a spending rate in allocating income earned on the consolidated investment pool. In accordance with the spending rate policy, 5.5% of the fair value per unit, based on a 12-quarter rolling average at December 31 of the previous fiscal year, is available for expenditure for the fiscal year commencing July 1. If interest and dividends earned during the year are not sufficient to support the authorized spending level, the balance is provided from current and, if necessary, prior period realized gains. If investment return is in excess of the authorized spending level, the balance is reinvested.

**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

(in thousands of dollars)

The following summarizes the University's total investment return by net asset classification, for the years ended June 30, 2010 and 2009:

	<b>2010</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
Investment income, net of certain management and custodian fees, taxes and other	\$ 3,590	\$ 561	\$ 2	\$ 4,153
Net appreciation on investments-realized and unrealized	77,701	15,890	1,272	94,863
Total investment return	81,291	16,451	1,274	99,016
Investment return recognized in operating activities	61,262	-	-	61,262
Investment gain recognized in nonoperating activities	\$ 20,029	\$ 16,451	\$ 1,274	\$ 37,754
	<b>2009</b>			
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Investment income, net of certain management and custodian fees, taxes and other	\$ 2,218	\$ 363	\$ 63	\$ 2,644
Net depreciation on investments-realized and unrealized	(259,324)	(33,478)	(1,271)	(294,073)
Total investment return	(257,106)	(33,115)	(1,208)	(291,429)
Investment return recognized in operating activities	66,609	-	-	66,609
Investment loss recognized in nonoperating activities	\$ (323,715)	\$ (33,115)	\$ (1,208)	\$ (358,038)

**5. Endowment**

The University's endowment consists of approximately 1,600 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. 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.

**Yeshiva University and Related Entities**  
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The Board of Trustees of the University has interpreted the Uniform Management of Institutional Funds Act ("UMIFA") as requiring the preservation of the principal of the original gift as of the gift date of a donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies, as permanently restricted net assets, the original value of gifts to the permanent endowment, as well as additions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as either temporarily restricted net assets or unrestricted net assets. Such amounts recorded as temporarily restricted net assets are released from restriction when the donor-stipulated purpose has been fulfilled and/or the required time period has elapsed.

The investment objectives for the University's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize over the long-term the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy, which is further described in note 4.

The following represents the University's endowment composition by type of fund as of June 30, 2010 and 2009:

	<b>2010</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
Donor-restricted endowment funds	\$ 175,352	\$ 89,454	\$ 532,736	\$ 797,542
Board-designated endowment funds	91,338	4,337	-	95,675
Total endowment net assets	<u>\$ 266,690</u>	<u>\$ 93,791</u>	<u>\$ 532,736</u>	893,217
Life income funds liabilities				7,359
Other funds				<u>108,532</u>
Total investments				<u>\$ 1,009,108</u>

	<b>2009</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
Donor-restricted endowment funds	\$ 167,420	\$ 81,569	\$ 520,242	\$ 769,231
Board-designated endowment funds	88,350	4,337	-	92,687
Total endowment net assets	<u>\$ 255,770</u>	<u>\$ 85,906</u>	<u>\$ 520,242</u>	861,918
Life income funds liabilities				6,660
Other funds				<u>137,447</u>
Total investments				<u>\$ 1,006,025</u>

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Changes in endowment net assets for the year ended June 30, 2010 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2009	\$ 255,770	\$ 85,906	\$ 520,242	\$ 861,918
Investment return				
Investment income, net of certain management and custodian fees, taxes and other expenses	-	2	2	4
Net appreciation-realized and unrealized	59,718	13,948	1,158	74,824
Total investment return	315,488	99,856	521,402	936,746
Contributions	-	98	11,931	12,029
Appropriation of endowment assets for expenditure	(48,798)	(5,735)	(547)	(55,080)
Change in actuarial present value of split interest agreements	-	(428)	(50)	(478)
Endowment net assets, June 30, 2010	<u>\$ 266,690</u>	<u>\$ 93,791</u>	<u>\$ 532,736</u>	<u>\$ 893,217</u>

Changes in endowment net assets for the year ended June 30, 2009 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2008	\$ 466,382	\$ 130,427	\$ 484,501	\$1,081,310
Investment return				
Investment income	-	13	52	65
Net depreciation – realized and unrealized	(162,907)	(33,917)	(1,453)	(198,277)
Total investment return	303,475	96,523	483,100	883,098
Contributions	-	2,227	37,481	39,708
Appropriation of endowment assets for expenditure	(50,272)	(14,510)	(467)	(65,249)
Change in actuarial present value of split interest agreements	-	(756)	128	(628)
Transfers from board designated endowment funds	2,567	2,422	-	4,989
Endowment net assets, June 30, 2009	<u>\$ 255,770</u>	<u>\$ 85,906</u>	<u>\$ 520,242</u>	<u>\$ 861,918</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below its original value. Deficiencies of this nature approximated \$22 million and \$34 million as of June 30, 2010 and 2009, respectively.

# Yeshiva University and Related Entities

## Notes to Consolidated Financial Statements

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#### **6. Fair Value of Financial Instruments**

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value Accounting establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Under Fair Value Accounting, the three levels of the fair value hierarchy are as follows:

Level 1 – Valuation inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at measurement date.

Level 2 – Valuation inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 – Valuation inputs are unobservable inputs for the assets or liabilities.

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

The carrying amount of the University's financial instruments, except as follows, approximates fair value because of their short maturity. The fair value of investments and deposits with bond trustees is discussed in notes 2, 3 and 7, respectively. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

At June 30, 2010 and 2009, the fair value of the line of credit, bonds payable, and other debt is determined based on the discounted future cash payments to be made for each issue. The discount rate used approximates current market rates for loans of similar maturities and credit quality. At June 30, 2010 and 2009, the fair value of the line of credit, bonds payable, and other debt excluding the Housing Company's mortgage notes, was \$326,430 and \$256,587, respectively. The aggregate fair value of the Housing Company's mortgage notes at December 31, 2009 and 2008 approximates \$14.6 million and \$12.9 million, respectively. The fair value of the mortgage loans receivable at June 30, 2010 and 2009 approximated \$15.0 million and \$14.5 million, respectively.

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The following table presents the fair value hierarchy for those assets reported at fair value as of June 30, 2010 and 2009 (no liabilities are reported at fair value).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Unconsolidated Affiliates</u>	<u>Total June 30, 2010</u>
<b>Investments</b>					
Mutual funds	\$ 143,240	\$ -	\$ -	\$ -	\$ 143,240
U.S. Government obligations	94,585	-	-	-	94,585
State of Israel bonds	-	-	14,397	-	14,397
Corporate bonds	6,747	-	-	-	6,747
Corporate stocks	32,589	-	-	-	32,589
Alternative investments	-	157,078	668,633	-	825,711
Prepaid alternative investment	-	-	15,000	-	15,000
Other	11,439	-	4,644	-	16,083
Less: Unconsolidated affiliates' (RIETS and High Schools) interests in the investment portfolio	-	-	-	(139,244)	(139,244)
Investments, at fair value	288,600	157,078	702,674	(139,244)	1,009,108
Trusts and split-interest agreements held by others	18,779	-	1,862	-	20,641
Funds held by Bond Trustees	19,141	-	-	-	19,141
Investment receivables	-	-	4,945	-	4,945
Total investments and assets at fair value	\$ 326,520	\$ 157,078	\$ 709,481	\$ (139,244)	\$ 1,053,835

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Unconsolidated Affiliates</u>	<u>Total June 30, 2009</u>
<b>Investments</b>					
Mutual funds	\$ 79,189	\$ -	\$ -	\$ -	\$ 79,189
U.S. Government obligations	201,799	-	-	-	201,799
State of Israel bonds	-	-	15,200	-	15,200
Corporate bonds	10,551	-	-	-	10,551
Corporate stocks	26,133	-	-	-	26,133
Alternative investments	-	230,211	559,014	-	789,225
Other	10,186	-	4,436	-	14,622
Less: Unconsolidated affiliates' (RIETS and High Schools) interests in the investment portfolio	-	-	-	(130,694)	(130,694)
Investments, at fair value	327,858	230,211	578,650	(130,694)	1,006,025
Trusts and split-interest agreements held by others	13,816	-	1,225	-	15,041
Funds held by Bond Trustees	17,403	-	-	-	17,403
Total investments and assets at fair value	\$ 359,077	\$ 230,211	\$ 579,875	\$ (130,694)	\$ 1,038,469

Approximately \$276 of U.S. government have been reclassified from Level 3 to Level 1 as of June 30, 2009.

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Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the University's interest therein, its classification in Level 2 or 3 is based on the University's ability to redeem its interest at or near June 30. If the interest can be redeemed in the near term, defined as within 90 days from the measurement date of June 30, 2010, then the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The following table presents the University's 2010 activity for those assets classified as Level 3 within the fair value hierarchy:

<b>Beginning balance July 1, 2009</b>	\$ 579,875
Net unrealized and realized activity	136,577
Net purchases (sales)	(35,499)
Transfers in	<u>28,528</u>
<b>Ending balance June 30, 2010</b>	<u>\$ 709,481</u>

The following table presents the University's 2009 activity for those assets classified as Level 3 within the fair value hierarchy:

<b>Beginning balance July 1, 2008</b>	\$ 883,354
Net unrealized and realized activity	(179,224)
Net purchases (sales)	<u>(124,255)</u>
<b>Ending balance June 30, 2009</b>	<u>\$ 579,875</u>

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The University uses Net Asset Value (“NAV”) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) do not prepare their financial statements consistent with the measurement policies of an investment company or have the attributes of an investment company. Per the applicable guidance, the following table lists investments in other investment companies by investment strategy. All percentages are based on NAV as of June 30, 2010.

Investment Strategy	# of Funds	Fair Value Determined Using NAV	Remaining Life (Years)	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in place at June 30, 2010
Absolute Return-Multi-Strategy and Other	7	\$ 224,369	N/A	N/A	Periodically: 5% (90 days notice) Quarterly: 50% (Notice periods range between 45 and 90 days) Annually: 45% (Notice periods range between 90 and 180 days)	One fund is hard locked for 24 months. Redemption available at 12/31/11  One fund has a soft lock through April 2011 with a 5% withdrawal penalty	Full redemption requests submitted for 3 funds (13%). One redemption is suspended but the fund intends to make periodic distributions as assets are liquidated (5% of asset balance)  One redemption allows for 6.25% of total investment redeemable each quarter (6% of asset balance)
Absolute Return-Credit	4	98,702	N/A	N/A	Periodically: 5% (90 days notice) Quarterly: 46% (180 days notice) Annually: 49% (90 days notice)	One fund has a hard re-locking every 36 months	Full redemption requests submitted for all 4 funds (100%) One fund is in wind-down mode and redemptions are suspended. All other payments are due between July 2010 and September 2011
Distressed Securities	1	1,755	N/A	N/A	Quarterly: 100% (90 days notice)	N/A	Full redemption request submitted for this fund (100%). Distributions are expected to be made quarterly or more frequently
Event Driven	7	71,219	N/A	N/A	Monthly: 49% (90 days notice) First day of Feb, May, Aug, Nov: 2% (90 days notice) Semi-annually: 13% (45 days notice) Annually: 36% (Notice periods range between 45 and 90 days)	One fund is hard locked for 12 months through 2/28/11 and soft-locked for 12 months through 2/28/12	Full redemption submitted for 5 funds (38%). Payments are due between July 2010 and June 2011
Fund of Funds	1	8,432	N/A	N/A	Quarterly: 100% (90 days notice)	N/A	Full redemption request submitted for the fund (100%)
Long/short Equity	12	267,427	N/A	N/A	Periodically: 1% (90 days notice) Monthly: 7% (In redemption) Quarterly: 73% (Notice periods range between 30 and 90 days) Annually: 19% (60 days notice)	One fund is locked through 12/31/10, one fund is locked through 3/31/11 and one fund has hard re-locking every 36 months	Full redemption requests submitted for 4 funds (20%). Payments are due in 2010 and 2011
Managed Futures	1	20,403	N/A	N/A	Monthly: 100% (30 days notice)	N/A	N/A
Side pockets <sup>(a)</sup>	8	2,502	N/A	N/A	N/A	N/A	N/A
Private equity	25	103,615	0-3 years: 20% 3-5 years: 21% >5 years: 59%	34,579	N/A	N/A	N/A
Real estate	5	27,287	0-3 years: 17% 3-5 years: 64% >5 years: 19%	7,329	N/A	N/A	N/A
<b>Total</b>	<b>71</b>	<b>\$ 825,711</b>		<b>\$ 41,908</b>			

<sup>(a)</sup> Side pockets represent the illiquid portion of hedge fund investments that have been fully redeemed or are currently in the process of liquidation. Payout of side pockets are subject to when the asset manager of the fund determines and has the ability to sell the underlying assets to generate cash for payment and to benefit the fund as a whole. As such, payout of such investments may take a significant and undeterminable amount of time. Side pockets held as of June 30, 2010 consist of the following strategies: Distressed securities: 2%, Fund of funds: 78%, and Multi-Strategy: 20%. The length of time that the side pockets (amounting to \$2,502) have remained outstanding is as follows: 0-3 years: 79%, 3-5 years: 0%; >5 years: 21%.



## Yeshiva University and Related Entities

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#### 7. Line of Credit, Bonds Payable, and Other Debt

##### Yeshiva University and Related Entities

Details of the line of credit, bonds payable, and other debt as of June 30, 2010 and 2009 are as follows:

Description	Maturity date	Interest rate	Amount outstanding at June 30, 2010	Amount outstanding at June 30, 2009
Bonds payable				
Dormitory Authority of the State of New York Insured Revenue Bonds				
Series 2009 (a)	September 1, 2038	3.500% - 5.180%	\$ 142,274	\$ -
Series 2004 (b)	July 1, 2034	2.590% - 5.250%	93,718	95,250
Series 2001 (c)	July 1, 2030	4.000% - 5.375%	52,255	54,075
Series 1998 (d)	July 1, 2018	4.250%	-	18,165
Mortgages payable (e)	Varied	4.500% - 6.500%	17,232	17,759
Notes payable (f)	Varied	5.290% - 5.500%	3,255	3,330
The Housing Company (h)	April 30, 2035	0.000% - 6.500%	43,481	43,609
Bonds payable and other debt			<u>\$ 352,215</u>	<u>\$ 232,188</u>
Line of credit (g)	Varied	Variable	<u>\$ 15,000</u>	<u>\$ 71,150</u>

- a. In July 2009, the Dormitory Authority of the State of New York (DASNY) issued \$140,820 of revenue bonds (Series 2009 Bonds) on behalf of the University. Principal payments commence September 1, 2016. The Series 2009 bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2009 Bonds. A portion of the proceeds of the Series 2009 Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures. A portion of the Series 2009 Bonds was used to redeem the remaining DASNY Series 1998 Bonds.
- b. In June 2004, the Dormitory Authority of the State of New York (DASNY) issued \$100,000 of insured revenue bonds (Series 2004 Bonds) on behalf of the University. Of this amount, \$90,000 was utilized for the construction of a biomedical facility, which houses the Michael F. Price Center for Genetic and Translational Medicine in the Harold and Muriel Block Research Pavilion (the Price Center/Block Pavilion) at Einstein. The remaining \$10,000 was used for projects at the Manhattan Campuses. The Series 2004 Bonds are secured, subject to prior secured revenues, by a portion of the University's unrestricted revenues equal to the amount of principal and interest due in any year. Payment of principal and interest on the Series 2004 Bonds is guaranteed by Ambac Assurance Corporation.
- c. In April 2001, DASNY issued \$65,000 of Insured Revenue Bonds Series 2001 (Series 2001 Bonds) on behalf of the University. Of this amount, \$41,815 was issued to renovate existing facilities and acquire new facilities. The remaining amount of \$23,185 was issued to defease the DASNY Series 1994 Bonds. The University was released from its obligation with respect to the Series 1994 Bonds, and accordingly, the trusteed assets and debt are excluded from the University's consolidated statements of financial position. The Series 2001 Bonds are secured, subject to prior secured revenues, by a portion of the University's unrestricted revenues equal to the amount of principal and interest due in any year. Payment of principal

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and interest on the Series 2001 Bonds is guaranteed by Municipal Bond Investors Assurance Corporation.

- d. In December 1998, to acquire and renovate certain apartments owned by the University, and renovate various facilities, DASNY issued \$30,000 of Insured Revenue Bonds Series 1998 (the Series 1998 Bonds) on behalf of the University. The Series 1998 Bonds are secured, subject to prior secured revenues, by a portion of the University's unrestricted revenues equal to the amount of principal and interest due in any year. Reserve requirements consist of a debt service fund and a building and equipment reserve fund totaling \$2,320 and \$750, respectively. Payment of principal and interest is guaranteed by Financial Security Assurance Inc.
- e. In January 2007, in connection with the purchase of 12 Manhattan residential apartment buildings, the University assumed outstanding mortgage debt of \$20,698. At the time of the purchase, these mortgages were owed to various banks or commercial lenders and the seller had not secured the consent of the lenders to the transfer prior to the closing (in one case for a mortgage of approximately \$4,000, no consent was required). The University was willing to take title to the buildings subject to the outstanding mortgages, because, in the opinion of management, the risk of the banks' refusal to subsequently consent to the conveyance of any particular mortgage was remote. However, should a given lender refuse, such mortgage would either be repaid or refinanced. The process of securing bank approval for assumption of eight of the nine outstanding mortgages by the respective purchasers is expected to be consummated by March 31, 2011. The University is currently making payments on these mortgages, which mature on various dates through January 1, 2016, and management believes that any potential liability arising from the increase in interest rates will not have a material impact on the University's financial position.
- f. The notes payable mature on various dates through March 31, 2029.

At June 30, 2010, approximately \$1.1 million of the notes payable were scheduled to mature within the next year. The note payable has been subsequently refinanced effective October 1, 2010, at 5.5% and over a period of 23 years.

- g. In January 2007, the University entered into a bank line of credit for up to \$75 million in financing to acquire certain real estate. Such credit line, which was renewable annually for periods up to 1 year, was renewed through August 3, 2009. Interest on the renewed line was accrued and paid monthly and was calculated, at the discretion of the University, based upon (i) LIBOR plus 90 basis points or (ii) a negotiated rate as provided by the bank. In July 2009, the University repaid the outstanding line of credit balance of \$71.15 million.

In May 2010, the University entered into a revolving loan agreement for up to \$50 million to be used for capital expenditures and working capital purposes. Interest is calculated, at the discretion of the University, based upon (i) LIBOR plus 115 basis points or (ii) a negotiated rate as provided by the bank. The revolving loan agreement matures on May 18, 2012.

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- h. The Housing Company has outstanding a first mortgage note and a subordinated mortgage note. The Housing Company's first mortgage note was obtained in December 2004 with a principal amount of \$8,918. The note is payable monthly with interest at the rate of 6.5% per annum. Installments of principal and interest are payable in 360 fixed monthly amounts of \$56. Prepayment of the loan shall not be permitted until December 1, 2019. The mortgage requires the Housing Company to make a monthly escrow payment to the New York City Housing Development Corporation (HDC) for, among other things, fire and extended coverage, and such other insurance as may be required so that there will be sufficient money on deposit to secure payment of each such item one month before the due date of such item. The mortgage provides for a reserve for replacements currently held by the HDC pursuant to the original mortgage note. The reserve is increased by monthly payments in the amount of \$25 until HDC conducts its next assessment. The outstanding balance of the first mortgage note was \$8,360 at December 31, 2009.

The subordinated mortgage note is noninterest-bearing with a principal amount of \$35,121 that is due on April 30, 2035. The University is not obligated for this or any other debt of the Housing Company.

Projected debt service payments on the bonds payable and other debt, other than the Housing Company, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30			
2011	\$ 7,830	\$ 12,393	\$ 20,223
2012	4,340	14,797	19,137
2013	4,561	14,575	19,136
2014	6,956	14,315	21,271
2015	6,377	13,944	20,321
Thereafter	<u>275,142</u>	<u>174,772</u>	<u>449,914</u>
	305,206	<u>\$ 244,796</u>	<u>\$ 550,002</u>
Add: Unamortized premium	<u>3,528</u>		
	<u>\$ 308,734</u>		

The unamortized bond issuance costs were \$4.3 million and \$1.8 million at June 30, 2010 and 2009, respectively.

See note 15 for capital lease obligations.

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Projected debt service payments on the Housing Company's mortgage notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31			
2010	\$ 137	\$ 539	\$ 676
2011	146	530	676
2012	156	520	676
2013	167	509	676
2014	178	498	676
Thereafter	<u>42,697</u>	<u>6,050</u>	<u>48,747</u>
	<u>\$ 43,481</u>	<u>\$ 8,646</u>	<u>\$ 52,127</u>

**Funds Held by Bond Trustees**

Deposits with trustees are primarily invested in government securities. At June 30, 2010 and 2009, the fair value of amounts held by bond trustees under these loan agreements was as follows:

	<b>2010</b>	<b>2009</b>
Debt service fund	\$ 13,116	\$ 12,582
Building and equipment reserve fund	-	876
Unexpended construction fund	<u>6,025</u>	<u>3,945</u>
	<u>\$ 19,141</u>	<u>\$ 17,403</u>

Interest expense on line of credit, bonds, and other debt for the years ended June 30, 2010 and 2009 was \$15,887 and \$12,443, respectively.

**8. Defined Contribution Plan**

The University and related entities have several defined contribution retirement plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund retirement plan costs currently. Total retirement expense for the years ended June 30, 2010 and 2009 were \$22,149 and \$22,726, respectively.

**9. Transactions with Affiliated Organizations**

The University acts as an agent for RIETS and the High Schools, providing management services (such as accounting, treasury operations, human resources, and procurement) as well as facilities maintenance. The cost to the University for management services provided to RIETS and High Schools in 2010 was \$4,593 (\$3,757 in 2009) and \$2,526 (\$2,660 in 2009), respectively. In addition, the University has subsidized the cash deficit amounting to \$703 ((\$4,904) in 2009) and \$2,127 (\$2,040 in 2009) for RIETS and High Schools, respectively.

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Total support provided to RIETS was \$5,296; the University expects to recover 50% of this amount resulting in a balance due to the University of \$2,648. The total support provided to the High Schools was \$4,653; the University does not expect to recover any of this. The total amount of support written off for RIETS and High Schools is \$7,301 and \$3,553 during 2010 and 2009, respectively, this amount is reported as "Other" in the Nonoperating section of the Statements of Activities.

The following table is a breakdown of the amounts due from related organizations and the write-off for RIETS and High Schools:

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b>RIETS</b>		
Space and general and administrative allocations	\$ 4,593	\$ 3,757
Net cash shortfall of RIETS funded by the University	<u>703</u>	<u>(4,904)</u>
Total shortfall RIETS - Gross amount due to the University	5,296	(1,147)
50% write-off for 2010 and 0% for 2009	<u>(2,648)</u>	<u>1,147</u>
Due from related organizations, net	<u>\$ 2,648</u>	<u>\$ -</u>
<b>High Schools</b>		
Space and general and administrative allocations	\$ 2,526	\$ 2,660
Net cash shortfall of High Schools funded by the University	<u>2,127</u>	<u>2,040</u>
Total shortfall High Schools - Gross amount due to the University	4,653	4,700
100% write-off for 2010 and 2009	<u>(4,653)</u>	<u>(4,700)</u>
Due from related organizations, net	<u>\$ -</u>	<u>\$ -</u>
Write-off for RIETS	\$ 2,648	\$ (1,147)
Write-off for High Schools	<u>4,653</u>	<u>4,700</u>
Total write-off for RIETS and High Schools	<u>\$ 7,301</u>	<u>\$ 3,553</u>

In December 2010, the Finance Committee of Yeshiva University's Board of Trustees approved forgiving the accumulated debt from RIETS and HS through and including June 30, 2010; the University took this action as it did not expect to collect these debts. As of June 30, 2009, the University wrote-off receivables of \$16.4 million for RIETS and \$51.6 million for the High Schools, these receivables had been fully reserved.

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**10. Receivables**

**Contributions Receivable**

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

	<b>2010</b>	<b>2009</b>
Amounts expected to be collected in		
Less than one year	\$ 71,992	\$ 94,104
One to five years	28,402	43,859
Greater than five years	<u>77,088</u>	<u>91,529</u>
	177,482	229,492
Less: Discount to present value (2.0% – 5.0%)	(17,096)	(24,438)
Less: Allowance for uncollectible amounts	<u>(14,560)</u>	<u>(16,909)</u>
	<u>\$ 145,826</u>	<u>\$ 188,145</u>

As of June 30, 2010 and 2009, approximately 53% and 46% of gross contributions receivable is from five donors and four donors respectively.

During 2010 the University wrote-off approximately \$21.7 million in pledge receivables related to documented pledges in which the remaining balance due on the pledge was determined to likely be paid by donor advised funds after a detailed review of pledge payments received in 2010. ASC 958-605 states that the University should not recognize a pledge made if the donor explicitly grants a third party organization variance power. It is anticipated that the total amount of the original pledge less a routine allowance for bad debts will still be paid to the University from a donor advised fund. As a result, revenue will be recognized at the time of payment. The write-off was to maintain compliance with ASC 958-605 and does not represent a true economic change in expected donor payment streams in the ordinary course of philanthropic giving to the University.

**Student Loans Receivable**

Student loans receivable is reported net of allowances for uncollectible amounts of \$9,424 and \$11,759 at June 30, 2010 and 2009, respectively.

**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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*(in thousands of dollars)*

**11. Land, Buildings, and Equipment**

Land, buildings, and equipment consist of the following at June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Land	\$ 24,443	\$ 24,443
Buildings and improvements	967,289	942,367
Equipment, furniture, and fixtures	119,189	109,120
Capitalized asbestos remediation costs (note 16)	8,418	8,419
Library books and microfilm collections	4,198	4,144
Building under capital lease	36,150	36,150
	<u>1,159,687</u>	<u>1,124,643</u>
Less: Accumulated depreciation and amortization	<u>(419,498)</u>	<u>(385,004)</u>
	<u>\$ 740,189</u>	<u>\$ 739,639</u>

During fiscal year ended 2010 and 2009, the University has capitalized into building and improvements \$786 and \$5,635 for Waters Place, \$268 and \$6,129 for the Price Center/Block Pavilion, and \$5,367 and \$14,214 for the Glueck Center, respectively. The University also capitalized \$2,201 of computer software implementation costs during the year ended June 30, 2010. There were no computer software implementation costs during the year ended June 30, 2009.

Depreciation and amortization expense related to land, buildings and equipment for the year ended June 30, 2010 and 2009 was approximately \$43.3 million and \$41.6 million, respectively. The University wrote off fully depreciated assets of approximately \$8.8 million and \$8.1 million during the years ended June 30, 2010 and 2009, respectively.

**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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*(in thousands of dollars)*

**12. Temporarily Restricted Net Assets**

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

	<b>2010</b>	<b>2009</b>
Academic chairs	\$ 748	\$ 753
Academic support	494	487
Capital projects	18,977	19,323
Facility maintenance	14,650	18,087
Faculty scholars	217	227
Fellowships	9,196	7,488
Instruction and training	52,288	46,683
Lectureships	687	729
Library	562	709
Other	37,817	28,149
Pledges for use in future years	32,737	49,661
Prizes	1,438	1,196
Publications	796	883
Public service	4,662	2,526
Research	7,376	22,161
Student loans	829	510
Student scholarships	50,238	44,885
	<u>\$ 233,712</u>	<u>\$ 244,457</u>



**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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*(in thousands of dollars)*

**13. Permanently Restricted Net Assets**

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

	<b>2010</b>	<b>2009</b>
Academic chairs	\$ 104,718	\$ 99,126
Academic support	2,357	2,357
Capital projects	5,055	3,055
Facility maintenance	3,642	3,218
Faculty scholars	7,457	6,106
Fellowships	24,201	20,576
Instruction and training	87,267	87,425
Lectureships	932	932
Library	2,207	2,601
Other	4,014	13,578
Patient care	4,874	4,878
Pledges for use in future years	1,612	1,418
Prizes	1,115	1,105
Publications	1,000	1,000
Public service	2,043	1,936
Research	55,925	60,834
Revolving fund for special projects	87,309	85,530
Student loans	45,314	41,392
Student scholarships	194,593	198,112
Trusts held by others in perpetuity	8,675	7,277
Undesignated	14,177	7,900
	<u>\$ 658,487</u>	<u>\$ 650,356</u>

In addition to certain of the above permanently restricted net assets, the University's endowment includes funds functioning as endowments, and realized and unrealized gains on investments, which are classified as unrestricted and temporarily restricted net assets.

**14. Contingencies**

The University is a party to various litigation and other claims arising in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses and the ultimate resolution of these matters will not have a significant effect on the University's consolidated financial position.

Amounts received and expended by the University under various federal and state grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the University's consolidated financial position.

**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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*(in thousands of dollars)*

In August 2007, certain building and equipment on the Resnick Campus of Einstein suffered significant fire-related damage. As a result, the University incurred costs of approximately \$10,565, which consisted of asset replacements, as well as repairs, maintenance, and clean up. The University was insured for a portion of this fire loss and received insurance proceeds of \$3,190 in 2008. Additionally, \$2,800 and \$1,000 was received during the years ended June 30, 2010 and 2009, respectively. The matter is now closed.

The actions of Bernard Madoff and J. Ezra Merkin and Ascot Partners, discussed in the previous year's Footnote 14 (Contingencies), led to the appointment of a trustee and receiver, respectively, for Madoff's and Ascot Partners' assets. It continues to be uncertain whether any funds will be recoverable by or for the benefit of the University, from either law enforcement officials, the trustee, or the receiver, or recoverable from the University, by either the trustee or the receiver, neither of whom have commenced any such legal proceedings.

**15. Leases**

**Operating Lease – Van Etten**

During 2005, the University, on behalf of Einstein entered into a 30 year noncancelable operating lease with the HHC. The lease (known as the Van Etten lease) includes clauses that allow the University, on behalf of Einstein to renew the lease for an additional 20 year period and five more renewable periods of 10 years each. The lease includes a facility and a 10 acre parcel of vacant land directly across the street from Einstein. Einstein is using this facility to support its research, clinical, and teaching activities. Also on this parcel, Einstein has constructed the Price Center/Block Pavilion. Total rent expense under this lease was \$2,533 for both 2010 and 2009. Included in other liabilities on the consolidated statements of financial position is a deferred rent obligation of \$11,200 and \$11,667 at June 30, 2010 and 2009, respectively, which is a result of straight-lining the total minimum lease payments over the 30-year noncancelable period. Minimum lease payments are as follows:

Year ending June 30	
2011	\$ 3,000
2012	3,000
2013	3,000
2014	3,000
2015	3,000
Thereafter	<u>57,000</u>
	<u>\$ 72,000</u>

**Operating Lease – 5.1 acres**

During 2008, the University, on behalf of Einstein entered into a 30 year lease of approximately 5.1 acres of land on the grounds of Jacobi with HHC. The lease includes clauses that allow Einstein to renew the lease for an additional 20 years and thereafter for two more renewal periods of 25 years and 24 years each.

## Yeshiva University and Related Entities

### Notes to Consolidated Financial Statements

#### June 30, 2010 and 2009

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*(in thousands of dollars)*

The initial base rent is \$1,355 per annum through December 31, 2020, and increases by 12% every five years through December 31, 2038 and for any renewal periods thereafter. In addition, the base rent is reduced by a base rent credit, as defined in the agreement, which commences January 1, 2015, increases annually by 7%, and continues for a 10 year period ending December 31, 2024.

Any improvements to the space by the University in excess of 440,000 square feet are subject to certain base rent escalations. In addition, beginning in 2038, the leased premises and certain improvements may be subject to appraisal and may result in changes in the base rent. Currently, there are no specific plans for development of this site, but management has earmarked the property for multiple potential purposes, including housing of students and faculty.

Total rent expense under this lease was \$1,483 for the year ended June 30, 2010. Included in other liabilities on the consolidated statement of financial position is a deferred rent obligation of \$128 at June 30, 2010, which is a result of straight-lining the total minimum lease payments over the initial 30-year lease period. Minimum lease payments are as follows:

Year ending June 30	
2011	\$ 1,355
2012	1,355
2013	1,355
2014	1,355
2015	1,246
Thereafter	<u>34,429</u>
	<u>\$ 41,095</u>

**Yeshiva University and Related Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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(in thousands of dollars)

**Capital Lease – Kennedy**

During 2005, the University, on behalf of Einstein entered into a lease with the HHC for an existing facility on the Jacobi campus with an initial term of 50 years. The University has the right to cancel the lease after 25 years. The lease (known as the Kennedy lease) allows for the University to renew the lease for five additional periods of 10 years each. Included in the minimum lease payments are utility expenses of the facility for the first 7 years of the lease, and the remaining lease term has a utility credit for 2.5% of the lease payment. Einstein is using this facility to support its research, clinical, and teaching activities. The lease has been accounted for as a capital lease; and therefore, the related asset and liability have been recorded on the consolidated statements of financial position. The interest rate on this capital lease obligation is approximately 4.8%. Minimum lease payments under this lease are as follows:

Year ending June 30		
2011	\$	3,000
2012		3,000
2013		3,000
2014		3,000
2015		3,200
Thereafter		<u>47,800</u>
		63,000
Less: Amounts representing interest		(21,854)
Less: Amounts representing utility costs		<u>(2,200)</u>
	\$	<u>38,946</u>

**16. Asset Retirement Obligations**

The University records its asset retirement obligations to address asbestos abatement in certain of its properties. A reconciliation of the beginning and ending carrying amounts of such obligations is as follows:

	<b>2010</b>	<b>2009</b>
Asset retirement obligations, beginning of year	\$ 14,524	\$ 13,882
New asset retirement obligations incurred	-	-
Accretion expense	392	879
Asset retirement obligations settled	<u>(223)</u>	<u>(237)</u>
Asset retirement obligations, end of year	<u>\$ 14,693</u>	<u>\$ 14,524</u>

**17. Subsequent Events**

Effective June 30, 2009, the University adopted new guidance relating to subsequent events. New subsequent event guidance required the University to evaluate subsequent events to determine whether they provide additional evidence about conditions that existed of the date of the consolidated statement of financial position, and to determine if those events require recognition or disclosure on the consolidated financial statements. The University has performed an evaluation of subsequent events through January 18, 2011, which is the date the consolidated financial statements were issued.

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

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## SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

### **Construction of the Project**

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

*(Section 5)*

### **Project Amendment**

The University, 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 University 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 University shall deliver to the Authority copies of such change orders as the Authority may from time to time request. The University shall provide such money as in the reasonable judgment of the Authority may be required for the cost of completing the Project in excess of the money in the Construction Fund, whether such money is required as a result of an increase in the scope of the Project or otherwise. Such money shall be paid to the Trustee for deposit in the Construction Fund within fifteen (15) days after receipt by the University of written notice from the Authority that such money is required.

*(Section 6)*

### **Financial Obligations**

(a) Except to the extent that money is available therefor under the Resolution or the Loan Agreement, including money in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Series 2011A Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the University unconditionally agrees to pay or cause to be paid, to or upon the order of the Authority, from its general funds or any other money legally available to it:

(i) On or before the date of delivery of the Series 2011A Bonds the Authority Fee agreed to by the Authority and the University in connection with issuance of the Series 2011A Bonds;

(ii) On or before the date of delivery of the Series 2011A Bonds, such amount, if any, as is required, in addition to the proceeds of the Series 2011A Bonds available therefor, to pay the Costs of Issuance of the Series 2011A Bonds, and other costs in connection with the issuance of the Series 2011A Bonds;

(iii) On October 10, 2011, and on each April 10th and October 10th thereafter, the interest coming due on the Series 2011A Bonds on the next succeeding interest payment therefor;

(iv) On October 10, 2012 and on each October 10th thereafter, the principal and Sinking Fund Installments coming due on the next succeeding November 1st;

(v) Unless the redemption of Series 2011A Bonds at the option of the Authority or any purchase thereof in lieu of optional redemption (at the election of the University with the written consent of the Authority) is subject to the condition that sufficient money is available on the redemption date or the purchase date, on or prior to the date any notice of optional redemption or purchase in lieu of optional redemption (at the election of the University with the written consent of the Authority) is given, the Redemption Price or purchase price of the Series 2011A Bonds previously called for redemption or to be purchased;

(vi) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year;

(vii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to Section 9 of the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 2011A Bonds or the financing or construction of the Project, including, but not limited to, costs and expenses of insurance and auditing, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the University of all the provisions of the Loan Agreement in accordance with the terms thereof, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution and the Series 2011A Resolution;

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

(ix) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund or otherwise available therefor for the payment of any rebate required by the Code to be made 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 Series 2011A 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; and

(x) To the extent not otherwise set forth in the Loan Agreement, 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 2011A Resolution, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series 2011A Resolution, the University shall receive a credit against the amount required to be paid by the University during a Bond Year pursuant to the provisions of the Loan Agreement summarized in paragraph (a)(iv) above on account of a Sinking Fund Installment if, prior to the date notice of redemption is given for the redemption of the Series 2011A Bonds to be redeemed through such Sinking Fund Installment payable prior to the succeeding November 1, the University delivers to the Trustee for cancellation one or more Series 2011A Bonds to be so redeemed on such November 1. 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 University, and the University agrees, to make (1) 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)(viii), and (a)(x) directly to the Trustee for deposit in the Debt Service Fund and application in accordance with the Resolution or the Series 2011A Resolution; (ii) the payments required by paragraph (a)(v) directly to the Trustee for payment of the Redemption Price or purchase price of Series



2011A Bonds called for optional redemption or purchase in lieu of optional redemption; (iii) the payments required by paragraphs (a)(ii) directly to the Trustee for deposit in the Construction Fund or other fund or account established under the Resolution or the Series 2011A Resolution, as directed by the Authority; (iv) except as otherwise provided by the Loan Agreement, the payments required by paragraphs (a)(vii), directly to the Trustee for application in accordance with the Resolution, (v) the payments required by paragraphs (a)(ix), directly to the Trustee for deposit in the Arbitrage Rebate Fund, and (vi) the payments required by paragraph (a)(i) and (a)(vi) directly to the Authority.

(b) Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series 2011A Resolution to the contrary (except as otherwise specifically provided for in this paragraph), (1) all money paid by the University to the Trustee pursuant to the Loan Agreement (other than money received by the Trustee pursuant to the Resolution which will be retained and applied by the Trustee for its own account) will be received by the Trustee as agent for the Authority in satisfaction of the University's indebtedness to the Authority with respect to the interest on and principal or Redemption Price of the Series 2011A Bonds to the extent of such payments are applied to the payment of the principal or Redemption Price of or interest on the Series 2011A Bonds; and (2) the transfer by the Trustee of any money (other than money summarized above held by it in the Construction Fund to the Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the University of a payment in satisfaction of the University's indebtedness to the Authority with respect to the Redemption Price of the Series 2011A Bonds to the extent of the amount of money transferred. Immediately after receipt or transfer of such money, as the case may be, by the Trustee, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution and the Series 2011A Resolution for the sole and exclusive benefit of the Bondholders, regardless of the actual due date or applicable payment date of any payment to the Holders of the Series 2011A Bonds, except in respect to the payment to the University by the Trustee as provided for in the Resolution.

(c) The obligations of the University to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the University may otherwise have against the Authority, the Trustee or any Holder of a Series 2011A Bond for any cause whatsoever including, without limiting the generality of the foregoing, failure of the University to complete the Project or the completion thereof with defects, failure of the University to occupy or use the Project, any declaration or finding that the Series 2011A Bonds are or the Resolution or the Series 2011A Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; **provided, however**, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the University may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the University for, or to pay, the Costs of the Project beyond the extent of money in the Construction Fund.

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

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

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

(f) The University, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in accordance with the directions of the Authority in the Debt Service Fund or held by the Trustee for the payment of Series 2011A Bonds in accordance with the Resolution. Upon any voluntary payment by the University or any deposit in the Debt Service Fund made pursuant to the provisions of the Loan Agreement, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; **provided, however,** that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution or the Series 2011A Resolution, and to purchase or redeem all Series 2011A Bonds then Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the University, to direct the Trustee to purchase or redeem all Series 2011A Bonds Outstanding, or to cause all Series 2011A Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) As soon as practicable after the Project is deemed to be complete in accordance with the Loan Agreement, the Authority shall determine, and notify the University of, the actual Authority Fee incurred by the University in connection with the Project to the date of such notice. The balance, if any, of such Authority Fee then unpaid, to the extent not paid from the Construction Fund, shall be paid by the University pursuant to the Loan Agreement. If upon such determination the actual amount of the Authority Fee incurred by the University in connection with the Project to the date of such notice is less than the amount paid theretofore, the Authority shall promptly refund to the University the amount paid in excess of such actual amount.

*(Section 9)*

### **Additional Representations and Covenants**

#### **Consent to Pledged and Assignment**

The University warrants and represents that: (i) it has the requisite power and authority to enter into and perform its obligations under the Loan Agreement and to incur the indebtedness thereunder in the manner and to the extent provided therein and in the Resolution and the Series 2011A Resolution; (ii) the Loan Agreement is a valid, binding and legal obligation of the University enforceable against the University in accordance with its terms; provided, however, that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity; and (iii) the execution and delivery of the Loan Agreement, the consummation of the transactions contemplated thereby and compliance with the provisions thereof do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the charter or by-laws of the University or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the University is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the University or any of its properties.

*(Section 14(b))*

#### **Tax-Exempt Status**

The University represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a "private foundation," as such term is defined under Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated business income tax. The University covenants that: (a) it shall not perform any act or enter into any agreement which will adversely affect such federal income tax status and will conduct its operations in the manner which will conform to the standards necessary to qualify the University as an educational organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in any manner, or for any trade or business or other non-exempt use unrelated to the

purposes of the University, which could adversely affect the exclusion of interest on the Series 2011A Bonds from federal gross income pursuant to Section 103 of the Code.

*(Section 15)*

### **Securities Acts Status**

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

*(Section 16)*

### **Maintenance of Corporate Existence**

The University covenants that it will (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 entity or permit one or more persons or entities to consolidate with or merge into it. The University, 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 (i) the same would not in the opinion of Bond Counsel adversely affect the exclusion of interest on any Series 2011A Bond from gross income for purposes of federal income taxation; (ii) the transaction does not result in a conflict, breach or default of the University's representation as to its corporate organization, authorization and powers referred to in the Loan Agreement and in the Resolution; (iii) the University will not as a result thereof be in default under the Loan Agreement; (iv) 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 (v) the surviving, resulting or transferee corporation of the University (a) assumes in writing all of the obligations of the University under the Loan Agreement and furnishes to the Authority such certificates and documents as the Authority may reasonably require to establish compliance with the Loan Agreement and (b) executes, delivers, registers, records and files such other instruments as the Authority and the Trustee may reasonably require to confirm, perfect or maintain the security granted under the Loan Agreement and the Resolution.

*(Section 17)*

### **Environmental Review and Historic Preservation**

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

*(Section 18)*

## **Use, Control and Sale of the Project**

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the University shall have sole and exclusive control and possession of and responsibility for the Project, the supervision of the activities conducted therein or in connection with any part thereof, the maintenance, repair and replacement of the Project; **provided, however**, that, except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit the use of the Project by persons other than the University, if, in the opinion of Bond Counsel, such use will not cause interest on the Series 2011A Bonds for purposes of federal income taxation.

*(Section 19)*

## **Restrictions on Religious Use**

The University agrees that with respect to the Project or portion thereof, so long as the Project or portion thereof exists and unless and until the Project or portion thereof is sold for the fair market value thereof, the Project or any 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; and **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 a portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to the 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 of real property thereof financed by Series 2011A Bonds is being used for any purpose proscribed by the Loan Agreement. The University further agrees that prior to any disposition of any portion of 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 the Project to the restriction that (i) so long as such portion of the Project (and, if included in the Project, the real property on or in which such portion of the Project is situated) shall exist and (ii) until such portion of the 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 the 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 20)*

## **Maintenance, Repair and Replacement**

The University agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the 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 condition, reasonable wear and tear excepted, and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted. The University 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 21)*

## **Covenant as to Insurance**

(a) The University agrees to maintain or cause to be maintained with insurance companies or by means or self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private

colleges and universities located in the State of a nature similar to that of the University, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. The University shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State.

(b) The University shall furnish to the Authority annually (1) a certificate or report of an Insurance Consultant that the insurance coverage maintained by the University is 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 University shall provide to the Authority summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

*(Section 22)*

### **Damage or Condemnation**

In the event of a taking of the Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project, then and in such event proceeds of any insurance, condemnation or eminent domain award shall, if in excess of \$1,000,000, be paid upon receipt thereof by the University or the Authority to the Trustee for deposit in the Construction Fund established in connection with the Project, and

(i) if within one hundred twenty (120) days from the receipt by the Authority of actual notice or knowledge of the occurrence, the University and the Authority agree in writing that the Project or the affected portion thereof shall be repaired, replaced or restored, the University 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 commercially possible with such changes and additions as shall be appropriate to the needs of the University and approved in writing by the Authority, such approval not to be unreasonably withheld or delayed. The funds required for such repair, replacement or restoration shall be paid, from time to time as the work progresses, subject to such conditions and limitations as the Authority may reasonably impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the University; or

(ii) If no agreement for the repair, restoration or replacement of the Project or the affected portion thereof shall be reached by the Authority and the University within such one hundred twenty (120) day period, the proceeds then held by the University shall be paid to the Trustee for deposit to 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 Series 2011A Bonds.

*(Section 23)*

### **Taxes and Assessments**

The University shall pay when due without penalty 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, renovating, repairing and replacing the Project and its equipment. The University shall file exemption certificates as required by law. The University agrees to exhibit to the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; **provided, however**, that the good faith contest of such impositions shall be deemed to be complete compliance with the requirements of the Loan Agreement if the University sets aside such reserves as may be required by good accounting practices. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the University, may pay (such payment shall be made under protest if so requested by the University) 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 University's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, Lien, charge, fee or penalty that would impair: (i) the interests or security of the Authority under the Loan Agreement, under the Series 2011A Resolution 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, under the Series 2011A Resolution or under the Resolution; or (iv) the ability of the University to fulfill the terms of the covenants or perform any of its obligations under the Loan Agreement or under the Resolution or the Series 2011A Resolution. The University agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 24)

### Defaults and Remedies

- (a) As used in the Loan Agreement the term “**Event of Default**” shall mean:
- (i) the University shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than amounts described in paragraph (a)(x) under the heading “Financial Obligations” above) or the payment of any other amounts required to be delivered or paid by the University in accordance with the Loan Agreement, the Series 2011A Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable as described in paragraph (a)(x) under the heading “Financial Obligations” above;
  - (ii) the University 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 University by the Authority or the Trustee or, if such default is not capable of being cured within thirty (30) days, the University fails to commence to cure the same within such thirty (30) days or to diligently prosecute the cure thereof;
  - (iii) as a result of any default in payment or performance required of the University under the Loan Agreement or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Series 2011A Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;
  - (iv) the University 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 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;
  - (v) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the University, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the University, or any petition for any such relief shall be filed against the University and such petition shall not be dismissed or stayed within ninety (90) days;
  - (vi) the charter of the University shall be suspended or revoked;

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

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

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

(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 University, which order shall remain undismissed or unstayed for the earlier of (A) three 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) a final judgment for the payment of money, at least one million dollars (\$1,000,000) of which is not covered by insurance or reserves set aside by the University, which in the judgment of the Authority will adversely affect the rights of the Holders of the Series 2011A Bonds shall be rendered against the University 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 University shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty-five (45) days, the execution of or levy under such judgment, order, decree or process for the enforcement thereof to have been stayed pending determination of such appeal.

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

(i) declare all sums payable by the University 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 the Series 2011A Bonds or the Construction Fund or otherwise to which the University may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or money for such purposes as are authorized by the Resolution and the Series 2011A Resolution;

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

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

(v) to the extent permitted by law, (A) enter upon the Project and complete the construction of the Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the University, consent to such entry being by the Loan Agreement given by the University, (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 University 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 University in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by

the University, whether or not previously incorporated into the construction of such Project, and (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 the Project, (2) pay, settle or compromise all bills or claims which may become Liens against the Project or against any money 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 or defects in the title to the Project or against any money 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 University 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 University to the Authority upon demand. The University irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the University for the purpose of exercising the rights granted to the Authority by provisions summarized in this subparagraph (v) during the term of the Loan Agreement;

(c) All rights and remedies in the Loan Agreement given or granted to the Authority are, to the extent permitted by law, 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.

(d) 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 (a)(i) 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 28)*

### **Investment of Money**

The University acknowledges that the Authority may in its sole discretion direct the investment of money held in the funds and accounts established by or pursuant to the Resolution or the Series 2011A 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, for any depreciation in value of any investment or for any loss, direct or indirect, resulting from any such investment. The Authority agrees that it shall direct the investment of the money held in the funds and accounts established in connection with the Series 2011A Bonds as soon as practicable when money is legally available therefor.

*(Section 30)*

### **Limitation on Agreements**

The University shall not enter into any contract or agreement or perform any act which may materially adversely affect any of the rights of the Authority under the Loan Agreement or of the Holders of any of the Series 2011A Bonds.

*(Section 32)*



### **Arbitrage; Tax Exemption**

Each of the University 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 Series 2011A Bonds, which would cause the Series 2011A Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Series 2011A Bonds at the time of such action, investment or use or otherwise cause interest on the Series 2011A Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation. Neither the University nor any "related person" (as such term is defined for purposes of Section 148 of the Code) shall purchase Series 2011A 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 University or by a related person of Series 2011A Bonds will not cause interest on the Series 2011A Bonds to be included in the gross income of the owners of the Series 2011A Bonds for purposes of federal income taxation.

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

In the event that the Authority is notified in writing that the Series 2011A 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 University. In the event that the University is notified in writing that the Series 2011A 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 University 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 Series 2011A Bonds. Upon request, the University covenants that it will provide such information as the Authority deems necessary to calculate the yield on the Series 2011A 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 Series 2011A Bonds. The University 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 University and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the University, the Authority will as soon as practicable provide the University with a copy of any such document, report or computation. The Authority will also provide the University with a copy of all documents or reports filed with the Department of Treasury of the United States of America relating to the rebate of earnings.

*(Section 33)*

### **Certificate as to Representations and Warranties**

The obligations of the Authority under the Loan Agreement and the delivery of the Series 2011A Bonds are conditioned upon the receipt by the Authority at or prior to delivery of the Series 2011A Bonds of a certificate of an Authorized Officer of the University 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 Series 2011A Bonds as if made on the date of delivery of the Series 2011A Bonds.

*(Section 34)*

**Further Assurances**

The University, 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 Authority's or the Trustee's rights under the Loan Agreement, and the interest of either of them in any other money, securities, funds and security interests created by the Loan Agreement or by the Resolution or Series 2011A Resolution or that by any of the same are pledged, assigned or granted, or intended so to be, or which the University may after the date of the Loan Agreement become bound to pledge, assign or grant to the Authority pursuant to the Loan Agreement.

*(Section 37)*

**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 an Authorized Officer of the University and the Authority, an executed counterpart of which shall be filed with the Trustee.

*(Section 38)*

**Termination**

The Loan Agreement shall remain in full force and effect until no Series 2011A Bonds are Outstanding and all other payments, expenses and fees payable under the Loan Agreement by the University shall have been paid or provision for the payment thereof have been made to the satisfaction of the Authority; **provided, however,** that the obligation of the University to indemnify the Authority under the Loan Agreement shall survive termination of the Loan Agreement. Upon termination of the Loan Agreement the Authority shall promptly deliver such documents as may be reasonably requested by the University to evidence such termination and the discharge of the University's duties under the Loan Agreement.

*(Section 39)*

**SUMMARY OF CERTAIN PROVISIONS  
OF THE RESOLUTION**

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

The following is a brief summary of certain provisions of the Resolution. 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 in the Resolution shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

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

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

*(Section 1.03)*

### **Assignment of Certain Rights and Remedies**

(a) As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of a Series and for the performance of each other obligation of the Authority under the Resolution with respect to such Series, the Authority may grant, pledge and assign to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the related Loan Agreement and the Collateral Security for such Loan Agreement, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement and Collateral Security, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance herewith) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Loan Agreement, including without limitation the right to declare the indebtedness under such Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon such Collateral Security, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Bondholders, and to perform all other necessary and appropriate acts under such Loan Agreement, subject to the following conditions:

(i) the Bonds of each Series shall be separately secured one from another by the Loan Agreement entered into in connection with a particular Series of Bonds, the Revenues derived from such Loan Agreement, and the Collateral Security given to secure the University's obligations under such Loan Agreement, and only the Bonds of the Series in connection with which such Loan Agreement was entered into shall be secured by such Loan Agreement;

(ii) that the Holders of the Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority; and

(iii) that, unless and until the Trustee, in its discretion exercised following an "Event of Default" under a Loan Agreement that is continuing, so elects, by an instrument in writing delivered to the Authority and the University (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 such Loan Agreement securing such 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 each Loan Agreement, provided to be observed and performed by it.

Upon the happening of an “event of default” as defined in the Resolution with respect to a Series of Bonds, other than a Determination of Taxability with respect to the Tax Exempt Bonds of any Series, the Authority shall assign to the Trustee for the benefit of the Holders of the Bonds of such Series all of its right, title and interest in and to the right of the Authority under the related Loan Agreement and Collateral Security to exercise any of the remedies provided thereby for the enforcement of the obligations of the University to make the payments thereunder, including the right to declare the indebtedness thereunder immediately due and payable.

Upon any assignment made pursuant to the Resolution, the Authority may retain the right to the payment of the fees, costs and expenses of the Authority payable pursuant to such Loan Agreement, the right to the indemnities provided thereby, the right to the payments, if any, required to be made pursuant to such indemnities and the right to exercise any of the remedies available thereunder for the enforcement of the obligations of the University the rights to which have been retained by the Authority. Such assignment shall be made by the execution and delivery to the Trustee of documents of assignment in form and substance reasonably acceptable to the Trustee.

Any grant, pledge or assignment made pursuant to the Resolution shall be evidenced by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority as soon as practicable after a Loan Agreement is entered into or security interest is made or given. 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.

(b) 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 University 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.

*(Section 1.04)*

## **Refunding Bonds**

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

The Refunding Bonds 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 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 subject to redemption prior to maturity pursuant to the provisions of 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 other than as summarized in the following paragraph, the Authority shall give written notice to the Trustee 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 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 Available 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 Trustee then holds for payment of the Redemption Price Available Money 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 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 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 through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of the Series and maturities to be redeemed in the manner provided in the Resolution, give the notice of redemption and pay out Available Money for the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, 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 the 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, 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 are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) 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. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue.

Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than 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 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 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, 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, Available Money for the redemption of all Bonds 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 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 the 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 Available Money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

*(Section 4.06)*

## Purchase of Purchased Bonds

Whenever Bonds are to be purchased at the election of the University, written notice thereof and of the Bonds of the Series and maturity to be so purchased having been given by the University to the Authority, the Trustee, and each applicable provider of a Letter of Credit or financial guaranty insurance policy, 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 University has caused to be delivered to the Trustee the written consent to such purchase of the Authority and each applicable provider of a Letter of Credit or financial guaranty insurance policy. All such purchases may be subject to conditions of the Authority, the Trustee and any provider of a Letter of Credit or financial guaranty insurance policy to the University'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 University.

*(Section 4.07)*

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

### **Pledge of Revenues**

The proceeds from the sale of the Bonds of a Series, the Revenues derived from the Loan Agreement entered into in connection with the Bonds of such Series or from any realization upon any Collateral Security given in connection with such Loan Agreement, and, except as otherwise provided in the Resolution, all funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds are by the Resolution pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Bonds of such Series and as security for the performance of any other obligation of the Authority under the Resolution and under the Series Resolution authorizing the issuance of such Series of Bonds, all in accordance with the provisions of the Resolution and the Series Resolution.

The pledges made under the Resolution are valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, all funds and accounts established by or pursuant to any Series Resolution which are pledged by the Resolution and the Authority's security interests in the Collateral Security 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 the Bonds of such Series, the Revenues, all the funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series which are pledged by the Resolution as provided in the Resolution and the Authority's security interest in the Collateral Security.

*(Section 5.01)*

**Establishment of Funds and Accounts**

Each Series Resolution shall establish or delegate the establishment of the following funds and accounts, which shall be for the sole benefit of and solely secure the Series of Bonds authorized by such Series Resolution:

- Construction Fund:
  - Project Account;
  - Capitalized Interest Account; and
  - Cost of Issuance Account; and
- Debt Service Fund.

In addition to the funds and accounts required to be established by or pursuant to each Series Resolution, there is by the Resolution established an Arbitrage Rebate Fund to be held by the Trustee as custodian for the Authority, which fund is not pledged to the payment of any Bonds. The Authority is authorized under the Resolution in connection with the issuance of a Series of Bonds to establish such other funds, accounts and subaccounts in connection with such Series of Bonds as the Authority or the Trustee deems proper, necessary or desirable, including but not limited to a Debt Service Reserve Fund.

All money at any time deposited in any fund, account or subaccount created or required to be created by a Series Resolution and pledged by the Resolution shall be held in trust for the benefit of the Holders of the Outstanding Bonds secured thereby, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution. Notwithstanding the foregoing, (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 a Series of Bonds, the Trustee shall deposit in the Construction Fund established in connection with such Series of Bonds 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 such Construction Fund any money paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of any Project (including the proceeds of any insurance of condemnation award to be so applied) and all amounts paid by the University which by the terms of the Loan Agreement executed in connection with such Series of Bonds 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 a Construction Fund shall be used only to pay the Costs of Issuance of the Series of Bonds in connection with which such Construction Fund was established and the Costs of the Project for which such Construction Fund was established.

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 the 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 signed by an Authorized Officer of the University identifying 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 the Project, except that payments to pay interest on Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the applicable Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the University with respect to the Project for which the Construction Fund was established 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 University, which certificate shall be delivered as soon as practicable after the date of completion of the Project, or upon delivery to the University 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 the Project. Any such certificate shall state that the Project has been completed substantially in accordance with the plans and specifications, if any, applicable to the Project and that the Project is ready for occupancy or use, and, in the case of a certificate of an Authorized Officer of the University, shall specify the date of completion.

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

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

Second: To the related 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 applicable Debt Service Fund:

(i) in the case of Revenues received during the first six months of each Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on the Outstanding Bonds of the Series for which such Debt Service Fund was established payable subsequent to the first day of such Bond Year and on and prior to the first day of the second half of the Bonds Year, 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) one-half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond Year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the first day of the second half of the Bond Year, 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 the Outstanding Bonds of such Series payable subsequent to the first day

of the second half of the Bond Year and on and prior to the first day of the next succeeding Bond Year, 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) one-half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond Year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the first day of the next succeeding Bond Year, plus accrued interest thereon to the date of purchase or redemption;

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

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

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

*(Section 5.05)*

#### **Debt Service Fund**

(a) The Trustee shall pay out of the Debt Service Fund established in connection with Bonds of a Series other than Letter of Credit Secured Bonds, when due:

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

(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 (or such other date as provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds) 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 established in connection with the Bonds of a Series, other than Letter of Credit Secured Bonds, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of such Series to be redeemed from such Sinking Fund Installment. In addition, the University pursuant to a Loan Agreement may deliver, at any time subsequent to July 1 (or such other date as provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds) 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 such Series 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 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.

*(Section 5.06)*

### **Arbitrage Rebate Fund**

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

Money on deposit an 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 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 applicable 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 each Series of Bonds and (ii) if and to the extent required by the Code, pay out of such 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 the Available Money held in the Debt Service Fund established in connection with a Series of Bonds for the payment of the principal and Sinking Fund Installments of the Bonds of such Series, together with the Available Money held in the Debt Service Reserve Fund established for such Bonds, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of such 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 such Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the University. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Bonds in the manner provided for redemption of such Bonds by the Resolution and by each 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 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 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 the Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; ***provided, however,*** (a) that if the securing of such 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 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 any Bonds, or for the Trustee to give security for any money which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such money.

*(Section 6.01)*

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

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

(b) In lieu of the investments of money in obligations 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 a Construction Fund or Debt Service Reserve 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 section. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the University in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of the Resolution 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 any Series of Bonds or any other funds of the Authority shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

*(Section 6.02)*

### **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 or made or intended to be created or made, or which the Authority may hereafter become bound to pledge or assign.

*(Section 7.04)*

#### **Accounts and Audits**

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



made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

*(Section 7.05)*

### **Creation of Liens**

Except as permitted by the Resolution with respect to the Shared Collateral or the Revenues, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of the Bonds, the Revenues, the Collateral Security and the funds and accounts established by the Resolution or pursuant to any Series Resolution; *provided, however*, that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations or otherwise incurring indebtedness under another and separate resolution or otherwise so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created pursuant to the Resolution.

*(Section 7.06)*

### **Enforcement of Duties and Obligations of the Institution**

The Authority shall take all legally available action to cause the University to perform fully all duties and acts and comply fully with the covenants of the University required by a Loan Agreement in the manner and at the times provided in such 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 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 University 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 to be deposited in the Construction Fund, any money paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of any 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 may be presented for payment, registration, transfer or exchange and the Trustee is by the Resolution appointed the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

*(Section 7.09)*

### **Amendment of Loan Agreement**

Each Loan Agreement may, without the consent of the Holders of Bonds, be amended, changed, modified, altered or supplemented for any one or more purposes: (i) to add an additional covenant or agreement for the purpose of further securing the payment of the University's obligations under the Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the University contained in the Loan Agreement; (ii)

to prescribe further limitations and restrictions upon the University's right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (iii) to surrender any right, power or privilege reserved to or conferred upon the University, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the University contained in the Loan Agreement; (iv) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any Project, to amend the description of any Project or to add an additional Project; (v) to establish, amend or modify the Authority Fee or the Annual Administrative Fee payable by the University in connection with the Bonds of a Series; or (vi) with the prior written 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 or to amend, modify or waive any other provision of the Loan Agreement, provided that the same does not adversely affect the interests of the Bondholders in any material respect.

Notwithstanding the provisions summarized above, the Loan Agreement relating to a Series of Bonds may not be amended, changed, modified, altered or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds of such Series as provided in the Resolution if such amendment, change, modification, alteration, termination or waiver (i) reduces the amount of Revenues payable by the University under the Loan Agreement on any date or delays the date on which payment is to be made, (ii) modifies the events which constitute Events of Default under the Loan Agreement, (iii) diminishes, limits or conditions the rights or remedies of the Authority under the Loan Agreement upon the occurrence of an Event of Default thereunder, or (iv) adversely affects the rights of the Bondholders in any material respect.

No such amendment, change, modification, alteration, termination or waiver shall take effect unless the prior written consent of the Holders of at least a majority in principal amount of the Bonds then Outstanding of the affected Series; **provided, however**, that if such amendment, change, modification, alteration, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified maturity of such Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution.

No amendment, change, modification or termination of a Loan Agreement, or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification, alteration or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee and a copy thereof shall be sent to the affected Bank.

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

For the purposes of the portion of the Resolution summarized in this subsection, the purchasers of Bonds, whether purchasing as underwriters, Remarketing Agent or otherwise for resale, may upon such purchase consent to an amendment, change, modification, alteration, termination or waiver permitted by 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, Remarketing Agent or otherwise for resale, the nature of the amendment, change, modification, alteration, termination or waiver and the provisions for the purchaser consenting thereto will 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 portion of the Resolution summarized in this subsection, a Series shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect, which determination shall be made without regard to the existence of any financial guaranty insurance policy issued in connection with such Bonds or a Letter of Credit for such Bonds. 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 will be binding and conclusive on the University, the Authority and all Holders of Bonds.

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

*(Section 7.11)*

#### **Notice as to Event of Default under Loan Agreement**

The Authority shall notify the Trustee in writing of any “Event of Default” under a Loan Agreement, as such term is defined in such Loan Agreement, that 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 Resolutions or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (e) To confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or 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 a Project; or

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

*(Section 9.01)*

### **Supplemental Resolutions Effective With Consent of Bondholders**

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the 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 University and the Rating Service upon its becoming effective.

*(Section 9.02)*

### **General Provisions Relating to Series Resolutions and Supplemental Resolutions**

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution summarized under the heading “**Further Assurance**” above, or the right or obligation of the Authority to execute and deliver to the Trustee any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee.

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 University and to each Liquidity Facility Provider upon its becoming effective.

The Trustee is by the Resolution 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 shall become effective without the written consent of the Trustee.

*(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, 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 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 of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect.

The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of 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; **provided, however**, that such determination shall be made without regard to the existence of any financial guaranty insurance policy issued in connection with such Bonds or a Letter of Credit for such Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the University 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 for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution).

Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds 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. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution as summarized below. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for 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 shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the

Resolution, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee 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, and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; ***provided, however,*** that the Authority and the Trustee 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 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 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 each Series Resolution (therein called an “event of default”) if:

- (a) With respect to Bonds of a Series, payment of the principal, Sinking Fund Installments or Redemption Price of any Bond shall not be made by the Authority when the same shall otherwise become due and payable; or
- (b) With respect to Bonds of a Series, 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 the Tax Exempt Bonds of any Series, a Determination of Taxability shall have occurred and be continuing; or

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

(e) With respect to Bonds of a Series, an “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the University under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

*(Section 11.02)*

### **Acceleration of Maturity**

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in the Resolution, then and in every such case the Trustee, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of each Series, shall, by a notice in writing to the Authority and each Rating Service, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or in the Bonds to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Funds 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; (iii) all other amounts then payable by the Authority under the Resolution and under each Series Resolution (other than principal amounts payable only because of a declaration and acceleration under 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 any Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the section of the Resolution summarized in this paragraph) 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) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under any Series Resolution or in aid or execution of any power in the Resolution or therein granted, or for an

accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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

*(Section 11.04)*

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

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy thereunder 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 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 by the Resolution declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds secured by the Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds. Notwithstanding any other provision of the Resolution, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

*(Section 11.08)*

### **Defeasance**

#### **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 Authority the amount



certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(b) Bonds for the payment or redemption of which Available Money shall have been set aside and shall be held in trust by the Trustee (through deposit of Available 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 a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above 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 Available Money in an amount which shall be sufficient, or Defeasance Securities purchased with Available Money the principal of and interest on which when due will provide money which, together with the Available Money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be;

(iii) 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;

(iv) the Trustee shall have received an Opinion of Bond Counsel with respect to the proposed defeasance; and

(v) the Trustee shall have received a Verification Report.

The Authority shall give written notice to the Trustee and each Rating Service 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 above 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(c) For the purpose 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, in accordance with the provisions of the Resolution, 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 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(d) For the purpose of determining whether an Option Bond shall be deemed to have been paid in accordance with the provisions of the Resolution summarized in this subsection, there shall be deposited with the Trustee Available 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 (d). 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(e) Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee after 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 to the Authority as its absolute property and free from trust, and the Trustee 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 may, at the

expense of the Authority, cause to be published in an Authorized Newspaper a notice that such money remains unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such money then unclaimed shall be returned to the Authority.

*(Section 12.01)*

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**FORM OF APPROVING OPINIONS  
OF CO-BOND COUNSEL**

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**FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL**

To Be Rendered By Each Of  
Squire, Sanders & Dempsey (US) LLP and KnoxSeaton

September \_\_, 2011

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 \$90,000,000 Yeshiva University Revenue Bonds, Series 2011A (the "Series 2011A Bonds"), dated the date of this letter.

The Series 2011A 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 Yeshiva University Revenue Bond Resolution, adopted on June 24, 2009 and the Series Resolution Authorizing Up To \$90,000,000 Yeshiva University Revenue Bonds, Series 2011A, adopted on June 22, 2011 (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 2011A Bonds, a copy of the signed and authenticated Series 2011A Bond of the first maturity and the Loan Agreement, dated as of June 22, 2011 (the "Loan Agreement"), between the Authority and Yeshiva University (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 2011A 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

debt service on the Series 2011A Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2011A 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 2011A 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 2011A Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on the Series 2011A 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 2011A Bonds.

We are further of the opinion that the difference between the principal amount of the Series 2011A Bonds maturing on November 1, 2025 and November 1, 2026 (“Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount (“OID”). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above, as other interest on the Series 2011A Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond at its issue price in the initial public offering who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Initial purchasers of the Series 2011A Bonds maturing on November 1, 2014 through November 1, 2022, inclusive, November 1, 2031 and November 1, 2040, 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 2011A 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 2011A Bonds may cause interest on the Series 2011A 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 2011A Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinions of counsel to the Institution, regarding 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 2011A 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 2011A 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 2011A Bonds to be included in gross income retroactively to the date of the issuance of the Series 2011A 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 2011A 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 2011A 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 2011A 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 2011A Bonds has concluded on this date.

Respectfully submitted,

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