

In the opinion of Nixon Peabody LLP, New York, New York, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer and the University, described herein, interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel also is of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Series 2013 Bonds also is exempt from personal income taxes imposed by the State of New York and its political subdivisions. See "Tax Matters" herein regarding certain other tax considerations.



\$45,080,000
TOWN OF HEMPSTEAD
LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, SERIES 2013
(ADELPHI UNIVERSITY PROJECT)



Dated: Date of Delivery

Due: September 1, as shown on
the inside front cover

The above-referenced bonds (the "Series 2013 Bonds") are special obligations payable solely out of the revenues or other receipts, funds or monies of the Town of Hempstead Local Development Corporation (the "Issuer") pledged therefor or otherwise available to The Bank of New York Mellon, as trustee (the "Trustee"), for the payment thereof, including those derived under a Loan Agreement, dated as of November 1, 2013, between the Issuer and Adelphi University (the "University" or "Adelphi").

Capitalized terms used in this Official Statement (including this cover page) shall have the meanings ascribed to such terms in Appendix B hereto unless otherwise specified herein.

The Series 2013 Bonds are issuable only in fully registered form, without coupons, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2013 Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 2013 Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Series 2013 Bonds. See "THE SERIES 2013 BONDS - Book-Entry Only System" herein.

The Series 2013 Bonds will be dated and will bear interest from the date of delivery thereof. Interest on the Series 2013 Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2014. Principal of, Redemption Price of, and interest on the Series 2013 Bonds will be paid directly to DTC by The Bank of New York Mellon, as Trustee and Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The Series 2013 Bonds are subject to optional redemption, mandatory redemption and extraordinary redemption, without premium, prior to maturity as described herein.

THE SERIES 2013 BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER AND NEITHER THE STATE OF NEW YORK, NOR ANY MUNICIPALITY OF THE STATE (INCLUDING WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK) IS OBLIGATED TO PAY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR ANY MUNICIPALITY OF THE STATE (INCLUDING THE TOWN OF HEMPSTEAD, NEW YORK) IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, REDEMPTION PRICE OF, OR INTEREST ON THE SERIES 2013 BONDS. THE SERIES 2013 BONDS ARE PAYABLE SOLELY FROM AND ARE SECURED BY RECEIPTS AND REVENUES OF THE ISSUER UNDER THE LOAN AGREEMENT AND OTHER MONIES AVAILABLE THEREFOR AS DESCRIBED HEREIN. THE ISSUER HAS NO TAXING POWER.

The Series 2013 Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriter subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the University by its counsel, Farrell Fritz, P.C., Uniondale, New York, for the Issuer by its counsel, Ryan, Brennan & Donnelly LLP, Floral Park, New York and for the Underwriter by its counsel, Greenberg Traurig, LLP, Philadelphia, Pennsylvania. It is expected that the Series 2013 Bonds in definitive form will be available for delivery through the facilities of DTC on or about November 14, 2013, in New York, New York, against payment therefor.

BofA Merrill Lynch

\$45,080,000
TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, SERIES 2013
(ADELPHI UNIVERSITY PROJECT)

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Year (September 1)	Principal Amount	Interest Rate	Yield	CUSIP Number [†]
2017	\$ 860,000	4.000%	1.570%	424682 EE8
2018	900,000	5.000	1.930	424682 EF5
2019	945,000	5.000	2.350	424682 EG3
2020	995,000	5.000	2.770	424682 EH1
2021	1,035,000	3.000	3.080	424682 EJ7
2022	1,075,000	5.000	3.300	424682 EK4
2023	1,130,000	5.000	3.490	424682 EL2
2024	1,190,000	5.000	3.650*	424682 EM0
2025	1,250,000	5.000	3.810*	424682 EN8
2026	1,310,000	4.000	4.020	424682 EP3
2027	1,360,000	4.000	4.170	424682 EQ1
2028	1,420,000	4.125	4.320	424682 ER9
2029	1,480,000	4.250	4.450	424682 ES7
2030	1,545,000	4.500	4.570	424682 ET5
2031	1,615,000	4.500	4.660	424682 EU2
2032	1,690,000	4.500	4.750	424682 EV0
2033	1,770,000	4.625	4.810	424682 EW8

\$10,295,000 5.00% Term Bond due September 1, 2038 (Priced at 100.996% to Yield 4.870%* CUSIP 424682EX6)

\$13,215,000 5.00% Term Bond due September 1, 2043 (Priced at 100.377% to Yield 4.950%* CUSIP 424682 EY4)

[†] The CUSIP numbers listed above are provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2013 Bonds and neither the Issuer nor the University makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2013 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity 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 certain maturities of the Series 2013 Bonds.

*Priced to first optional redemption date of September 1, 2023.

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
(State of New York)
350 Front Street
Hempstead, New York 11556

Chairman	Theodore P. Sasso, Jr.
Vice Chairman	Paul F. Conte
Treasurer	Jonathan B. Kohan
Secretary	Cheryl Petri
Member	Ari Brown
Member	Dan Grodotzke

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New York, New York

TRUSTEE
The Bank of New York Mellon
New York, New York

UNDERWRITER
Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

No person has been authorized to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the University, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2013 Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which it is unlawful to make such offer, solicitation or sale. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2013 Bonds. The information set forth herein has been obtained from the Issuer, the University and other sources believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriter. Statements contained in this Official Statement which involve estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the University since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more nationally recognized municipal securities information repositories.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” 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 that have been projected. Such risks and uncertainties which could affect the amount of revenue collected by the University include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the University. Such forward-looking statements speak only as of the date of this Official Statement. The Issuer and the University disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the University’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE SERIES 2013 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS CONTAINED IN SUCH ACTS.

The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE UNIVERSITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2013 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2013 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT

\$45,080,000

**TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, SERIES 2013
(ADELPHI UNIVERSITY PROJECT)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the Table of Contents and the Appendices hereto, is to furnish certain information with respect to the issuance by the Town of Hempstead Local Development Corporation (the “Issuer”) of its Revenue Bonds, Series 2013 (Adelphi University Project) in the aggregate principal amount of \$45,080,000 (the “Series 2013 Bonds”). The Series 2013 Bonds are being issued pursuant to a certain Indenture of Trust, dated as of November 1, 2013 (the “Indenture”), to be entered into by and between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”).

Reference is hereby made to the Indenture for a description of the property pledged, assigned and otherwise available for the payment of the Series 2013 Bonds, the provisions, among others, with respect to the nature and extent of the security for the Series 2013 Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Owners of the Series 2013 Bonds, and the terms upon which the Series 2013 Bonds are issued and secured. Capitalized terms used in this Official Statement but not otherwise defined shall have the meanings assigned thereto in “Appendix B - Schedule of Definitions and Summary of Documents.”

The Series 2013 Bonds are authorized to be issued pursuant to the New York Membership Corporation Law as in effect in 1966, as superseded by Section 1411 of the New York Not-For-Profit Corporation Law (the “Act”) and resolutions of the Issuer adopted on October 2, 2013 and October 25, 2013 (collectively, the “Issuer Resolution”).

The proceeds of the Series 2013 Bonds, together with other available funds of Adelphi University (“Adelphi” or the “University”) are being used to finance the costs of certain facilities located on portions of the University’s approximately 70 acre campus in the Village of Garden City, Town of Hempstead, Nassau County, New York (the “Garden City Campus”). The Series 2013 Bonds will be issued by the Issuer and the proceeds of the Series 2013 Bonds will be used by the University for the following purposes: (A) the construction of an approximately 99,691 square foot building to be known as the Nexus Building and Welcome Center, which will house (i) the College of Nursing and Public Health, (ii) The Center for Health Innovation, (iii) Admissions and Alumni Relations offices, (iv) the Writing Center, (v) classrooms and faculty offices, and (vi) other education offices; (B) the renovation, equipping and furnishing of existing buildings known as Levermore Hall, Alumnae Hall, and Earle Hall, including, but not limited to, electrical upgrades, asbestos abatement, bathroom renovations and general repairs; (C) the financing of the costs of other maintenance projects at the Garden City Campus (subsections (A) through (C) are hereinafter collectively referred to as the “2013 Project”); and (D) the payment of certain costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments derived from the Loan Agreement, dated as of November 1, 2013 (the “Loan Agreement”), between the Issuer and the University, and pledged to the Trustee under the terms of the Indenture and as otherwise provided in the Indenture. The Series 2013 Bonds are not secured by any mortgage lien on or security interest in the 2013 Project or in any other real or personal property of

the University. The payment of the principal of, Redemption Price of and interest on the Series 2013 Bonds is an unconditional obligation of the University.

The principal of, Redemption Price of and interest on the Series 2013 Bonds shall not constitute or give rise to an obligation of the State of New York (the "State") or any municipality or subdivision thereof (including, without limitation, the Town of Hempstead, New York) and neither the State nor any municipality or political subdivision thereof (including, without limitation, the Town of Hempstead, New York) shall be liable thereon, and further such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute special obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the Loan Agreement (except for Unassigned Rights).

The Series 2013 Bonds will bear interest payable on each March 1 and September 1, commencing March 1, 2014 (each an "Interest Payment Date") to the Owner in whose name each Series 2013 Bond is registered at the close of business on the Record Date with respect to such Interest Payment Date (1) by check or draft mailed on the Interest Payment Date to each registered Owner, or (2) by wire transfer on the Interest Payment Date to each Owner of at least \$500,000 in aggregate principal amount of Bonds, upon written notice provided by the Owner to the Trustee not later than five (5) days prior to the Record Date for such Interest Payment Date. Except as provided in the Series 2013 Bonds and the Indenture, payment of interest upon redemption of any Series 2013 Bond shall be made only upon presentation and surrender of such Bond as provided in the Indenture, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Interest Payment Date. See "THE SERIES 2013 BONDS."

Pursuant to the Indenture, all payments due from the University to the Issuer under the Loan Agreement (except for Unassigned Rights and except for the moneys and investments from time to time in the Rebate Fund, established under the Indenture) are assigned by the Issuer to the Trustee to secure the payment of the principal or Redemption Price of and interest on the Series 2013 Bonds.

Payments under the Loan Agreement are to be made by the University to the Trustee in amounts sufficient, together with any moneys then held by the Trustee and available for such purpose, to pay the principal or Redemption Price of, and interest on the Series 2013 Bonds as the same become due, whether at maturity, upon redemption or by acceleration or otherwise. The payments under the Loan Agreement are an absolute and unconditional obligation of the University.

Pursuant to a Tax Compliance Agreement, dated the date of issuance of the Series 2013 Bonds, between the University and the Issuer, the University has made various covenants in connection with (i) the preservation of the exclusion of the interest on the Series 2013 Bonds from gross income for federal income tax purposes and (ii) for purposes of compliance with the arbitrage rebate requirements set forth in the Treasury Regulations. See "TAX MATTERS."

Brief descriptions follow of the Issuer, the Plan of Finance, Estimated Sources and Uses of Funds, the Series 2013 Bonds, Debt Service Requirements, Security for the Series 2013 Bonds, the University, Tax Matters, Independent Auditor, Absence of Litigation, Underwriting, Rating, Legality for Investment, Legal Matters and Secondary Market Disclosure. Appendix A contains the Audited Financial Statements of the University for the years ended August 31, 2012 and 2011. Appendix B contains a Schedule of Definitions used herein and summaries of each of the Indenture and the Loan Agreement. Appendix C contains a form of the opinion of Bond Counsel, which Nixon Peabody LLP, New York, New York, proposes to render upon the delivery of the Series 2013 Bonds. Appendix D contains a form of the Continuing Disclosure Agreement to be entered into by the University and the Trustee. The descriptions and summaries previously listed do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the respective documents and to "Appendix B - Schedule of Definitions and

Summary of Documents.” All such descriptions and summaries are further qualified in their entirety by reference to bankruptcy laws, insolvency or other laws or enactments now or hereafter enacted by the State or the United States relating to or affecting generally the enforcement of creditor’s rights and the availability of equitable remedies, and to the extent, if any, that enforceability of the indemnification and contribution provisions of the Bond Documents may be limited by law. Insofar as any statements are made in this Official Statement involving matters of opinion, regardless of whether so stated, they are intended merely as such and not as representations of fact. Copies of the Bond Documents may be obtained, upon written request, from the Underwriter during the offering period and, after the initial delivery of the Series 2013 Bonds, at the corporate trust office of the Trustee located at 101 Barclay Street, 7th Floor West, New York, New York 10286 (the “Office of the Trustee”).

The information appearing in this Official Statement relating to the 2013 Project, the use of the Bond proceeds and the University has been furnished by the University, and neither the Issuer nor the Underwriter makes any representation or warranty as to the accuracy or completeness of such information.

THE ISSUER

The Issuer was established in 1966 as a local development corporation pursuant to the Act for the purpose of promoting the economic welfare of the inhabitants of the Town of Hempstead and promoting, attracting, encouraging and developing economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration. The Town of Hempstead, New York (the “Town”) is the sole member of the Issuer. The Town as the sole member of the Issuer, acting through the Town Board, appoints the Board of Directors of the Issuer.

As provided in the Act, the Issuer is authorized and empowered to: (i) make a loan to the University pursuant to the Loan Agreement; (ii) issue, execute and deliver the Series 2013 Bonds; (iii) secure the Series 2013 Bonds by a pledge of the moneys payable by the University under the Loan Agreement; and (iv) enter into the Bond Documents.

By adopting the Issuer Resolution, the Issuer has taken official action relating to the issuance of the Series 2013 Bonds. The Issuer has held the required public hearings, in compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to the issuance of the Series 2013 Bonds, following the timely publication of notice of the hearing. In addition, the Issuer determined that, based upon its review of the materials submitted and the representations made by the University relating to the issuance of the Series 2013 Bonds and the 2013 Project, the issuance of the Series 2013 Bonds and the 2013 Project would not have a “significant impact” or “significant effect” on the environment, within the meaning of the SEQRA Act. By a Certificate of Approval executed by the Applicable Elected Representative (as defined in the Code), the Supervisor of the Town of Hempstead, New York approved the issuance of the Series 2013 Bonds and, based upon a review of the materials submitted and the representations made by the University relating to the 2013 Project, concurs in the Issuer’s determination under the SEQRA Act.

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The Board of Directors of the Issuer is presently composed of members appointed by the Town of Hempstead. The names and positions of the current members of the Issuer are as follows:

<u>Position</u>	<u>Name</u>
Chairman	Theodore P. Sasso, Jr.
Vice Chairman	Paul F. Conte
Treasurer	Jonathan B. Kohan
Secretary	Cheryl Petri
Member	Ari Brown
Member	Dan Grodotzke

The Executive Director and Chief Executive Officer and the Deputy Executive Director and Chief Financial Officer of the Issuer are appointed by the Board of Directors of the Issuer. The Executive Director and Chief Executive Officer of the Issuer is Frederick E. Parola, Esq. and the Deputy Executive Director and Chief Financial Officer of the Issuer is Edith M. Longo.

PLAN OF FINANCE

The Series 2013 Bonds are being issued to finance the costs of certain facilities located on portions of the University's Garden City Campus. The proceeds of the Series 2013 Bonds will be used by the University for the following purposes: (A) the construction of an approximately 99,691 square foot building to be known as the Nexus Building and Welcome Center, which will house (i) the College of Nursing and Public Health, (ii) The Center for Health Innovation, (iii) Admissions and Alumni Relations offices, (iv) the Writing Center, (v) classrooms and faculty offices, and (vi) other education offices; (B) the renovation, equipping and furnishing of existing buildings known as Levermore Hall, Alumnae Hall, and Earle Hall, including, but not limited to, electrical upgrades, asbestos abatement, bathroom renovations and general repairs; (C) the financing of the costs of other maintenance projects at the Garden City Campus; and (D) the payment of certain costs of issuance of the Series 2013 Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds. The payment of additional costs related to the 2013 Project will be paid from the University's own funds.

Sources of Proceeds

Principal Amount of Bonds	\$45,080,000.00
Plus Net Original Issue Premium	<u>923,623.50</u>
 Total Sources	 <u>\$46,003,623.50</u>

Uses of Proceeds

Deposit to Project Fund	\$45,233,071.86
Costs of Issuance*	<u>770,551.64</u>
 Total Uses	 <u>\$46,003,623.50</u>

* Including, but not limited to, fees of the Issuer, attorneys' fees, rating agency fees, trustee fees and underwriter's discount.

THE SERIES 2013 BONDS

Description of the Series 2013 Bonds

The following is a summary of certain provisions of the Series 2013 Bonds and should not be considered a full statement thereof. Reference is made to the Indenture (including the form of Series 2013 Bond) for the detailed provisions thereof and the discussion herein is qualified by such reference.

General Provisions

The Series 2013 Bonds are dated the date of delivery. The Series 2013 Bonds mature on September 1 of the years and bear interest at the rates set forth on the inside front cover page hereof, and are issuable in the form of fully registered bonds without coupons in minimum denominations of \$5,000 or integral multiples thereof. The Series 2013 Bonds will bear interest, computed on the basis of a 360 day year composed of twelve 30-day months, from the date of delivery, payable on each Interest Payment Date.

Interest on the Series 2013 Bonds due on any Interest Payment Date shall be payable to the Owner in whose name each Series 2013 Bond is registered at the close of business on the Record Date with respect to such Interest Payment Date by (1) check mailed on the Interest Payment Date to the Owner or (2) by wire transfer on the Interest Payment Date to each Owner of not less than \$500,000 in aggregate principal amount of Series 2013 Bonds, upon written notice provided by each Owner to the Trustee not later than five (5) days prior to the Record Date for such Interest Payment Date, except that payment of interest upon redemption of any Series 2013 Bonds shall be made only upon presentation and surrender of such Series 2013 Bond as provided in the Indenture, irrespective of any transfer or exchange of such Series 2013 Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the Issuer shall default in the payment of interest due on such Interest Payment Date. In the event of any

such default, such defaulted interest shall be payable to the Person in whose name such Series 2013 Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by or on behalf of the Issuer to the Owners of Series 2013 Bonds not less than fifteen (15) days preceding such special record date. Such notices shall be mailed to the Persons in whose name the Series 2013 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of interest on Series 2013 Bonds by mail will be made to the registered address of the Person entitled thereto.

Payment of the principal and, in the case of any Series 2013 Bonds redeemed prior to maturity, payment of the Redemption Price, if any, and interest accrued to the Redemption Date, shall be made, upon presentation and surrender at the principal corporate trust office of the Trustee, or at the office designated for such payment by any successor trustee or paying agent or at such other place as may be agreed upon in advance by the Trustee and the Owner of a Series 2013 Bond. The principal of, Redemption Price of, and interest on the Series 2013 Bonds are payable in lawful money of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

Redemption Prior to Maturity

The Series 2013 Bonds are subject to optional, mandatory and extraordinary redemption prior to their stated maturity as described below.

Mandatory Redemption. The Series 2013 Bonds are subject to redemption prior to maturity by the Issuer, in whole or in part, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date, from moneys deposited into the Bond Fund from the unused balance of the Project Fund and the Renewal Fund pursuant to the Indenture.

The Series 2013 Bonds maturing on September 1, 2038 and September 1, 2043 are subject to redemption in part by lot by operation of Sinking Fund Payments. The amounts and due dates of the Sinking Fund Payments for the Series 2013 Bonds are set forth below:

Year (September 1)	Principal Amount	Year (September 1)	Principal Amount
2034	\$1,855,000	2039	\$2,385,000
2035	1,955,000	2040	2,510,000
2036	2,055,000	2041	2,635,000
2037	2,160,000	2042	2,770,000
2038*	2,270,000	2043*	2,915,000

* Final Maturity

Optional Redemption. The Series 2013 Bonds maturing on or after September 1, 2024 are subject to redemption prior to maturity by the Issuer, at the option of the University, on or after September 1, 2023, in whole at any time or in part at any time, at the Redemption Prices equal to 100% of the principal amount thereof plus accrued interest.

Extraordinary Redemption of Bonds. The Series 2013 Bonds are subject to extraordinary mandatory redemption prior to maturity in whole or in part on any Interest Payment Date, without premium or penalty, at a Redemption Price equal to 100% of the principal amount thereof, plus interest accrued to the Redemption Date upon the occurrence of any one of the following events:

(i) the 2013 Project shall have been damaged or destroyed to such extent that, in the opinion of an Authorized Representative of the University, (a) the 2013 Project cannot be reasonably restored within a period of eighteen (18) consecutive months after such damage or destruction, (b) the University is thereby prevented or is reasonably expected to be thereby prevented from carrying on its normal operations within the 2013 Project for a period of eighteen (18) consecutive months after such damage or destruction, (c) or the cost of restoration of the 2013 Project would exceed the Net Proceeds of insurance carried thereon, plus the amount for which the University is self-insured, if any, as the result of permitted deductible amounts under the Loan Agreement; or

(ii) title to, or the use of, all or any material part of the 2013 Project shall have been taken by Condemnation so that in the opinion of an Authorized Representative of the University, the University is thereby prevented from carrying on its normal operations therein for a period of eighteen (18) consecutive months after such taking.

Mandatory Taxability Redemption. The Series 2013 Bonds shall be redeemed in whole as soon as practicable after the occurrence of an Event of Taxability and the receipt by the Trustee of written notice of the occurrence of an Event of Taxability (but in no event later than one hundred twenty (120) days following the date a Responsible Officer of the Trustee is notified of an Event of Taxability) from any Owner or the University, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest from the Tax Incidence Date to the Redemption Date.

Notice of Redemption

When the Series 2013 Bonds are to be redeemed pursuant to the Indenture, the Trustee shall give notice of the redemption of the Series 2013 Bonds in the name of the Issuer stating: (i) the Series 2013 Bonds to be redeemed; (ii) the Redemption Date; (iii) that such Series 2013 Bonds will be redeemed at the Office of the Trustee; (iv) that on the Redemption Date there shall become due and payable upon each Series 2013 Bond to be redeemed the Redemption Price thereof, together with interest accrued to the Redemption Date; and (v) that from and after the Redemption Date interest thereon shall cease to accrue. Any notice of redemption may be conditioned upon the Trustee's receipt of sufficient funds on or prior to the Redemption Date to effect such redemption. If sufficient funds are not on deposit with the Trustee on or before the Redemption Date, the notice of redemption shall be rescinded and be of no further force or effect.

Notice of redemption required by the Indenture shall be given by mailing at least thirty (30) days and not more than sixty (60) days prior to such Redemption Date to the Owner of each Series 2013 Bond to be redeemed at the address shown on the registration books; provided, however, that the failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of the Series 2013 Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event any Series 2013 Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and, upon its request, the Trustee shall authenticate and deliver, a new bond of like maturity, interest rate and principal amount and bearing the same number (or such other number as the Trustee shall permit) as the mutilated, destroyed, lost or stolen Series 2013 Bond, in exchange for the mutilated Series 2013 Bond, or in substitution for the Series 2013 Bond so destroyed, lost or stolen. In every case of exchange or

substitution, the applicant shall furnish to the Issuer and to the Trustee (i) such security or indemnity as may be required by them to hold each of them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Series 2013 Bond and of the ownership thereof. Upon the issuance of any bond upon such exchange or substitution, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer or the Trustee. In case any Series 2013 Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Issuer may, instead of issuing a bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and to the Trustee such security or indemnity as they may require to hold them harmless and evidence to the satisfaction of the Issuer and the Trustee of the mutilation, destruction, loss or theft of such Series 2013 Bond and of the ownership thereof.

All Series 2013 Bonds shall be held and owned upon the express condition that the above provisions are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost or stolen Series 2013 Bonds, and shall preclude all other rights or remedies, notwithstanding any law or statute existing or hereinafter enacted to the contrary.

Negotiability; Transfers and Exchanges of Bonds

All Series 2013 Bonds shall be negotiable, subject to the provisions for registration and transfer contained in the Indenture and in the Series 2013 Bonds themselves.

So long as any Series 2013 Bonds shall remain Outstanding, the Issuer shall maintain, at the Office of the Trustee, books for the registration and transfer of Bonds. The Trustee is the Bond Registrar for the Issuer for the purpose of registering and making transfers on such registration books. The Trustee, as Bond Registrar, shall register in such books and permit to be transferred thereon, under such reasonable regulations as the Trustee may prescribe, any Series 2013 Bond entitled to registration or transfer.

The Series 2013 Bonds shall be transferable only on the books of the Issuer, upon surrender thereof at the Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing. Upon the transfer of any registered Series 2013 Bond, the Issuer shall issue in the name of the transferee a new Series 2013 Bond or Series 2013 Bonds of the same aggregate principal amount and maturity and rate of interest as the surrendered Series 2013 Bond.

The Issuer, the Trustee and any Paying Agent may deem and treat the Person in whose name any Series 2013 Bond shall be registered upon the books of the Issuer as the absolute Owner thereof, whether such Series 2013 Bond shall be overdue or not for the purpose of receiving payment of the principal or Redemption Price and, except as otherwise provided in the Indenture, interest on such Series 2013 Bond and for all other purposes. All such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid. Neither the Issuer, nor the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging or transferring Series 2013 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. All Series 2013 Bonds surrendered in any exchanges or transfers shall forthwith be cancelled in accordance with the provisions of the Indenture. For every exchange or transfer of Series 2013 Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for (i) any tax, fee or other governmental charge required to be paid with respect

to the delivery of definitive bonds in exchange for temporary bonds, (ii) the cost of preparing each new Series 2013 Bond, and (iii) any other expenses of the Issuer or the Trustee incurred in connection therewith.

Neither the Issuer nor the Trustee shall be obligated to exchange or transfer any Series 2013 Bond during the ten (10) days next preceding (i) an Interest Payment Date, or (ii) in the case of any proposed redemption of Bonds, the date of the first mailing of notice of such redemption.

Book-Entry Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2013 Bonds, payment of interest and other payments on the Series 2013 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2013 Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners is based on certain information furnished by DTC. Accordingly, neither the Issuer, the University, the Underwriter nor the Trustee makes any representations concerning these matters.

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the Series 2013 Bonds. The Series 2013 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2013 Bond certificate will be issued for each maturity of the Series 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2013 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect

Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2013 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 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2013 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 Issuer 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 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Redemption Price, and interest payments on the Series 2013 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 Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee, the University or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The Trustee and the Issuer may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2013 Bonds registered in its name for the purposes of payment of the principal or interest on the Series 2013 Bonds, giving any notice permitted or required to be given to registered owners, registering the transfer of the Series 2013 Bonds, obtaining consent or other action to be taken by registered owners and for all other purposes whatsoever. Conveyance of notices and other communications by DTC to Participants, by DTC to Indirect Participants and by Participants and Indirect

Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF ANY DTC SERIES OF BONDS AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OF SUCH DTC SERIES OF BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF SUCH SERIES OF BONDS.

NEITHER THE ISSUER, THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND PAYMENT FOR, REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2013 BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OF BONDS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF SERIES 2013 BONDS.

DTC may discontinue providing its service with respect to the Series 2013 Bonds at any time by giving notice to the Trustee and the Issuer and discharging its responsibilities with respect thereto under applicable law, or the Issuer may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Issuer may retain another securities depository for the Series 2013 Bonds or may authenticate and deliver bonds in the form of fully registered bond certificates in accordance with instructions from DTC or its successor. If the Issuer delivers such bond certificates, principal of the Series 2013 Bonds, and any premium, if applicable, would be payable in lawful money of the United States of America at such office as may be designated by the Issuer and interest on the Series 2013 Bonds will be payable by wire transfer or by check mailed to the respective addresses of the registered owners thereof as shown on the registration books of the Issuer as of the close of business on the last day of the calendar month preceding the applicable interest payment date.

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DEBT SERVICE REQUIREMENTS

As of the date of this Official Statement, the 2005 Bonds, the 2009 Bonds and the 2011 Bonds (all as hereinafter defined) are outstanding (the “Outstanding Bonds”). See “THE UNIVERSITY - Outstanding Indebtedness of the University.” The following table sets forth, for the period ending August 31 of each year, the (i) debt service on the Outstanding Bonds and (ii) debt service on the Series 2013 Bonds. The debt service amounts have been rounded to the nearest dollar. As a result, numbers in certain rows and columns may not add.

Twelve-Month Period Ending August 31	Debt Service on Outstanding Bonds*	Principal Payments on the Series 2013 Bonds	Interest Payments on the Series 2013 Bonds	Total Debt Service
2013	\$7,843,738	--	--	\$7,843,738
2014	7,846,882	--	\$637,122	8,484,003
2015	6,159,369	--	2,143,588	8,302,957
2016	6,151,794	--	2,143,588	8,295,382
2017	6,145,069	--	2,143,588	8,288,657
2018	6,128,532	\$860,000	2,126,388	9,114,919
2019	6,132,113	900,000	2,086,688	9,118,800
2020	6,127,169	945,000	2,040,563	9,112,732
2021	6,123,619	995,000	1,992,063	9,110,682
2022	6,118,857	1,035,000	1,951,663	9,105,519
2023	6,122,907	1,075,000	1,909,263	9,107,169
2024	6,116,957	1,130,000	1,854,138	9,101,094
2025	6,114,194	1,190,000	1,796,138	9,100,332
2026	6,105,869	1,250,000	1,735,138	9,091,007
2027	6,102,019	1,310,000	1,677,688	9,089,707
2028	6,094,794	1,360,000	1,624,288	9,079,082
2029	6,103,819	1,420,000	1,567,800	9,091,619
2030	6,093,751	1,480,000	1,507,063	9,080,813
2031	6,084,288	1,545,000	1,440,850	9,070,138
2032	6,079,663	1,615,000	1,369,750	9,064,413
2033	4,223,038	1,690,000	1,295,388	7,208,425
2034	4,216,663	1,770,000	1,216,431	7,203,094
2035	4,215,075	1,855,000	1,129,125	7,199,200
2036	4,212,563	1,955,000	1,033,875	7,201,438
2037	1,606,875	2,055,000	933,625	4,595,500
2038	1,605,881	2,160,000	828,250	4,594,131
2039	1,600,950	2,270,000	717,500	4,588,450
2040	--	2,385,000	601,125	2,986,125
2041	--	2,510,000	478,750	2,988,750
2042	--	2,635,000	350,125	2,985,125
2043	--	2,770,000	215,000	2,985,000
2044	--	2,915,000	72,875	2,987,875
TOTAL:	<u>\$147,476,448</u>	<u>\$45,080,000</u>	<u>\$42,619,428</u>	<u>\$235,175,871</u>

*Excludes the University’s long term capital lease obligations. See “THE UNIVERSITY - Outstanding Indebtedness of the University” for a description of the University’s outstanding bonds and capital lease obligations.

SECURITY FOR THE SERIES 2013 BONDS

The principal or Redemption Price of, and interest on the Series 2013 Bonds are payable solely from (i) the moneys payable by the University under the Loan Agreement and (ii) all moneys and obligations which are deposited or required to be deposited in the Bond Fund, the Project Fund, or any other fund established under the Indenture (except the Rebate Fund). The Series 2013 Bonds are not secured by any mortgage lien on or security interest in the 2013 Project or in any other real or personal property of the University.

Pursuant to the Indenture, the Issuer will pledge and assign to the Trustee a security interest in certain moneys due or to become due, and certain other rights and remedies of the Issuer, under or arising out of the Loan Agreement (except for certain rights specially reserved to the Issuer, the “Unassigned Rights”). The University’s obligation to make payments under the Loan Agreement is an unconditional obligation of the University.

Special Obligations; Limited Resources

The Series 2013 Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments derived from the Loan Agreement and the Indenture. Payments pursuant to the Loan Agreement are required to be made by the University directly to the Trustee and to be deposited in a separate Bond Fund held by the Trustee for the payment of the principal of, Redemption Price of, and interest on the Series 2013 Bonds.

THE SERIES 2013 BONDS ARE NOT OBLIGATIONS OF THE STATE OF NEW YORK OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING, WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK), AND NEITHER THE STATE OF NEW YORK NOR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING, WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK) HAS ANY LIABILITY, LEGAL, MORAL OR OTHERWISE THEREUNDER. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING, WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK) HAS BEEN PLEDGED TOWARDS THE PAYMENT OF THE SERIES 2013 BONDS. THE SERIES 2013 BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES PROVIDED IN THE INDENTURE AND THE OTHER BOND DOCUMENTS. THE SERIES 2013 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. NEITHER THE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES OF THE ISSUER, THE TRUSTEE NOR ANY PERSON EXECUTING THE SERIES 2013 BONDS SHALL BE LIABLE PERSONALLY OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. THE ISSUER HAS NO TAXING POWERS.

ADDITIONAL INDEBTEDNESS

The University is subject to various covenants contained in the Loan Agreement, and in particular, to a covenant regarding its incurrence of additional indebtedness. For a further description of the conditions under which the University may incur indebtedness, see “Appendix B – Schedule of Definitions and Summary of Documents – Summary of Certain Provisions of the Loan Agreement – Additional Indebtedness.” For a description of the additional covenants to which the University is subject, see “Appendix B – Schedule of Definitions and Summary of Documents – Summary of Certain Provisions of the Loan Agreement – Certain Additional Covenants.”

THE UNIVERSITY

History of the University

Adelphi University, a pioneering private university, offers the personalized focus of a liberal arts education with the academic rigors of nationally recognized undergraduate and graduate professional programs. Founded in Brooklyn, New York, in 1896, Adelphi has been creating opportunities for students through rigorous education in the liberal arts and sciences, as well as the professions, for more than 117 years. The University is an independent not-for-profit institution of higher education, incorporated under a charter issued in 1896 by New York State, and is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Adelphi was one of the first coeducational colleges in the State and became the first liberal arts college on Long Island when it moved to Garden City, New York, in 1929. Today, the University continues to make history. On July 15, 2000, Dr. Robert Allyn Scott was appointed the ninth president of Adelphi, ushering in a new era of unprecedented growth and sound fiscal leadership.

In 2003, Adelphi opened its first new residence hall in 36 years and then opened a second new residence hall in 2011. In 2005, it opened the Adele and Herbert J. Klapper Center for Fine Arts, the first academic building to be added to the campus in more than 30 years.

In 2008, Adelphi opened three new buildings on its main campus:

- a 54,000 square foot Performing Arts Center
- a 75,000 square foot Recreation and Sports Center
- an 8,500 square foot Early Learning Center

Founded with an enrollment of 57, the University today attracts approximately 8,000 students from across the region, the country, and the world to pursue undergraduate and graduate degrees in its schools and programs: the College of Arts and Sciences; the Gordon F. Derner Institute of Advanced Psychological Studies; the Honors College; the Ruth S. Ammon School of Education; the Robert B. Willumstad School of Business; the College of Nursing and Public Health; the School of Social Work; and University College. To accommodate regional needs, the University has expanded beyond its 70-acre Garden City campus, opening centers in Manhattan; Hauppauge, New York; and Poughkeepsie, New York.

Adelphi's 100,000 alumni are leaders in their professions, their communities and the world. The University is especially renowned for preparing distinguished graduates in the arts, business, education, healthcare, social work and psychology. Adelphi faculty members have garnered numerous honors, including the Pulitzer Prize, Grammy nominations, Fulbright and Carnegie Foundation fellowships, and National Institutes of Health and National Science Foundation grants for their scholarship and artistic contributions. Adelphi students continue to stand out for their academics, athleticism, artistry, and service. The University has been named eight consecutive times as one of America's "best and most interesting colleges" in the United States by the Fiske Guide to Colleges, and is only one of a handful of colleges to earn the "Best Buy" distinction in the 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014 editions. Adelphi has been cited by U.S. News & World Report for its innovative joint degree programs and also as one of the most "over-achieving" universities, and was described as "thriving" by The New York Times.

In 2009, 2010 and 2011, the women's lacrosse team won national championships, making its total five in eight years, and the first ever champion in that sport in 3 consecutive years, in NCAA Division II history. The May 2011 championship season culminated in the University hosting the NCAA Division II

and III Women's National Lacrosse Championships, on Motamed Field, with over 3,000 people in attendance over the course of the weekend.

In 2003, the University embarked on the leadership phase of its first-ever comprehensive fundraising campaign, and secured its first gift of \$1 million in the same year. Since then, Adelphi has raised 15 additional gifts of \$1 million or more, including record-setting multi-million dollar gifts from two University trustees. In September 2007, Adelphi secured a \$600,000 challenge grant from the Kresge Foundation, a first for the University. In October 2007, Adelphi launched the public phase of the comprehensive fundraising campaign, and in 2012 closed that campaign after raising over \$58 million, exceeding its targeted goal.

Adelphi continues to unite liberal arts and sciences with professional programs to prepare students to succeed personally and professionally. The University is an independent, comprehensive institution chartered by the University of the State of New York. It is accredited by the following major accrediting entities:

- Middle States Commission on Higher Education
- Association to Advance Collegiate Schools of Business
- National Council for Accreditation of Teacher Education
- Commission on Collegiate Nursing Education
- American Psychological Association
- American Speech-Language-Hearing Association
- Council on Social Work Education
- Council for Psychoanalytic Education

Academic programs at Adelphi are first-rate. Individual schools and programs within the University hold professional memberships specific to their areas of expertise. Programs in all five of its professional schools hold accreditation with national or international professional accreditation associations. The Derner Institute's Doctoral program in Clinical Psychology and Postgraduate Program in Psychoanalysis, as well as the School of Social Work and College of Nursing and Public Health are accredited for the maximum allowable time. In fact, the School of Social Work's self-study document so impressed the Council that it is used as a model in reaccreditation training sessions for other programs.

Recently, the newly renamed College of Nursing and Public Health launched the first master's degree program in emergency nursing and disaster management in New York State. In 2004, Adelphi made history as the first university to use robotic technology in a theater production. In 2005, Adelphi became the only university on Long Island, and one of a handful in New York State, to offer a doctoral degree in nursing. The University began offering a new master's degree in physics with a concentration in optics in the fall of 2007, making it the only institution in the New York metropolitan area and one of only 20 institutions nationwide to offer this degree.

In 2007, both Adelphi University's Ruth S. Ammon School of Education and its Robert B. Willumstad School of Business secured initial professional accreditation from the major accrediting bodies in their fields. In April 2007, the Ruth S. Ammon School of Education joined a select group of universities when it was awarded full accreditation from the National Council for the Accreditation of Teacher Education (NCATE). Adelphi is one of 46 New York State institutions to achieve this distinguished recognition. In Spring 2013, the Ammon School of Education was reaccredited until 2018. In August 2007, the Robert B. Willumstad School of Business earned a prestigious accreditation from the Association to Advance Collegiate Schools of Business International (AACSB), the largest global accrediting body for business schools. Fewer than 5 percent of business schools worldwide have earned AACSB International accreditation. Significantly, Adelphi University was the first business school in the

United States to achieve initial accreditation under the standards adopted in 2003. The accreditation for the Robert B. Willumstad School of Business was continued in Spring 2013.

Scholars throughout the University are making significant contributions to their disciplines. In the last ten (10) years, eleven (11) faculty members have received Fulbright scholarships, one faculty member received a Pulitzer prize in music, and funded research has steadily increased in both grant submissions and awards.

Strategic Planning and Investments

In December 2003, a “Consolidated Goals and Strategies: Six-Year Campaign” was approved by the Board of Trustees. These goals included more than \$130 million in construction projects and a call for significant expansion of resources for (i) new academic programs, (ii) endowment for professorships and faculty release time for scholarship, and (iii) special initiatives for students, including expanded endowment for financial aid and on-campus employment opportunities. The University launched its Campaign for Adelphi, with hopes of raising \$56 million through private fundraising as a supplement to (i) reallocation of funds, (ii) receipt of Federal and State matching grants and (iii) debt.

In 2010, the Board of Trustees approved a new strategic plan, “AU 2015”, which is a road map for (i) continued improvement in academic excellence, (ii) new program development in health related fields, business and the liberal arts, and (iii) continued facilities upgrades.

The University has enjoyed continued improvement in its academic, financial and physical conditions, which will be further enhanced by the provisions of the AU 2015 Strategic Plan. Management continuously monitors the University’s progress against the AU 2015 goals and benchmarks progress to date against the stated 2015 goal. Interim progress has been substantial. The following investments and improvements are among the most notable:

Investment in Faculty

Of the current faculty as of Fall 2013, approximately 225, representing 70% of the total, have been appointed since 2001.

At the same time, significant investments in faculty development are being made. In this regard, the University established a Faculty Center for Professional Excellence to enhance teaching techniques, with an emphasis on expanding the use of technology in the curriculum and classroom. In addition, the University is supporting faculty scholarship with additional release time from teaching. To encourage further academic rigor throughout the University, the Provost and Deans are actively engaging the faculty in curriculum review, program reviews, and annual performance reviews.

Enrollment Growth

Enrollments for the 2013-2014 academic year have increased by approximately 64% since the 1997-1998 academic year, with an increase of approximately 140% at the undergraduate level. For the Fall 2013 semester, the number of new undergraduates enrolled as freshmen and transfers was over twice the number enrolled in Fall 1997, while freshmen enrollments alone are approximately three times as large. The University’s overall financial aid discount rate continues to be a manageable 23% for the year ended August 31, 2013.

Freshmen applications for the Fall 2013 were approximately 8,650, which is almost 6 times the number in 1997. The University’s acceptance rate is approximately 68% and its yield rate is approximately 15%.

The University has the highest 6-year graduation rate of all of the competitor schools in its region, based on a review of IPEDS (Integrated Postsecondary Education Data System) data supplied by the U.S. Department of Education.

Honors College

The Honors College offers a highly challenging and enriched program for Adelphi's best-prepared and most motivated undergraduates. The 270 Honors students have average Scholastic Achievement Test ("SAT") scores of approximately 1,325 and usually come from the top 10% of their high school class. Rigorous honors courses are distributed throughout the four years of study and fulfill the students' general education requirements. Additional requirements include regular attendance at cultural events and a year-long senior thesis project. The Honors College offers a wide array of extracurricular and co-curricular activities, including many events at the Dean's home and at the great cultural institutions of New York City.

The Honors College prepares students to compete advantageously in their chosen paths after graduation, whether they begin work immediately or, more commonly, continue with professional or graduate education. Honors College students have recently been accepted for law school at the University of Pennsylvania, Cornell, Emory, Fordham, Georgetown and Harvard; for medical schools at New York University, Columbia, Rochester, Syracuse, and State University of New York Stony Brook; for dental school at the University of Pennsylvania, Yale, Columbia, Tufts, New York University, and State University of New York Stony Brook; for veterinary school at the University of Pennsylvania and Tufts; and for Ph.D. programs (often with full tuition and stipends) at Yale, M.I.T., New York University, Boston University, Fordham, City University of New York, University of Virginia, University of Texas at Austin, Northwestern, University of North Carolina at Chapel Hill and many others.

Financial Progress under President Robert Scott

A. Growth of University's Endowment

From 2000 to 2013, the University's endowment has increased by \$100 million, from \$56 million to \$156 million. This has been accomplished through prudent fiscal management, operating surpluses, new endowment gifts and significant investment income.

The 2011-2012 fiscal year resulted in an operating surplus before discretionary designations of \$4.5 million. The 2012-2013 fiscal year results will not be finalized until late in the 2013 calendar year. The preliminary results reveal a balanced budget and an increase in net assets of over \$16.5 million.

B. Investment in Capital Facilities and Equipment

Since 2000, in addition to the increase in the University's Endowment, the University has invested more than \$250 million in its Garden City campus and infrastructure. The facilities improvements have included:

- the new Adele and Herbert J. Klapper Center for Fine Arts;
- the new Center for Recreation and Sport and Performing Arts Center;
- the new Early Learning Center;
- the 205-bed residence hall;
- the 171-bed residence hall;

- the renovation and modernization of the Hagedorn Hall of Enterprise (Robert B. Willumstad School of Business building) and Swirbul Library, including instructional space, creation of an Information Commons area and student laboratories, and infrastructure repairs and replacement of electrical and mechanical systems;
- The complete renovation and modernization of both Hy Weinberg Center and Woodruff Hall;
- the creation of Archives and Special Collections space, as well as curational space to support the institution's art collection and many gallery spaces and growing on-line art collection;
- the modernization and refurbishment of classrooms, faculty offices, laboratories, studio, athletic and theatre facilities;
- the renovation of the Science Library into classrooms and the relocation of the Science Library to the Swirbul Library building;
- the expansion of information systems capabilities in all Garden City campus facilities, including installation of new fiber-optic cabling and underground conduits (creating 100% wireless access on the campus), expansion and upgrade of multimedia classroom facilities, installation of computer instruction/smart classrooms, creation and upgrade of student and faculty computer labs, and installation of a new phone system;
- multimillion dollar modernization of laboratories in physics and optics, communications, biology, anthropology and chemistry;
- infrastructure replacement of roofing, electrical and plumbing and HVAC systems and fire, safety and security systems; and
- modernization and refurbishment of residential and dining facilities.

Governance

The Board of Trustees of Adelphi University (the "Board" or the "Board of Trustees") consists of no fewer than 18 members and no more than 35 members. The Board is entrusted with the conduct and supervision of the affairs of the University and has the power to make all necessary and lawful rules and regulations for the administration of the University. Trustees, other than the President of the University, who serves ex-officio, are elected for three-year renewable terms, for a maximum of four consecutive terms (12 years). Trustees are divided into three classes, with members of one class eligible for renewal each year.

The Board of Trustees meets four times each year, plus conducts an annual strategic retreat meeting. The Executive Committee has the power of the Board of Trustees (with certain exceptions) when the Board is not in session. The Executive Committee consists of the Officers of the Board, including the President of the University (in an ex-officio capacity) and at least five other members of the Board. The standing Board of Trustees committees consist of the Executive Committee, the Academic Affairs Committee, the Audit Committee, the Trustee Affairs Committee, the Advancement Committee, the Finance and Administration Committee, the Investment Committee, the Buildings and Grounds Committee, and the Student Life Committee.

The current Board of Trustees of the University and certain of their professional affiliations are listed below. Alumni are indicated by an asterisk (*).

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Western Filter, Western Fluidyne,
Integra Technologies

Frank Angello*

Former Chief Financial Officer
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Lois Phifer Betts*

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Clinical Psychologist

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Gary R. Rosenberg*

Edith J. Baerwald Professor of
Community and Preventive Medicine
Chief of the Division of Social Work
and Behavioral Science,
Mount Sinai School of Medicine

Paul Salerno*

Managing Partner, Melville Office
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Lois C. Schlissel

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Medical Director, NYU Langong
Cardiovascular Associates, Clinical
Associate Professor of Medicine, NYU
School of Medicine

Adaeze Udoji*

Compliance Officer
American Express

Robert B. Willumstad*

Former Chairman and Chief Executive
Officer, AIG American Int. Group, Inc.
Chairman – Adelphi Board of Trustees

Administration

The University is administered on a day-to-day basis by the President and other officers of the University. The President directs the general affairs of the University and is responsible to the Board of Trustees as the executive leader of the University. The Board of Trustees elects the President. Other administrative officers are appointed by the President and serve at the President's discretion with the concurrence of the Board.

The principal administrative officers of Adelphi University are listed below:

Robert Allyn Scott, President

Dr. Robert Allyn Scott is one of the few people ever to hold the top three posts in higher education: President of a private university (Adelphi), President of a public institution (Ramapo College of New Jersey) and senior executive of a state higher education coordinating board (Indiana and New Jersey). In each position, Dr. Scott has been a leader in global education as well as health science education and public health issues. While in New Jersey, he also served for 13 years on the executive committee of Hackensack University Medical Center, where he was active in strategic planning. Dr. Scott became Adelphi's ninth President in July 2000.

Because of his expertise and Adelphi University's heritage as a health sciences institution, he has served as chairman of the World Health Organization ("WHO")-University Liaison Group. For 10 years prior to joining Adelphi, Dr. Scott was non-executive chairman of a publicly traded science supply company.

Dr. Scott earned his Bachelor of Arts degree at Bucknell University and his Ph.D. at Cornell University.

Gayle D. Insler, Provost and Senior Vice President for Academic Affairs

Gayle D. Insler is Adelphi's Provost and Senior Vice President for Academic Affairs. Prior to becoming Provost, Dr. Insler was the Dean of Adelphi's College of Arts and Science from 1997 through 2008. During her 11 years as Dean, enrollment in the College increased by more than 138% and the full-time instructional faculty grew 19%. Dr. Insler has served many roles at the University since she joined the faculty as an assistant professor of biology in 1977. She received her B.S. in biology from SUNY Stony Brook, and her M.S. and Ph.D. in zoology from the University of Massachusetts, Amherst.

Timothy P. Burton, Senior Vice President and Treasurer

Timothy P. Burton became the Chief Financial Officer of Adelphi in 2002. Prior to joining Adelphi University in 1991 as Associate Treasurer, Mr. Burton was senior manager at Deloitte & Touche, having spent 13 years providing audit services. Mr. Burton received a B.S. in accounting from SUNY Albany in 1978. Mr. Burton is a Certified Public Accountant, licensed in New York State, and was named CFO of the Year in 2012 by Long Island Business News.

Lauren Mounty, Vice President for Enrollment Management and Student Success

Dr. Lauren Mounty joined Adelphi on May 1, 2013. She has a 27 year career in higher education, having served in enrollment, student success, and leadership roles at Marist College and Fordham University. Prior to joining Marist College, Dr. Mounty served as the associate dean at the Fordham University Graduate School of Business Administration in Manhattan.

Dr. Mounty earned her B.A. in journalism and M.Ed. in education (student personnel management) from the University of South Carolina and her Ph.D. in social science from Fordham University.

Lori Duggan Gold, Vice President for Communications

Lori Duggan Gold joined Adelphi in 2003. For more than 20 years, she has provided strategic communications planning advice to not-for-profits, education companies, corporations, and government agencies. During her career she created and implemented national publicity and integrated communications campaigns and worked with sales and marketing teams to heighten awareness of brands and institutions. She serves as the primary liaison for the University with State and Federal officials and is responsible for government relations strategic planning and counseling, issues management, legislative lobbying, and government grants. She serves as the University's representative at regional and national events. She received her baccalaureate degree in politics and metropolitan studies from New York University in 1987 and a graduate certificate in emergency management from Adelphi University in 2008.

Christian P. Vaupel, Vice President for University Advancement

Christian P. Vaupel is Vice President for University Advancement at Adelphi. Since June 2004, Mr. Vaupel has served as Adelphi's Deputy Vice President for University Advancement, and since October 2004, as Chief Development Officer. In this role, he is responsible for the University's alumni relations program and for all University fundraising operations, including major and planned giving, annual giving, fundraising events, prospect research and advancement services. In 2005, he successfully completed the Management Development Program at the Harvard Graduate School of Education. He earned his Bachelor's degree in 1996 and his Master's degree in 2003, both from Adelphi, and expects to earn an Ed.D. degree in May 2014 from the University of Pennsylvania's School of Education.

Academic Structure of the University

The University's academic departments are organized into seven degree-granting units.

The College of Arts & Sciences offers the Bachelor of Arts, the Bachelor of Science, the Bachelor of Fine Arts, Post-Baccalaureate certificate programs, the Master of Arts, Master of Fine Arts and the Master of Science degrees. The College also hosts the General Studies program, a one-year program which offers intensive liberal arts curriculum and academic support service for students who do not meet Adelphi's admission requirements but who show academic promise. Students who successfully complete the one-year program continue their second year in a traditional undergraduate degree program.

The Robert B. Willumstad School of Business grants the Bachelor of Business Administration, the Bachelor of Science, the Master of Business Administration and the Master of Science degrees as well as various Post-graduate Certificates. The School offers a variety of courses within eight disciplines, including Economics. In addition, the Robert B. Willumstad School of Business offers, in conjunction with the College of Nursing and Public Health, a joint M.B.A. and a Master of Science in Nursing; and, in conjunction with the School of Social Work, a Post-Master's Certificate in Human Resource Management.

The Gordon F. Derner Institute for Advanced Psychological Studies offers the Bachelor of Arts, the Master of Arts degree in General Psychology, School Psychology and Mental Health Counseling; the Doctor of Philosophy degree in Clinical Psychology, and Postdoctoral Certificates. Five types of postdoctoral diplomas are offered: psychoanalysis and psychotherapy; child, adolescent and family psychotherapy; group psychotherapy; marriage and couple therapy; and psychodynamic school psychology.

The Ruth S. Ammon School of Education contains three departments: Curriculum and Instruction; Exercise Science, Health Studies, Physical Education and Sport Management; and Communication Science and Disorders. The School grants the Bachelor of Arts, the Bachelor of Science, the Master of Arts, the Master of Science, the Doctor of Audiology, the Doctor of Philosophy in Speech-Language Sciences and Disorders, and Post-graduate Certificates. In 1995, the School established the Scholar Teacher Education Program (“STEP”), a five-year combined baccalaureate/master’s program to prepare students to teach at the childhood (grades pre–K to 6) or adolescent (grades 7 to 12) levels. The School is responsible for the Learning Disabilities Program, the Literacy Clinic, the Early Learning Center, the Hy Weinberg Center for Communication Disorders and the Parenting Institute.

The College of Nursing and Public Health offers the Bachelor of Science, the Master of Science, the Doctor of Philosophy (Ph.D.) and Post-graduate Certificate programs. The Master of Science is offered for programs in adult health nursing, emergency nursing, nursing education and nursing administration.

The School of Social Work offers the Bachelor of Social Work (B.S.W.), the Master of Social Work (M.S.W.), and the Doctor of Philosophy (Ph.D.) degrees. The School offers a B.S.W./M.S.W. advanced standing program for undergraduate students who excel academically. Students who are accepted into this program start their studies toward a M.S.W. degree while still undergraduates. The School also offers an evening program that leads to a B.S.W.

University College accepts adult students aged 21 or older. Course scheduling as well as support services are available evenings and weekends. Students can earn an Associate of Arts, a Bachelor of Arts, or a Bachelor of Science degree through the programs offered. University College also offers a cooperative program with the Department of Art and Art History to earn a Bachelor of Fine Arts degree. Post-Baccalaureate Certificates in Basic Science for Health Professions and Emergency Management were recently added to the unit’s offerings.

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Faculty

As of September 1, 2013, the beginning of the University's Fall 2013 semester, the University had 327 full-time faculty, approximately 63% of whom were tenured. In excess of 87% of the full-time faculty members hold the highest degree awarded in their respective fields of study. The full-time faculty is augmented by a part-time faculty of approximately 482 adjuncts. The ratio of students to faculty for the 2013-2014 academic year is approximately 11:1. Average compensation for full-time faculty is as follows:

Full-Time Faculty Average Compensation For Academic Year 2013-2014

	<u>Number</u>	<u>Average Base</u>	<u>Average Fringe Benefits</u>	<u>Average Total</u>
Professors	75	\$130,411	\$35,080	\$165,491
Associate Professors	129	102,117	27,470	129,587
Assistant Professors	89	82,277	22,133	104,410
Other	<u>34</u>	<u>91,495</u>	<u>24,612</u>	<u>116,107</u>
Total/Average	<u>327</u>	<u>\$102,102</u>	<u>\$27,466</u>	<u>\$129,568</u>

Other Staff Members

In addition to the full-time and part-time faculty noted above, as of September 1, 2013, the University had approximately 750 full-time and approximately 320 part-time/hourly employees. Approximately 220 custodians, public safety, maintenance and clerical employees are represented by labor unions. The University maintains favorable relationships with the unions and does not foresee any labor difficulties that would materially adversely affect its operations.

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Labor Relations

The University has five collective bargaining agreements covering the faculty, office and professional employees, maintenance, custodian and security employees, as detailed in the following table:

<u>Unions</u>	<u>Represented By</u>	<u>Contract Expiration Date</u>
Security Employees	Benevolent Association	June 30, 2016
Maintenance Employees	Adelphi Physical Plant Workers Labor Union	December 31, 2016
Office and Professional Employees	Office and Professional Employees International Union (Local 153) AFL-CIO	August 31, 2017
Faculty	American Association of University Professors	August 31, 2016
Custodians	RWDSU/UFCW (Local 1102)	June 30, 2015

Enrollment

The following table presents annualized student enrollment figures representing full-time equivalents (“FTE’s”) enrolled in degree programs for the past six years:

	<u>Undergraduate</u>	<u>Graduate/Post- Baccalaureate</u>	<u>Total</u>
2008-2009	4,331	2,231	6,562
2009-2010	4,369	2,246	6,615
2010-2011	4,410	2,140	6,550
2011-2012	4,523	2,265	6,788
2012-2013	4,584	2,166	6,750

In addition to the enrollments indicated above, the University has two Summer sessions. Approximately 2,700 students enrolled for the Summer 2013 session.

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Applications and Admissions

The following table sets forth applications, acceptances and enrollments for prospective undergraduate -- freshmen and transfer students -- and graduate/post-baccalaureate students for the Fall semester of the years noted:

	2009	2010	2011	2012	2013
Undergraduate					
Applications	9,568	10,203	10,600	11,591	10,750
Acceptances	6,059	6,472	6,600	7,128	6,840
Enrollments					
<i>(Headcounts)</i>	1,516	1,428	1,470	1,540	1,440
Percent Accepted	63%	63%	62%	61%	63%
Percent Enrolled	25%	22%	22%	22%	21%
Mean Freshman SAT	1,080	1,080	1,080	1,115	1,125
 Graduate/Post Bach					
Applications	3,037	3,526	3,675	3,543	3,475
Acceptances	1,623	1,738	1,800	1,652	1,639
Enrollments					
<i>(Headcounts)</i>	1,002	1,056	1,060	953	1,004

Freshman Geographic Profile

The following table sets forth the geographic origin of the University's entering freshman class, expressed as a percentage of total freshman enrollments, for the last five academic years. The "Northeast Region" category indicated below includes freshman students from states from Maine to Virginia (but excluding New York).

Entering Fall Semester	New York State	Northeast Region	Other U.S. & Foreign
2009	87%	8%	5%
2010	87%	9%	4%
2011	84%	8%	8%
2012	82%	9%	9%
2013	85%	7%	8%

In Fall 2013, approximately 1,300 students resided in University housing on the Garden City Campus.

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Student Fees and Competition

Tuition and fees charged to full-time undergraduate students were as follows for the last five years:

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Tuition & Fees	\$26,230	\$27,900	\$28,460	\$29,320	\$30,800

The University competes for qualified students with many other colleges and universities, including various SUNY and CUNY institutions across Long Island and New York State. On the basis of enrollment and applicant information, the University believes that, among private colleges and universities, its most significant competitors are the institutions included in the following table. The tuition and fee rates for each institution for the 2013-2014 academic year are set forth below.

<u>Institution</u>	<u>Annual Tuition and Fee Rates</u>
New York University	\$ 44,848
Fordham University	43,577
Syracuse University	40,458
Ithaca College	38,400
Pace University	37,904
Hofstra University	37,400
St. John's University	37,260
Long Island University – C. W. Post	34,330
Adelphi University	30,800

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Student Financial Assistance

During the 2012-2013 academic year, approximately 91% of the University's full-time traditional undergraduate students received some form of financial assistance. The sources of assistance include University grants and scholarships, state and federal grants, loans and work-study and funding from private organizations. The following table shows the principal sources and amounts of grants, loans and work-study assistance received by all undergraduate and graduate students for the five years indicated:

	(IN THOUSANDS)				
	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Grants:					
University					
<i>Unrestricted Operations</i>	\$28,470	\$31,158	\$ 33,040	\$ 37,569	\$ 44,525
<i>Endowment/Restricted</i>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>570</u>
Total	28,970	31,658	33,540	38,069	45,095
Federal	4,419	5,713	6,810	6,428	6,347
State and other	<u>6,855</u>	<u>6,086</u>	<u>6,560</u>	<u>6,653</u>	<u>7,928</u>
Total Grants	<u>40,244</u>	<u>43,457</u>	<u>46,910</u>	<u>51,150</u>	<u>59,370</u>
Total Loans	<u>50,523</u>	<u>52,423</u>	<u>53,134</u>	<u>53,133</u>	<u>48,796</u>
Total Work-Study	<u>450</u>	<u>450</u>	<u>450</u>	<u>450</u>	<u>450</u>
Total	<u>\$91,217</u>	<u>\$96,330</u>	<u>\$100,494</u>	<u>\$104,733</u>	<u>\$108,616</u>

In addition to the financial aid noted above, the University annually distributes approximately \$7 million of graduate assistantships and tuition remission awards.

Degrees Conferred

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

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate/ Post-Baccalaureate</u>	<u>Doctoral/ Postdoctoral</u>	<u>Total Degrees</u>
2008-2009	1,281	1,203	23	2,507
2009-2010	1,313	1,171	42	2,526
2010-2011	1,406	1,100	29	2,535
2011-2012	1,281	1,191	27	2,499
2012-2013	1,283	1,172	37	2,492

Pension Program

The University has contributory defined contribution retirement plans, which cover substantially all full-time employees. It is the University's policy to fully-fund pension costs accrued. The University's contributions are determined in accordance with the related provisions of the union contracts

and at the discretion of management for all unrepresented employees. Total pension costs under the plans for the year ended August 31, 2013 amounted to \$6.8 million.

Financial Statements

The University maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives as specified by donors, in accordance with regulations, restrictions or limitations imposed by sources outside the institution, or in accordance with directions by the Board of Trustees. The University follows the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations" (the Statement). This Statement specifies that financial statements provided by not-for-profit organizations include a statement of financial position, statement of activities, and statement of cash flows and that net assets be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

The University's financial statements for the fiscal years ended August 31, 2012 and 2011 were audited by Grant Thornton, LLP, independent certified public accountants and are included as Appendix A to this Official Statement.

In the opinion of the University, there has not been a material adverse change in the financial condition of the University since August 31, 2012.

Budgetary Matters

The University constructs an annual operating budget, balancing projected revenue and expenditures. The Treasurer and the President of the University present the annual operating budget for review and approval by the Finance and Administration Committee and the Board of Trustees. The Board specifically approves tuition and fee rate increases, increases in salaries, wages and employee benefits, provisions for financial assistance, and major capital expenditures. Monthly reports comparing actual performance to budget are prepared, and are reviewed by the Treasurer and President, and presented to the Finance and Administration Committee of the Board on a quarterly basis.

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Revenues and Expenses of the University

The revenues and expenses of the University for the fiscal years ended August 31, 2012, 2011, 2010 and 2009 are as follows:

	(IN THOUSANDS)			
Revenues	2008-2009	2009-2010	2010-2011	2011-2012
Tuition and Fees	\$ 168,847	\$ 177,029	\$ 188,383	\$ 196,664
Less: scholarships and fellowships	<u>(30,556)</u>	<u>(33,172)</u>	<u>(35,821)</u>	<u>(40,193)</u>
Net Tuition and Fees	138,291	143,857	152,562	156,471
Contributions	4,947	4,244	3,852	8,287
Government Grants and Contracts	10,739	4,055	3,457	3,476
Investment Income <i>(See note below)</i>	(11,825)	6,453	12,972	12,761
Sales and Services of Educational Departments	1,083	1,380	1,582	1,619
Sales and Services of Auxiliary Enterprises, Net	11,196	11,878	12,594	14,182
Other Sources	<u>3,084</u>	<u>4,003</u>	<u>3,447</u>	<u>3,543</u>
Total Revenues	<u>157,515</u>	<u>175,870</u>	<u>190,466</u>	<u>200,339</u>
Expenses				
Instruction	81,579	84,570	81,990	85,971
Research and Public Service	4,169	4,842	5,829	5,999
Academic Support	14,929	15,766	16,366	17,499
Student Services	22,453	24,206	24,336	25,537
Institutional Support	23,586	24,138	26,337	27,471
Auxiliary Enterprises	<u>9,252</u>	<u>9,284</u>	<u>13,368</u>	<u>14,328</u>
Total Expenses	<u>155,968</u>	<u>162,806</u>	<u>168,226</u>	<u>176,805</u>
Increase in Net Assets before nonrecurring items	<u>\$ 1,547</u>	<u>\$ 13,064</u>	<u>\$ 22,240</u>	<u>\$ 23,534</u>

Note: Included in investment income above are the following amounts related to net realized and unrealized gains (losses) on investments:

\$ (14,495)	\$ 3,614	\$ 9,417	\$ 8,403
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Endowment

The University's endowment is invested to support the University's future operations and capital needs. The following table provides a summary of the endowment as of August 31 of the years listed below:

	(IN THOUSANDS)				
	2009	2010	2011	2012	2013
Endowment					
True Endowment	\$ 20,565	\$ 23,041	\$ 26,485	\$ 32,204	\$ 35,094
Quasi-Endowment	76,259	82,958	94,622	103,913	117,141
Total Endowment	<u>\$ 96,824</u>	<u>\$105,999</u>	<u>\$121,107</u>	<u>\$136,117</u>	<u>\$152,235</u>

The endowment is managed by the Board of Trustees Investment Committee, which meets at least 4 times each year, with guidance from an outside consultant – Hewitt Investment Group. The endowment is well diversified, and currently has allocations to 16 money managers. The allocations include investments in U.S. and foreign equities, fixed income and alternative asset managers. There is a Board of Trustees-approved Investment Policy, which includes target ranges for each asset class. Management reviews the allocations on a monthly basis and rebalancing of the portfolio occurs each year.

The Endowment has increased to over \$156 million as of September 30, 2013.

Cash and Investments

Amounts invested as of August 31 for each of the past five years were as follows:

	(IN MILLIONS)				
	2009	2010	2011	2012	2013
Cash & Short-term Investments	\$ 18.1	\$ 11.3	\$ 13.7	\$ 11.2	\$ 13.1
Investments	93.1	119.1	141.2	165.1	182.2
TOTAL	<u>\$ 111.2</u>	<u>\$ 130.4</u>	<u>\$ 154.9</u>	<u>\$ 176.3</u>	<u>\$ 195.3</u>

Investments are carried at market value. Assets are invested in accordance with a policy established by the Board of Trustees. The University's spending policy authorizes annual distributions from the endowment not to exceed 5% of a five-year moving average value to supplement current operations.

DUE TO OPERATING SURPLUSES, SINCE 2001 NO DISTRIBUTIONS HAVE BEEN TAKEN FROM THE QUASI-ENDOWMENT FUND TO FUND OPERATING EXPENSES, AND ALL EARNINGS HAVE BEEN REINVESTED.

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State Aid

As an independent institution of higher education, the University has benefited from the New York State Direct Institutional Aid program, known as Bundy Aid, which pays aid, unrestricted as to use, based on the number and kinds of academic degrees conferred each year. The amount of aid received over the last five years is as follows:

<u>Fiscal Year</u>	<u>Bundy Aid</u>
2008-2009	\$953,000
2009-2010	864,000
2010-2011	812,000
2011-2012	711,000
2012-2013	702,000

Private Gifts

Gifts to the University for the five most recent fiscal years were as follows:

<u>Fiscal Year</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
2008-2009	\$ 808,000	\$3,445,000	\$ 694,000	\$ 4,947,000
2009-2010	1,019,000	1,195,000	2,030,000	4,244,000
2010-2011	1,029,000	1,320,000	1,503,000	3,852,000
2011-2012	1,009,000	3,209,000	4,069,000	8,287,000
2012-2013	1,155,000	2,277,000	1,065,000	4,497,000

Due to operating surpluses, since 2005 all unrestricted fundraising has been designated to be used to fund capital construction projects, and no amounts have been used to fund operating expenses.

Facilities

The main campus, which has 28 buildings on approximately 74 acres, is situated in the Village of Garden City, a primarily residential community, approximately 25 miles from New York City. Adelphi draws on its proximity to New York City as a vast academic resource from which the city's artists, scholars and professionals visit the campus to share their expertise with students.

The University currently rents three satellite center buildings within New York State: New York City, Hauppauge (approximately 50 miles from New York City) and Poughkeepsie (approximately 80 miles from New York City).

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Plant Values

The following table details the original cost of the land, buildings and equipment and accumulated depreciation as of August 31 in each of the five most recent fiscal years:

	(IN THOUSANDS)				
	2009	2010	2011	2012	2013
Land and Improvements	\$ 2,159	\$ 2,159	\$ 2,159	\$ 2,159	\$ 2,159
Buildings	237,853	249,197	264,045	266,201	269,583
Equipment	37,543	37,785	38,155	39,685	40,799
Sub-total	<u>277,555</u>	<u>289,141</u>	<u>304,359</u>	<u>308,045</u>	<u>312,541</u>
Accumulated Depreciation	<u>(91,777)</u>	<u>(98,067)</u>	<u>(104,889)</u>	<u>(112,483)</u>	<u>(120,404)</u>
TOTAL	<u>\$185,778</u>	<u>\$191,074</u>	<u>\$199,470</u>	<u>\$195,562</u>	<u>\$ 192,137</u>

The University presently carries a blanket insurance policy in an amount of approximately \$500 million on its buildings and their contents.

Outstanding Indebtedness of the University

The following table sets forth the outstanding long-term indebtedness of the University as of August 31, 2013 and 2012:

	2013	2012
Town of Hempstead Industrial Development Agency, Civic Facility Revenue Bonds, original amount \$42,000,000 with maturities through 2032, with interest at an average annual rate of 4.67%, plus unamortized premium of \$322,353 in 2013 and \$336,895 in 2012	(a) \$36,652,353	\$37,571,895
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$31,075,000 with maturities through 2039, with interest at an average rate of 4.65%, plus unamortized premium of \$291,602 in 2013 and \$403,996 in 2012	(b) \$25,896,602	\$28,083,996
Town of Hempstead Local Development Corporation, Revenue Bonds, original amount \$25,000,000 with maturities through 2032, with interest at an average annual rate of 4.51%, plus unamortized premium of \$285,152 in 2013 and \$300,326 in 2012	(c) \$23,660,152	\$24,490,326
TOTAL	<u>\$86,209,107</u>	<u>\$90,146,217</u>

(a) **Town of Hempstead Industrial Development Agency**

In October 2005, the Town of Hempstead Industrial Development Agency (the “Agency”) issued \$42,000,000 of its Civic Facility Revenue Bonds (“2005 Bonds”), with maturities through 2035, at an average annual interest rate of 4.67%, plus a premium of \$436,265. The proceeds from the 2005 Bonds were used to finance: (i) construction of the Centers for Sport and Performing Arts; (ii) construction of a Fine Arts and Facilities Building; (iii) installation of new underground water and electrical pipes and conduits; and (iv) various other renovation and equipment projects.

In accordance with the terms of the bond agreement, the 2005 Bonds are not collateralized by any mortgage lien on or security interest in the facilities being renovated or in any other real or personal property of the University.

The University is required to make semi-annual payments to the Agency, equal in amount to the Agency’s debt service payments. The Agency’s debt service payments require thirty annual principal payments which commenced October 1, 2006, and sixty semi-annual interest payments, which commenced April 1, 2006.

(b) **Town of Hempstead Local Development Corporation**

In September 2009, the Town of Hempstead Local Development Corporation (the “LDC”) issued \$31,075,000 of its Civic Facility revenue Bonds (“2009 Bonds”), with maturities through 2039, at an average interest rate of 4.65%, plus a premium of \$732,584. The proceeds from the 2009 Bonds were used to refund the outstanding 1999 Bonds and to finance the construction of a new 171-bed residence hall.

In accordance with the terms of the bond agreement, the 2009 Bonds are not collateralized by any mortgage lien on or security interest in the facilities being renovated or in any other real or personal property of the University.

The University is required to make semi-annual payments to the LDC, equal in amount to the LDC’s debt service payments. The LDC’s debt service payments require 29 annual principal payments, which commence on February 1, 2011 and sixty semi-annual interest payments, which commenced February 1, 2010.

(c) **Town of Hempstead Local Development Agency**

In June 2011, the LDC issued \$25,000,000 of its Revenue Bonds (“2011 Bonds”), with maturities through 2032, at an average interest rate of 4.51%, plus a premium of \$318,662. The proceeds from the 2011 Bonds were used to refund the outstanding 2002 Bonds and to finance the construction of a new residence hall, softball field facility and various other renovations and electrical upgrades.

In accordance with the terms of the bond agreement, the 2011 Bonds are not collateralized by any mortgage or lien on or security interest in the facilities being renovated or in any other real or personal property of the University.

The University is required to make semi-annual payments to the LDC, equal in amount to the LDC’s debt service payments. The LDC’s debt service payments require twenty-one annual principal payments, which commenced on June 1, 2012 and forty-two semi-annual interest payments, which commenced December 1, 2011.

At August 31, 2013, future annual debt service payments with respect to bonds payable are as follows:

<u>Year Ending August 31,</u>	<u>Total</u>
2014	\$ 7,847,000
2015	6,159,000
2016	6,152,000
2017	6,145,000
2018	6,129,000
Thereafter	<u>107,201,000</u>
	139,633,000
Less Interest Portion	(54,323,000)
Add Premium	<u>899,000</u>
	<u>\$ 86,209,000</u>

Interest expense for the year ended August 31, 2013 amounted to \$4 million.

Litigation

There is no litigation pending or threatened against the University which would have any material adverse consequences on the financial condition of the University.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2013 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2013 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2013 Bonds. The Issuer and the University have covenanted in the Loan Agreement, the Indenture, and the Tax Compliance Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2013 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer and the University have made certain representations and certifications in the Loan Agreement, the Indenture and the Tax Compliance Agreement. Bond Counsel will also rely on the opinion of Farrell Fritz, P.C., counsel to the University, as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, New York, New York, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer and the University described above interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest

on the Series 2013 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that interest on the Series 2013 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Series 2013 Bonds nor as to the taxability of the Series 2013 Bonds or the income therefrom under the laws of any state other than the State of New York.

Original Issue Discount. Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2013 Bonds maturing on September 1 of the years 2021 and 2026 through and including 2033 (collectively the “Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2013 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium. The Series 2013 Bonds maturing on September 1 of the years 2017 through and including 2020, 2022 through and including 2025, 2038 and 2043 (collectively, the “Premium Bonds”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters. Ownership of the Series 2013 Bonds may result in other Federal tax consequences to certain taxpayers, including without limitation, certain S Corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series 2013 Bonds also may result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2013 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2013 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2013 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described in the opinions attached as Appendix C. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2013 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2013 Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Series 2013 Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2013 Bonds from gross income for Federal or state income tax purposes, or otherwise. We note that in 2011, and again in 2012 and 2013, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Series 2013 Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Series 2013 Bonds may occur. Prospective purchasers of the Series 2013 Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2013 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2013 Bonds may affect the tax status of interest on the Series 2013 Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2013 Bonds, or the interest thereon, if any action is taken with respect to the Series 2013 Bonds or the proceeds thereof upon the advice or approval of other counsel.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2013 Bonds will be passed upon by Nixon Peabody LLP, New York, New York, Bond Counsel for the Issuer, which opinion will be substantially in the form attached hereto as Appendix C. Certain legal matters will be passed upon for the University by its counsel, Farrell Fritz, P.C., Uniondale, New York, for the Issuer by its counsel, Ryan, Brennan & Donnelly LLP, Floral Park, New York and for the Underwriter by its counsel, Greenberg Traurig, LLP, Philadelphia, Pennsylvania.

ABSENCE OF LITIGATION

There is no litigation of any nature pending or threatened against the Issuer at the date of this Official Statement restraining or enjoining the issuance, sale, execution or delivery of the Series 2013 Bonds, or in any way contesting or affecting the validity of the Series 2013 Bonds or any proceedings of

the Issuer taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or the security provided for the payment of the Series 2013 Bonds, or the existence or powers of the Issuer, or the use and operation of the 2013 Project.

There is no action, suit, investigation or proceeding pending or, to the knowledge of the University, threatened against the University or any properties or rights of the University before any court, arbitrator or administrative or governmental body which in the opinion of management of the University might result in any material adverse change in the business, condition or operations of the University or which involves the possibility of materially adversely affecting the ability of the University to comply with the Loan Agreement.

RATING

Standard & Poor's has assigned a rating on the Series 2013 Bonds of "A" with a stable outlook. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's. There is no assurance that a particular rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of Standard & Poor's, circumstances so warrant. Any downward revision or withdrawal of any such rating could have an adverse effect on the market price of the Series 2013 Bonds. Neither the Underwriter, the Issuer, nor the University has undertaken any responsibility either to bring to the attention of the Owners of the Series 2013 Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") has agreed, subject to certain customary conditions precedent to closing, to purchase the Series 2013 Bonds at an aggregate underwriter's discount of \$346,851.64 from the initial public offering prices set forth on the inside front cover of this Official Statement. The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Series 2013 Bonds may be offered and sold to certain dealers (including depositing the Series 2013 Bonds into investment trusts, which may be investment trusts sponsored by the Underwriter or such dealers) at prices lower than such public offering prices, and such public offering prices may be changed by the Underwriter from time to time following the initial offering without any requirement of public notice.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its respective affiliates have, from time to time, performed, or may in the future perform, various financial advisory and investment banking services for the Issuer and the University, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and the University.

The Underwriter and its respective affiliates also may communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in

respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

INDEPENDENT AUDITOR

The financial statements as of August 31, 2012 and 2011 and for the years then ended, included in this Official Statement, have been audited by Grant Thornton, LLP, independent certified public accountants, as stated in their report attached hereto as Appendix A.

It should be noted that page 4 of the audited financial statements set forth in Appendix A to the Preliminary Official Statement has been replaced in the Official Statement. Page 4 showed the original 2011 presentation of expenses, but in 2012, certain expenses for 2011 were reclassified to conform to the 2012 presentation. On page 3 of the audited financial statements, the 2011 expenses were always shown correctly. Now the 2011 expenses shown on page 4 agree to the presentation shown on page 3. Total expenses reported on both pages 3 and 4 in the Preliminary Official Statement have not changed in the Official Statement.

LEGALITY FOR INVESTMENT

The Series 2013 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations and all other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on banking business, may properly and legally invest funds, including capital in their control or belonging to them.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery and payment for the Series 2013 Bonds, the University will deliver a certificate of its President to the effect that he has examined this Official Statement (including the Appendices) and the financial and other data concerning the University contained herein and that (i) the Official Statement, both as of its date and as of the date of delivery of the Series 2013 Bonds, does not, with respect to the University, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Series 2013 Bonds, there has been no material change in the affairs (financial or other), financial condition or results of operations of the University except as set forth in or contemplated by the Official Statement.

SECONDARY MARKET DISCLOSURE

The University and the Trustee shall enter into an undertaking (the “Continuing Disclosure Agreement”), for the benefit of the holders of the Series 2013 Bonds, pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12. The proposed form of Continuing Disclosure Agreement is contained in Appendix D.

The University has entered into continuing disclosure undertakings in connection with the 2005 Bonds, the 2009 Bonds and the 2011 Bonds. During the past five years, the University has materially complied with all of its prior continuing disclosure undertakings.

ADDITIONAL INFORMATION

The references herein to the Indenture, the Loan Agreement, and other documents and the Act, the Code and other statutes are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to the full text of the originals for a full and complete statement of such provisions.

This Official Statement is not to be construed as a contract or an agreement between the University or the Issuer and the purchasers or holders of any of the Series 2013 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the University since the date hereof.

The information contained in this Official Statement relating to the 2013 Project, the Estimated Uses of Funds and the University has been supplied by the University, and neither the Issuer nor the Underwriter makes any representation or warranty as to the accuracy or completeness of such information.

The distribution of this Official Statement to prospective purchasers of the Series 2013 Bonds by the Underwriter has been duly authorized by the Issuer and the University. This Official Statement is made available only in connection with the sale of the Series 2013 Bonds and may not be used in whole or in part for any other purpose.

Additional copies of this Official Statement may be obtained upon request from the Underwriter.

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TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION

By: /s/ Frederick E. Parola
Name: Frederick E. Parola
Title: Executive Director and Chief Executive Officer

ADELPHI UNIVERSITY

By: /s/ Robert A. Scott
Name: Robert A. Scott
Title: President

By: /s/ Timothy P. Burton
Name: Timothy P. Burton
Title: Senior Vice President and Treasurer

APPENDIX A

Audited Financial Statements of the University
for the Years Ended August 31, 2012 and 2011

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**CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

ADELPHI UNIVERSITY

For the years ended August 31, 2012 and 2011

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Adelphi University:

We have audited the accompanying consolidated statements of financial position of Adelphi University and subsidiary (collectively, the “University”) as of August 31, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Adelphi University and subsidiary as of August 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Melville, New York
November 26, 2012

ADELPHI UNIVERSITY**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2012 AND 2011**

	NOTES	2012	2011
<u>ASSETS</u>			
Cash and Short-Term Investments, at fair value	2	\$ 11,159,425	\$ 13,748,517
Accounts Receivable, net	3	1,730,104	1,453,239
Grants Receivable		504,642	590,168
Prepaid Expenses and Other Assets		5,593,233	5,657,669
Contributions Receivable	1, 4	5,775,437	4,748,873
Notes Receivable, net	5	5,831,510	5,534,355
Investments, at fair value	1, 6	165,138,003	141,221,685
Amounts Held in Trust	1, 8, 11	567,037	521,625
Land, Buildings, and Equipment, net	1, 9	195,562,292	199,469,764
TOTAL ASSETS		\$ 391,861,683	\$ 372,945,895
 <u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses	1,10	\$ 15,726,417	\$ 18,121,976
Deferred Revenues	1	25,248,015	23,611,313
U.S. Government Grants Refundable		5,114,452	4,998,334
Long-Term Debt	11	90,146,217	93,958,327
Total Liabilities		136,235,101	140,689,950
 <u>COMMITMENTS AND CONTINGENCIES</u>			
	15		
<u>NET ASSETS</u>			
Unrestricted Net Assets:			
Operations and Designated	1	23,327,429	15,203,549
Long-Term Investment		104,829,885	95,338,214
Plant		87,558,488	89,255,556
Total Unrestricted Net Assets		215,715,802	199,797,319
Temporarily Restricted Net Assets	1	15,977,841	12,605,399
Permanently Restricted Net Assets	1	23,932,939	19,853,227
Total Net Assets		255,626,582	232,255,945
TOTAL LIABILITIES AND NET ASSETS		\$ 391,861,683	\$ 372,945,895

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

ADELPHI UNIVERSITY

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED AUGUST 31, 2011)**

2012										
UNRESTRICTED										
UNRESTRICTED OPERATIONS										
NOTES	OPERATIONS	DESIGNATED	TOTAL	LONG-TERM INVESTMENT	PLANT	TOTAL	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	2011 TOTAL (Details provided on next page)
REVENUES										
	Tuition and Fees	\$ -	\$ 196,663,601	\$ -	\$ -	\$ 196,663,601	\$ -	\$ -	\$ 196,663,601	\$ 188,382,496
1	Less: Scholarships and Fellowships	(40,192,862)	(40,192,862)	-	-	(40,192,862)	-	-	(40,192,862)	(35,820,683)
	Net Tuition and Fees	156,470,739	156,470,739	-	-	156,470,739	-	-	156,470,739	152,561,813
1	Contributions	81,448	81,448	-	944,304	1,025,752	3,269,001	3,991,782	8,286,535	3,852,531
1	Government Grants and Contracts	3,476,270	3,476,270	-	-	3,476,270	-	-	3,476,270	3,456,909
6	Investment Income	1,363,626	2,073,687	8,479,723	35	10,553,445	2,164,442	43,240	12,761,127	12,972,244
	Sales and Services of Educational Departments	1,619,008	1,619,008	-	-	1,619,008	-	-	1,619,008	1,581,923
	Sales and Services of Auxiliary Enterprises	14,182,433	14,182,433	-	-	14,182,433	-	-	14,182,433	12,593,810
	Other Sources	2,289,913	2,289,913	-	148,135	2,438,048	1,102,676	2,365	3,543,089	3,446,919
		179,483,437	180,193,498	8,479,723	1,092,474	189,765,695	6,536,119	4,037,387	200,339,201	190,466,149
	Net Assets Released from Restrictions	2,390,613	2,390,613	-	730,739	3,121,352	(3,163,677)	42,325	-	-
	TOTAL REVENUES	181,874,050	182,584,111	8,479,723	1,823,213	192,887,047	3,372,442	4,079,712	200,339,201	190,466,149
EXPENSES										
	Instruction	81,129,245	86,101	81,215,346	-	4,755,136	85,970,482	-	85,970,482	81,990,291
	Research and Public Service	5,195,869	82,373	5,278,242	-	720,428	5,998,670	-	5,998,670	5,829,085
	Academic Support	16,541,119	35,899	16,577,018	-	921,998	17,499,016	-	17,499,016	16,365,704
	Student Services	22,492,499	-	22,492,499	-	3,044,405	25,536,904	-	25,536,904	24,336,373
	Institutional Support	26,378,212	-	26,378,212	-	1,093,234	27,471,446	-	27,471,446	26,337,436
	Auxiliary Enterprises	9,541,769	-	9,541,769	-	4,786,732	14,328,501	-	14,328,501	13,367,701
	TOTAL EXPENSES	161,278,713	204,373	161,483,086	-	15,321,933	176,805,019	-	176,805,019	168,226,590
	CHANGE IN NET ASSETS, before transfers and amounts designated	20,595,337	505,688	21,101,025	8,479,723	(13,498,720)	16,082,028	3,372,442	23,534,182	22,239,559
TRANSFERS										
	Mandatory Transfer for Debt Service	(7,829,483)	-	(7,829,483)	-	7,829,483	-	-	-	-
	Matching and Other Contributions	(11,948)	-	(11,948)	11,948	-	-	-	-	-
	Property, Plant and Equipment	(6,992,408)	-	(6,992,408)	-	6,992,408	-	-	-	-
	CHANGE IN NET ASSETS, before amounts designated and nonrecurring item	5,761,498	505,688	6,267,186	8,491,671	1,323,171	16,082,028	3,372,442	23,534,182	22,239,559
AMOUNTS DESIGNATED										
	Strategic Planning Initiatives	(4,500,000)	7,515,911	3,015,911	-	(3,015,911)	-	-	-	-
	Faculty Research	(97,953)	102,281	4,328	-	(4,328)	-	-	-	-
	Funds Functioning as Endowment	(1,000,000)	-	(1,000,000)	1,000,000	-	-	-	-	-
	TOTAL AMOUNTS DESIGNATED	(5,597,953)	7,618,192	2,020,239	1,000,000	(3,020,239)	-	-	-	-
	CHANGE IN NET ASSETS, before postretirement changes and nonrecurring item	163,545	8,123,880	8,287,425	9,491,671	(1,697,068)	16,082,028	3,372,442	23,534,182	22,239,559
	Postretirement Changes Other than Net Periodic Benefit Costs	(163,545)	-	(163,545)	-	-	(163,545)	-	(163,545)	-
	Nonrecurring Item:									
	Funding of Pension Plan Withdrawal Liability	-	-	-	-	-	-	-	-	(1,760,000)
	CHANGE IN NET ASSETS	-	8,123,880	8,123,880	9,491,671	(1,697,068)	15,918,483	3,372,442	23,370,637	20,479,559
	NET ASSETS, BEGINNING OF YEAR	-	15,203,549	15,203,549	95,338,214	89,255,556	199,797,319	12,605,399	232,255,945	211,776,386
	NET ASSETS, END OF YEAR	\$ -	\$ 23,327,429	\$ 23,327,429	\$ 104,829,885	\$ 87,558,488	\$ 215,715,802	\$ 15,977,841	\$ 23,932,939	\$ 232,255,945

The accompanying notes are an integral part of this consolidated financial statement.

ADELPHI UNIVERSITY

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011**

		UNRESTRICTED								
		UNRESTRICTED OPERATIONS			LONG-TERM	PLANT	TOTAL	TEMPORARILY	PERMANENTLY	TOTAL
NOTES	OPERATIONS	DESIGNATED	TOTAL	INVESTMENT			RESTRICTED	RESTRICTED		
REVENUES										
	Tuition and Fees	\$ 188,382,496	\$ -	\$ 188,382,496	\$ -	\$ -	\$ 188,382,496	\$ -	\$ -	\$ 188,382,496
	Less: Scholarships and Fellowships	(35,820,683)	-	(35,820,683)	-	-	(35,820,683)	-	-	(35,820,683)
	Net Tuition and Fees	152,561,813	-	152,561,813	-	-	152,561,813	-	-	152,561,813
	Contributions	81,493	5,200	86,693	-	942,427	1,029,120	1,319,855	1,503,556	3,852,531
	Government Grants and Contracts	3,456,909	-	3,456,909	-	-	3,456,909	-	-	3,456,909
	Investment Income (Loss)	934,832	(136,783)	798,049	10,232,493	6	11,030,548	1,909,383	32,313	12,972,244
	Sales and Services of Educational Departments	1,581,923	-	1,581,923	-	-	1,581,923	-	-	1,581,923
	Sales and Services of Auxiliary Enterprises	12,593,810	-	12,593,810	-	-	12,593,810	-	-	12,593,810
	Other Sources	2,281,873	-	2,281,873	-	308,184	2,590,057	854,472	2,390	3,446,919
		173,492,653	(131,583)	173,361,070	10,232,493	1,250,617	184,844,180	4,083,710	1,538,259	190,466,149
	Net Assets Released from Restrictions	2,603,079	-	2,603,079	-	1,104,958	3,708,037	(3,850,826)	142,789	-
	TOTAL REVENUES	176,095,732	(131,583)	175,964,149	10,232,493	2,355,575	188,552,217	232,884	1,681,048	190,466,149
EXPENSES										
	Instruction	77,379,136	240,000	77,619,136	-	4,371,155	81,990,291	-	-	81,990,291
	Research and Public Service	5,050,868	107,095	5,157,963	-	671,122	5,829,085	-	-	5,829,085
	Academic Support	15,347,231	-	15,347,231	-	1,018,473	16,365,704	-	-	16,365,704
	Student Services	21,506,905	-	21,506,905	-	2,829,468	24,336,373	-	-	24,336,373
	Institutional Support	25,364,282	-	25,364,282	-	973,154	26,337,436	-	-	26,337,436
	Auxiliary Enterprises	9,197,458	-	9,197,458	-	4,170,243	13,367,701	-	-	13,367,701
	TOTAL EXPENSES	153,845,880	347,095	154,192,975	-	14,033,615	168,226,590	-	-	168,226,590
	CHANGE IN NET ASSETS, before transfers and amounts designated	22,249,852	(478,678)	21,771,174	10,232,493	(11,678,040)	20,325,627	232,884	1,681,048	22,239,559
TRANSFERS										
	Mandatory Transfer for Debt Service	(6,763,504)	-	(6,763,504)	-	6,763,504	-	-	-	-
	Matching and Other Contributions	(40,333)	-	(40,333)	40,333	-	-	-	-	-
	Property, Plant and Equipment	(7,898,472)	-	(7,898,472)	-	7,898,472	-	-	-	-
	CHANGE IN NET ASSETS, before amounts designated and nonrecurring item	7,547,543	(478,678)	7,068,865	10,272,826	2,983,936	20,325,627	232,884	1,681,048	22,239,559
AMOUNTS DESIGNATED										
	Strategic Planning Initiatives	(3,700,000)	13,888,095	10,188,095	-	(10,188,095)	-	-	-	-
	Faculty Research	(87,543)	87,543	-	-	-	-	-	-	-
	Funds Functioning as Endowment	(2,000,000)	-	(2,000,000)	2,000,000	-	-	-	-	-
	TOTAL AMOUNTS DESIGNATED	(5,787,543)	13,975,638	8,188,095	2,000,000	(10,188,095)	-	-	-	-
	CHANGE IN NET ASSETS, before nonrecurring item	1,760,000	13,496,960	15,256,960	12,272,826	(7,204,159)	20,325,627	232,884	1,681,048	22,239,559
	Nonrecurring Item:									
	Funding of Pension Plan Withdrawal Liability	(1,760,000)	-	(1,760,000)	-	-	(1,760,000)	-	-	(1,760,000)
	CHANGE IN NET ASSETS	-	13,496,960	13,496,960	12,272,826	(7,204,159)	18,565,627	232,884	1,681,048	20,479,559
	NET ASSETS, BEGINNING OF YEAR	-	1,706,589	1,706,589	84,432,165	96,459,715	182,598,469	11,005,738	18,172,179	211,776,386
	Cumulative Effect of Change in Accounting Principle	-	-	-	(1,366,777)	-	(1,366,777)	1,366,777	-	-
	NET ASSETS, END OF YEAR	\$ -	\$ 15,203,549	\$ 15,203,549	\$ 95,338,214	\$ 89,255,556	\$ 199,797,319	\$ 12,605,399	\$ 19,853,227	\$ 232,255,945

The accompanying notes are an integral part of this consolidated financial statement.

ADELPHI UNIVERSITY**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 23,370,637	\$ 20,479,559
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided by Operating Activities:		
Nonoperating Items:		
Realized Gain on Investments	(6,157,324)	(9,177,504)
Contributions and Investment Income Restricted for Long-Term Investment	(6,134,813)	(1,981,946)
Noncash Items:		
Depreciation, Accretion, and Amortization	8,298,524	8,298,478
Amortization of Bond Premium	(142,110)	(132,354)
Net Unrealized Gain on Investments	(6,483,833)	(3,634,958)
Loss on Disposals of Equipment	31,354	340,774
Cancellations of Notes Receivable	87,027	91,986
Decrease in Allowance for Doubtful Accounts	-	(100,000)
Change In Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(276,865)	168,746
Decrease in Grants Receivable	85,526	439,985
Increase in Prepaid Expenses and Other Assets	(36,138)	(159,651)
(Increase) Decrease in Contributions Receivable	(774,551)	935,734
Increase in Amounts Held in Trust	(45,376)	(514)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(2,482,091)	1,835,082
Increase in Deferred Revenues	1,636,702	1,916,728
Increase in U.S. Government Grants Refundable	116,118	262,990
Net Cash Flows Provided by Operating Activities	<u>11,092,787</u>	<u>19,583,135</u>
<u>Cash Flows from Investing Activities:</u>		
Proceeds from Sale of Investments	38,980,594	34,957,596
Purchase of Investments	(50,507,804)	(44,410,916)
Student Notes Receivable:		
New Loans Made	(1,157,751)	(1,006,375)
Principal Collected	773,569	770,206
Expenditures for Plant Facilities	(4,235,300)	(16,618,118)
Net Cash Flows Used in Investing Activities	<u>(16,146,692)</u>	<u>(26,307,607)</u>
<u>Cash Flows from Financing Activities</u>		
From Borrowings:		
Net Proceeds from Bonds	-	24,789,660
Retirement of Debt	(3,670,000)	(17,568,688)
Proceeds from Contributions and Investment Earnings Restricted for:		
Investment in Endowment	3,288,323	916,915
Plant Improvements	2,845,113	1,063,600
Student Loan Funds	1,377	1,429
Net Cash Flows Provided by Financing Activities	<u>2,464,813</u>	<u>9,202,916</u>
Net (Decrease) Increase in Cash and Short-Term Investments	(2,589,092)	2,478,444
Cash and Short-Term Investments:		
Beginning of Year	<u>\$ 13,748,517</u>	<u>\$ 11,270,073</u>
End of Year	<u>\$ 11,159,425</u>	<u>\$ 13,748,517</u>
<u>Supplemental Disclosures:</u>		
Interest Paid	\$ 4,159,484	\$ 4,033,649

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

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Nature of Operations

Adelphi University (the “University”) is an independent not-for-profit institution of higher education with programs at the undergraduate and graduate levels. The University’s main campus is located in Garden City, New York. The University is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Black Cat Advertising, a wholly-owned subsidiary of the University, began operations in 2004 and is consolidated in the accompanying financial statements. All intercompany transactions have been eliminated in consolidation.

b. Basis of Presentation

The consolidated financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

The University maintains its accounts in accordance with the principles and practices of “fund accounting”. Fund accounting is the procedure by which resources are classified for accounting purposes in accordance with activities or objectives specified by donors, in accordance with regulations, restrictions, or limitations imposed by sources outside the institution, or in accordance with directions by the Board of Trustees (the “Board”).

The University follows the provisions of ASC 958, “*Not-For-Profit Entities*”. ASC 958 specifies that financial statements provided by not-for-profit organizations include statements of financial position, activities, and cash flows and that net assets be classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications is as follows:

Unrestricted net assets include the following:

Operations: Operations include the revenues and expenses associated with the principal educational mission of the University.

Amounts Designated: The amounts designated to support (i) certain instructional activities (ii) related changes in personnel and (iii) strategic planning initiatives included in unrestricted net assets at August 31, 2012 and 2011 totaled \$23,327,429 and \$15,203,549, respectively.

Long-Term Investment: Long-term investment includes Board designations to funds functioning as endowment, cumulative realized gains on board-designated endowment funds, and the University’s required matching contribution on government student loan funds.

Plant: Plant net assets include: (i) transfers from operations designated by the University to fund future capital projects and debt service payments; (ii) amounts held in trust for payment of outstanding long-term debt; (iii) the deficit of construction expenditures in excess of fundraising; and (iv) amounts invested in land, buildings and equipment net of accumulated depreciation. Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets upon acquisition of the assets. In the accompanying consolidated Statements of Activities, expenses represent primarily interest on debt service and depreciation.

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Temporarily restricted net assets generally result from contributions whose use by the University is limited by donor-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations and/or that expire by the passage of time. When donor restrictions expire, that is, when a restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated Statements of Activities as net assets released from restrictions. When a temporarily restricted contribution is received and the restriction is fulfilled in the same period, the corresponding revenue is recorded as unrestricted in the accompanying consolidated Statements of Activities.

Permanently restricted net assets generally represent the historical cost of contributions whose use is limited by donor-imposed stipulations requiring that the original principal be maintained permanently by the University. Generally the donors of these assets permit the University to use all or part of the investment return on these assets for specific purposes or general University operations. Such assets primarily include the University's permanent endowment funds.

c. Deferred Revenues

The University derives its revenue primarily from student tuition and fees. Revenue is recorded on the accrual basis of accounting. Deferred revenues primarily represent payments received from students relating to registrations for the following fall semester. Such amounts are recognized as revenue during the subsequent fiscal year.

d. Accounts Payable

Amounts held for agency funds aggregating to \$541,546 and \$471,997 at August 31, 2012 and 2011, respectively, are included in accounts payable and accrued expenses within the accompanying consolidated Statements of Financial Position.

e. Land, Buildings and Equipment, Net

Land, buildings and equipment, net, are based on the following valuations:

- Land and improvements - at appraised value in 1958, plus subsequent improvements at cost.
- Buildings - at approximate fair value in accordance with a survey by the Home Insurance Company made in February 1967, plus a six percent estimate for excavations, foundations and underground facilities; additions subsequent to February 1967 are recorded at cost.
- Equipment and Library Books - recorded at cost.

Donated assets are stated at fair value as of the date of the gift.

The University follows the guidance of ASC 360, "*Accounting for the Impairment or Disposal of Long-lived Assets*". The University reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Some factors the University considers important, which could trigger an impairment review, include: (i) significant underperformance compared to expected historical or projected future operating results; (ii) significant changes in the University's use of the acquired assets or the strategy for its overall business; and (iii) significant negative industry or economic trends.

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Depreciation on land, buildings and equipment has been computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and additions	75 years
Building improvements and renovations	15 years
Furniture and equipment	5-10 years
Software	5 years
Library books	20 years

Depreciation and accretion expense on assets for the years ended August 31, 2012 and 2011 amounted to \$8,197,950 and \$7,975,586, respectively. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss, if any, is included in the accompanying consolidated Statements of Activities.

f. Amounts Held in Trust

Amounts held in trust are for the sole benefit of the University. The University receives the income earned from the assets held in trust and has a residual interest in the assets of such funds. Amounts held in trust are recorded at fair value.

g. Fair Value Measurements

The fair values of all financial instruments, other than contributions receivable, investments, long-term debt and loans receivable from students under government loan programs, approximate carrying values because of the short maturity of these instruments.

Contributions receivable are reported at their net present value, which approximates fair value, and are disclosed in Note 4.

A reasonable estimate of the fair value of loans receivable from students under government loan programs cannot be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

The fair value of long-term debt approximates the carrying value since the interest rates charged, as disclosed in Note 11, approximate the University's current borrowing rate for similar instruments. For all other financial instruments, the carrying amounts as disclosed in the accompanying consolidated financial statements approximate fair value.

The University follows *Fair Value Measurements* guidance which establishes a framework for measuring fair value, expands disclosures about fair value measurements and provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the University, and exclude listed equities and other securities held indirectly through commingled funds.

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets and investments valued at net asset value per share, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position, or in the near term, which the University has determined to be within 90 days.

Level 3 - Pricing inputs are unobservable for the assets or liability and includes situations where there is little, if any, market activity for the assets or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

h. Concentration of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the University maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio. At August 31, 2012, the University's cash and investments were placed with high credit quality financial institutions and, accordingly, the University does not expect nonperformance.

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for accounts receivable, valuation of alternative investments, actuarial assumptions related to the postretirement plan, useful lives of plant assets and certain accrued liabilities. Actual results could differ from those estimates.

j. Contributions and Government Grants and Contracts

Contributions, including unconditional promises to give, are reported as revenue in the period received. Contributions are recorded at fair value, net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Fundraising costs of \$2,464,752 and \$2,405,714 have been included in institutional support expenses for the years ended August 31, 2012 and 2011, respectively.

Revenues from government grants and contracts for specific programs are recognized in the period when expenditures have been incurred in compliance with the respective contract. Contracts awarded for the acquisition of long-lived assets are reported as unrestricted revenue during the fiscal year in which the assets are acquired. Governmental grants and contracts are subject to audit and potential disallowance. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

k. Tuition Discounting

The University maintains a policy of offering qualified applicants admission to the University without regard to financial circumstances. The University provides institutional financial aid to those admitted on

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the basis of merit or need in the form of direct grants or employment during the academic year. Tuition and fees have been reduced by institutional directed grants in the amount of \$40,192,862 and \$35,820,683 for the years ended August 31, 2012 and 2011, respectively.

l. Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Education	\$ 3,240,442	\$ 2,491,255
Endowment Cumulative Gain on Donor Restricted Net Assets	7,345,094	6,222,847
Annuity Trust Agreements	1,108,259	778,628
Building Renovations	<u>4,284,046</u>	<u>3,112,669</u>
	<u>\$15,977,841</u>	<u>\$12,605,399</u>

Permanently restricted net assets consisted of the following:

Endowment - Corpus; investment earnings primarily support scholarship programs	\$23,836,044	\$19,757,708
Loan Fund	<u>96,895</u>	<u>95,519</u>
	<u>\$23,932,939</u>	<u>\$19,853,227</u>

m. Conditional Asset Retirement Obligations

The University recognizes the cost associated with the eventual remediation and abatement of asbestos located within its facilities. The cost of the abatement was estimated using historical construction and renovation documents.

The University recognized accretion expense relating to these obligations of \$86,532 and \$93,974 for the years ended August 31, 2012 and 2011, respectively. These obligations were reduced by remediation costs of \$34,805 and \$332,008 for the years ended August 31, 2012 and 2011, respectively. The obligation amounted to \$1,473,032 and \$1,302,522 at August 31, 2012 and 2011, respectively, and is included within accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

n. Income Taxes

The University follows ASC 740-10 which clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This section provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The University is exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the University may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The tax years ending August 31, 2009, 2010, 2011 and 2012 are still open to audit for both federal and state purposes. Management has determined that there are no material uncertain tax positions within its consolidated financial statements.

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

o. Reclassification

Certain fiscal 2011 amounts have been reclassified in order to conform to the fiscal 2012 presentation.

2. Cash and Short-Term Investments

Cash and short-term investments include cash and cash equivalents with an original maturity of three months or less at the time of purchase, and other short-term investments maturing within a year of the consolidated statement of financial position date. The market value of cash and short-term investments consisted of the following:

	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	\$10,347,887	\$12,633,516
Certificates of Deposit	<u>811,538</u>	<u>1,115,001</u>
	<u>\$11,159,425</u>	<u>\$13,748,517</u>

Investment income on cash and short-term investments, included in unrestricted net assets, amounted to \$119,970 and \$224,516 for the years ended August 31, 2012 and 2011, respectively.

3. Accounts Receivable

Accounts receivable are recorded net of an allowance for doubtful accounts of \$900,000 at August 31, 2012 and 2011, respectively. The carrying value of receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience, and therefore, approximates net realizable value. Receivables are written off in the period in which they are deemed to be uncollectible. Accounts receivable are expected to be collected within one year.

4. Contributions Receivable

Contributions receivable consisted of the following:

	<u>2012</u>	<u>2011</u>
Amounts expected to be collected:		
Within 1 year	\$1,503,176	\$ 768,601
1 to 5 years	2,059,724	2,118,231
Thereafter	<u>338,989</u>	<u>180,430</u>
	3,901,889	3,067,262
Less: allowance for doubtful pledges	(12,800)	-
Less: discount to present value (rates ranging from 0.2% - 4.7%)	<u>(196,400)</u>	<u>(246,784)</u>
	3,692,689	2,820,478
Bequests	150,000	528,494
Charitable Remainder Trusts	<u>1,932,748</u>	<u>1,399,901</u>
	<u>\$5,775,437</u>	<u>\$4,748,873</u>

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The University is a beneficiary of irrevocable charitable remainder trusts held by others. At the dates these charitable remainder trusts are either established or the University becomes aware of their existence, contribution revenue and receivables are recognized at the present value of the estimated future benefits to be received when the trust assets are distributed, at discount rates ranging from approximately 1.4% to 6.2%. The receivable is adjusted during the term of the trusts for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits. The income on the investments within Charitable Remainder Trusts for the years ended August 31, 2012 and 2011 amounted to \$252,013 and \$92,267, respectively, and is included in investment income (loss) in the accompanying consolidated Statements of Activities.

5. Student Loans Receivable and Refundable Government Grants

In July 2010, FASB issued ASU 2010-20 ("*Disclosures about the credit quality of financing receivables and the allowance for credit losses*"). The main objective in developing this update is to provide financial statement users with greater transparency about the University's allowance for credit losses and the credit quality of its financing receivables.

The University makes uncollateralized loans to students based on financial need under the Perkins Federal loan program, Nursing Student Loan program and the Nurse Faculty Student Loan program. Student loans are funded through Federal government loan programs or institutional resources. At August 31, 2012 and 2011, student loans represented approximately 1.5% of total assets. At August 31, 2012 and 2011, student loans for Federal government programs totaled \$6,001,310 and \$5,700,154, respectively. Of these amounts, as of August 31, 2012 and 2011, \$3,703,961 and \$2,257,200, respectively, were not in repayment status.

Amounts due under the Federal loan programs are guaranteed by the government and therefore, no reserves are placed on any past due balances under the program. The University does have an allowance for doubtful accounts of approximately \$173,000 relating to the institutional share of these loan programs for each of the years ended August 31, 2012 and 2011.

At August 31, 2012 and 2011, the following amounts were past due under the student loan program.

August 31,	In default < 240 days (monthly installments) or 270 days (other installments)	In default > 240 days (monthly installments) or 270 days (other installments) and < 2 years	In default > 2 years, up to 5 years	In default > 5 years	Total past due
2012	\$271,453	\$133,039	\$155,562	\$73,333	\$633,387
2011	299,170	150,212	161,925	93,725	705,032

The availability of funds for loans under the Perkins Federal loan program is dependent on reimbursement to the pool from repayments on outstanding loans. Funds advanced by the Federal government of \$5,114,452 and \$4,998,334 at August 31, 2012 and 2011, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statement of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Investments

Investments are recorded at fair value. The University has pooled certain funds for investment from the unrestricted, endowment and plant funds and allocated the funds among investment securities. The investments and the related income are pooled on a fair value basis with each fund subscribing to or disposing of units on the basis of the fair value per unit, which is determined monthly.

The following summarizes the composition of investments:

	2012			
	<u>Pooled Investments Endowment</u>	<u>Non-Pooled Investments</u>		<u>Total</u>
		<u>Unrestricted</u>	<u>Endowment</u>	
<u>Cost</u>				
Money Market Funds	\$ 651,676	\$ -	\$ 1,979	\$ 653,655
Equity Investments	29,776,476	-	12,077	29,788,553
Distressed Debt	6,675,889	-	-	6,675,889
Fixed Income Investments	27,155,571	22,408,510	74,893	49,638,974
Pooled Equity Funds	52,266,030	7,875,486	110,150	60,251,666
Pooled Commodity Funds	<u>9,232,861</u>	<u>-</u>	<u>8,469</u>	<u>9,241,330</u>
	<u>\$125,758,503</u>	<u>\$30,283,996</u>	<u>\$207,568</u>	<u>\$156,250,067</u>
<u>Fair Value</u>				
Money Market Funds	\$ 651,676	\$ -	\$ 1,979	\$ 653,655
Equity Investments	32,914,722	-	13,315	32,928,037
Distressed Debt	7,401,897	-	-	7,401,897
Fixed Income Investments	28,747,315	22,880,814	75,817	51,703,946
Pooled Equity Funds	55,868,306	8,752,946	123,258	64,744,510
Pooled Commodity Funds	<u>7,690,131</u>	<u>-</u>	<u>15,827</u>	<u>7,705,958</u>
	<u>\$133,274,047</u>	<u>\$31,633,760</u>	<u>\$230,196</u>	<u>\$165,138,003</u>

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2011			
	Pooled	Non-Pooled Investments		Total
	Investments	Unrestricted	Endowment	
Cost	Endowment			
Money Market Funds	\$ 560,685	\$ -	\$ 2,509	\$ 563,194
Equity Investments	12,571,663	-	12,819	12,584,482
Distressed Debt	5,413,062	-	-	5,413,062
Fixed Income Investments	25,951,329	16,810,687	75,555	42,837,571
Pooled Equity Funds	68,963,960	6,147,034	106,150	75,217,144
Pooled Commodity Funds	<u>5,320,266</u>	<u>-</u>	<u>8,469</u>	<u>5,328,735</u>
	<u>\$118,780,965</u>	<u>\$22,957,721</u>	<u>\$205,502</u>	<u>\$141,944,188</u>
Fair Value				
Money Market Funds	\$ 560,685	\$ -	\$ 2,509	\$ 563,194
Equity Investments	14,064,816	-	11,623	14,076,439
Distressed Debt	6,061,450	-	-	6,061,450
Fixed Income Investments	26,213,194	16,888,156	74,464	43,175,814
Pooled Equity Funds	65,904,413	6,332,915	111,017	72,348,345
Pooled Commodity Funds	<u>4,977,704</u>	<u>-</u>	<u>18,739</u>	<u>4,996,443</u>
	<u>\$117,782,262</u>	<u>\$23,221,071</u>	<u>\$218,352</u>	<u>\$141,221,685</u>

At August 31, 2012 and 2011, the allocation of total cost and fair value of the investments pooled was as follows:

Net Asset Classification	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Permanently and Temporarily Restricted				
Endowment	\$ 27,811,684	\$ 29,473,757	\$ 23,629,760	\$ 23,431,082
Unrestricted - Long-Term Investment	<u>97,946,819</u>	<u>103,800,290</u>	<u>95,151,205</u>	<u>94,351,180</u>
	<u>\$125,758,503</u>	<u>\$133,274,047</u>	<u>\$118,780,965</u>	<u>\$117,782,262</u>

The following summarizes the return on investments and its classification in the accompanying consolidated Statements of Activities:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends <i>(Net of Expenses)</i>	\$ 3,322,975	\$ 659,040	\$ 4,028	\$ 3,986,043
Net Realized and Unrealized Gains	<u>6,891,356</u>	<u>1,502,524</u>	<u>9,184</u>	<u>8,403,064</u>
	<u>\$10,214,331</u>	<u>\$2,161,564</u>	<u>\$13,212</u>	<u>\$12,389,107</u>
2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends <i>(Net of Expenses)</i>	\$ 2,672,017	\$ 562,784	\$ 3,928	\$ 3,238,729
Net Realized and Unrealized Gains	<u>7,555,267</u>	<u>1,848,557</u>	<u>12,903</u>	<u>9,416,727</u>
	<u>\$10,227,284</u>	<u>\$2,411,341</u>	<u>\$16,831</u>	<u>\$12,655,456</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interest and dividends are net of investment manager fees of \$180,607 and \$241,334 for the years ended August 31, 2012 and 2011, respectively. These fees exclude manager fees for approximately 76% and 84% of the investment portfolio for the years ended August 31, 2012 and 2011, respectively, as those fees are netted with the investment return reported by the manager.

The following table summarizes investments by fair value levels as of August 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 653,655	\$ -	\$ -	\$ 653,655
Equity Investments	32,928,037	-	-	32,928,037
Distressed Debt	-	-	7,401,897	7,401,897
Fixed Income Investments	51,703,946	-	-	51,703,946
Pooled Equity Funds	57,633,436	6,301,058	810,016	64,744,510
Pooled Commodity Funds	<u>7,705,958</u>	<u>-</u>	<u>-</u>	<u>7,705,958</u>
	<u>\$150,625,032</u>	<u>\$6,301,058</u>	<u>\$8,211,913</u>	<u>\$165,138,003</u>

The following table summarizes investments by fair value levels as of August 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 563,194	\$ -	\$ -	\$ 563,194
Equity Investments	14,076,439	-	-	14,076,439
Distressed Debt	-	-	6,061,450	6,061,450
Fixed Income Investments	43,175,814	-	-	43,175,814
Pooled Equity Funds	58,474,941	12,777,697	1,095,707	72,348,345
Pooled Commodity Funds	<u>4,996,443</u>	<u>-</u>	<u>-</u>	<u>4,996,443</u>
	<u>\$121,286,831</u>	<u>\$12,777,697</u>	<u>\$7,157,157</u>	<u>\$141,221,685</u>

During the years ended August 31, 2012 and 2011, there were no transfers between Level 1, 2 or 3 investments.

The alternative investments are comprised of various Hedge Fund of Funds and Distressed Debt which represent 49% and 51%, respectively, at August 31, 2012 and 55% and 45%, respectively, at August 31, 2011 of the total alternative investments.

The following summarizes the strategy of the alternative investments:

Fund of Funds - two fund strategies utilizing: (i) strategy aims to produce global equity like returns with lower levels of risk. The Fund uses primarily equity long short funds that invest in the global equity markets and (ii) multi-manager strategy that emphasizes lower volatility hedge fund strategies including event-driven, multi-strategy and fixed income arbitrage.

Distressed Debt - uses a multi-manager approach that seeks to pursue an investment program comprised of restructured debt, stressed debt, mezzanine debt, special situations and distressed debt.

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Investments valued at Net Asset Value or its equivalent as of August 31, 2012, consisted of the following:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Distressed Debt	\$ 7,401,897	\$ 382,400	Annual/Quarterly	60/120 Days
Fund of Funds	6,301,058	-	Quarterly	33 Days
Fund of Funds	810,016	-	As underlying assets are sold	95 Days
	<u>\$ 14,512,971</u>	<u>\$ 382,400</u>		

Investments valued at Net Asset Value or its equivalent as of August 31, 2011, consisted of the following:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Distressed Debt	\$ 6,061,450	\$ 568,000	Annual/Quarterly	60/120 Days
Fund of Funds	6,064,736	-	Quarterly	33 Days
Fund of Funds	1,095,707	-	As underlying assets are sold	95 Days
	<u>\$ 13,221,893</u>	<u>\$ 568,000</u>		

The following table summarizes the changes in fair values associated with level 3 assets:

	<u>2012</u>		
	<u>Distressed Debt</u>	<u>Pooled Equity Funds</u>	<u>Total</u>
Balance as of August 31, 2011	\$6,061,450	\$1,095,707	\$7,157,157
Purchases	1,185,600	-	1,185,600
Sales	-	(317,173)	(317,173)
Return, <i>net</i>	154,847	31,482	186,329
Balance as of August 31, 2012	<u>\$7,401,897</u>	<u>\$ 810,016</u>	<u>\$8,211,913</u>
	<u>2011</u>		
	<u>Distressed Debt</u>	<u>Pooled Equity Funds</u>	<u>Total</u>
Balance as of August 31, 2010	\$1,644,431	\$3,592,722	\$5,237,153
Purchases	4,094,600	-	4,094,600
Sales	-	(2,736,109)	(2,736,109)
Return, <i>net</i>	322,419	239,094	561,513
Balance as of August 31, 2011	<u>\$6,061,450</u>	<u>\$1,095,707</u>	<u>\$7,157,157</u>

All net return amounts in the table above are reflected in investment income (loss) within the accompanying consolidated Statements of Activities.

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7. Endowment Funds

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act (“NYPMIFA”), its version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). All not-for-profit organizations formed in New York must apply this law. The University classifies donor-restricted endowment funds as permanently restricted net assets, unless otherwise stipulated by the donor: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. This Legislation was effective for the University’s 2011 fiscal year and, resulted in a cumulative effect adjustment of \$1,366,777 to reclassify certain unrestricted net assets to temporarily restricted net assets.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund’s historic dollar value. Under NYPMIFA, the University may spend below the historical dollar value of its endowment funds unless specific donors have stipulated to the contrary. To date, the University has received instruction from donors, who have contributed \$3,708,469 in permanently restricted contributions (with a fair value of \$4,133,949 as of August 31, 2012), for which the University must maintain the historical dollar value of these funds and not adopt NYPMIFA as it relates to these particular endowment contributions. At August 31, 2012, the University had not spent below the historical dollar value of its endowments.

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. The amount available for spending is determined annually by applying a rate of 5% to the average fair value of the endowment for the preceding five fiscal years.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University’s Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University and
- Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects of the University.

ADELPHI UNIVERSITY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

At August 31, 2012, the endowment net asset composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Funds	\$ (85,153)	\$8,453,352	\$23,836,044	\$ 32,204,243
Board-Designated Funds	<u>103,912,736</u>	<u>-</u>	<u>-</u>	<u>103,912,736</u>
	<u>\$103,827,583</u>	<u>\$8,453,352</u>	<u>\$23,836,044</u>	<u>\$136,116,979</u>

Changes in endowment net assets for the fiscal year ended August 31, 2012 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of the Year	\$ 94,347,861	\$7,001,474	\$19,757,708	\$121,107,043
Investment Return:				
Investment Income	2,584,883	659,040	35,012	3,278,935
Net Appreciation (realized and unrealized)	<u>5,894,839</u>	<u>1,565,341</u>	<u>12,670</u>	<u>7,472,850</u>
Total Investment Return	<u>8,479,722</u>	<u>2,224,381</u>	<u>47,682</u>	<u>10,751,785</u>
Contributions	-	77,618	3,991,783	4,069,401
Distribution for Spending	-	(850,121)	(5,196)	(855,317)
Transfers to Board-designated Endowment Funds	1,000,000	-	-	1,000,000
Other Changes	<u>-</u>	<u>-</u>	<u>44,067</u>	<u>44,067</u>
Endowment Net Assets, End of Year	<u>\$103,827,583</u>	<u>\$8,453,352</u>	<u>\$23,836,044</u>	<u>\$136,116,979</u>

At August 31, 2011, the endowment net asset composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Funds	\$ (273,826)	\$7,001,474	\$19,757,708	\$ 26,485,356
Board-Designated Funds	<u>94,621,687</u>	<u>-</u>	<u>-</u>	<u>94,621,687</u>
	<u>\$94,347,861</u>	<u>\$7,001,474</u>	<u>\$19,757,708</u>	<u>\$121,107,043</u>

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Changes in endowment net assets for the fiscal year ended August 31, 2011 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of the Year	\$83,482,143	\$ 4,439,167	\$18,078,089	\$105,999,399
Net assets reclassification based on change in law (New York State UPMIFA adoption)	(1,366,777)	1,366,777	-	-
Investment Return:				
Investment Income	2,287,833	562,782	12,973	2,863,588
Net Appreciation (realized and unrealized)	<u>7,944,662</u>	<u>1,371,983</u>	<u>22,621</u>	<u>9,339,266</u>
Total Investment Return	<u>10,232,495</u>	<u>1,934,765</u>	<u>35,594</u>	<u>12,202,854</u>
Contributions	-	94,505	1,503,556	1,598,061
Distribution for Spending	-	(674,857)	(4,710)	(679,567)
Transfers to Board-designated Endowment Funds	2,000,000	-	-	2,000,000
Other Changes	<u>-</u>	<u>(158,883)</u>	<u>145,179</u>	<u>(13,704)</u>
Endowment Net Assets, End of Year	<u>\$94,347,861</u>	<u>\$ 7,001,474</u>	<u>\$19,757,708</u>	<u>\$121,107,043</u>

8. Amounts Held in Trust

Amounts held in trust consisted of the following:

	<u>2012</u>	<u>2011</u>
Cash held by Trustee for Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds (Note 11)	\$ 73	\$ 59
Amounts held for Agency Funds	<u>566,964</u>	<u>521,566</u>
	<u>\$567,037</u>	<u>\$521,625</u>

Investment income on amounts held in trust amounted to \$36 and \$6 for the years ended August 31, 2012 and 2011, respectively.

9. Land, Buildings and Equipment, Net

Investment in land, buildings and equipment, net, consisted of the following:

	<u>2012</u>	<u>2011</u>
Land and Improvements	\$ 2,158,865	\$ 2,158,865
Buildings and Improvements	263,685,791	261,529,818
University-Owned Homes	2,514,964	2,514,964
Software	2,162,355	2,162,355
Equipment and Library Books	<u>37,523,187</u>	<u>35,992,642</u>
	308,045,162	304,358,644
Accumulated Depreciation	<u>(112,482,870)</u>	<u>(104,888,880)</u>
	<u>\$195,562,292</u>	<u>\$199,469,764</u>

Investment in land, buildings and equipment includes capitalized interest of \$625,000 for the year ended August 31, 2011.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Postretirement and Postemployment Benefits

a. Postretirement Benefits

The University sponsors a postretirement benefit plan covering medical costs for retirees. Participants may select their coverage, and the University typically pays 75% of the premiums. Certain participants are not required to pay any portion of the premium. Spouses of participants are covered at the participants' expense.

The status of the plan at August 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Change in Accumulated Postretirement Benefit Obligation		
Benefit obligation at September 1	\$ 1,022,446	\$ 1,098,316
Interest cost	40,674	43,986
Plan participants' contributions	63,965	63,961
Benefit payments	(180,607)	(183,817)
Net (Gain)/Loss	<u>96,914</u>	<u>-</u>
Benefit obligation at August 31	<u>\$ 1,043,392</u>	<u>\$ 1,022,446</u>
Change in Plan Assets		
University contributions	\$ 180,607	\$ 183,817
Benefit payments	<u>(180,607)</u>	<u>(183,817)</u>
Fair value of plan assets at August 31	<u>\$ -</u>	<u>\$ -</u>
Funded Status of the Plan		
Benefit obligation less plan assets	<u>\$(1,043,392)</u>	<u>\$(1,022,446)</u>
Net accrued benefit liability	<u>\$(1,043,392)</u>	<u>\$(1,022,446)</u>
Total Recognized Amounts in the Consolidated Statements of Financial Position		
Accrued benefit liability	<u>\$(1,043,392)</u>	<u>\$(1,022,446)</u>
Net amount recognized	<u>\$(1,043,392)</u>	<u>\$(1,022,446)</u>
Costs Recognized in the Consolidated Statements of Activities		
Interest cost	<u>\$ 40,674</u>	<u>\$ 43,986</u>
Net postretirement expense	<u>\$ 40,674</u>	<u>\$ 43,986</u>

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	<u>2012</u>	<u>2011</u>
Assumptions as of August 31		
Discount rate	3.25%	4.25%
Expected return on assets (for year shown)	N/A	N/A
Average rate of increase in compensation	N/A	N/A
	<u>Postretirement Benefit Plan</u>	
	<u>2012</u>	<u>2011</u>
Amounts recognized in the Consolidated Statements of Financial Position consists of:		
Accrued benefit liability	\$(1,043,392)	\$(1,022,446)

For measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for fiscal 2012. The rate was assumed to decrease by 0.5% per year until 2016 and remain at 6.50% thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	<u>1-Percentage- Point Increase</u>	<u>1-Percentage- Point Decrease</u>
Effect on total of service and interest cost	\$ 1,900	\$ (1,700)
Effect on postretirement benefit obligation	58,200	(52,400)

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

<u>Year Ending August 31,</u>	<u>Benefit Payments</u>
2013	126,879
2014	112,402
2015	106,764
2016	100,305
2017 - 2022	450,125

b. Postemployment Benefits

The University provides various benefits on a discretionary case-by-case basis, which primarily includes salary and medical benefit continuations and unemployment insurance, and accrues the cost when known. The University has estimated postemployment benefits at approximately \$807,000 and \$658,000 at August 31, 2012 and 2011, respectively. These amounts are included in accounts payable and accrued expenses within the accompanying consolidated Statements of Financial Position.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-Term Debt

Long-term debt consisted of the following:

	<u>2012</u>	<u>2011</u>
Town of Hempstead Industrial Development Agency, Civic Facility Revenue Bonds, original amount \$42,000,000 with maturities through 2035, with interest at an average annual rate of 4.67%, plus unamortized premiums of \$336,895 in 2012 and \$351,437 in 2011.	(a) \$37,571,895	\$38,461,437
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$31,075,000 with Maturities through 2039, with interest at an average annual Rate of 4.65%, plus unamortized premiums of \$403,996 in 2012 and \$516,390 in 2011.	(b) 28,083,996	30,181,390
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$25,000,000 with Maturities through 2032, with interest at an average annual Rate of 4.51%, plus unamortized premiums of \$300,326 in 2012 and \$315,500 in 2011.	(c) <u>24,490,326</u>	<u>25,315,500</u>
	<u>\$90,146,217</u>	<u>\$93,958,327</u>

Interest expense for the years ended August 31, 2012 and 2011 amounted to \$4,195,611 and \$4,033,649, respectively.

a. Town of Hempstead Industrial Development Agency

In October 2005, the Agency issued \$42,000,000 of Civic Facility Revenue Bonds (“2005 Bonds”), with maturities through 2035, at an average annual interest rate of 4.67%, plus a premium of \$436,265.

The proceeds from the 2005 Bonds were used to finance: (i) construction of the Center for Recreation and Sport and the Performing Arts Center; (ii) construction of a Fine Arts and Facilities Building; (iii) installation of new underground water and electrical pipes and conduits; and (iv) various other renovation and equipment projects.

In accordance with the terms of the bond agreement, the 2005 Bonds are not collateralized by any mortgage lien on or security interest in the facilities being renovated or in any other real or personal property of the University.

The University is required to make semi-annual payments to the Agency, equal in amount to the Agency’s debt service payments. The Agency’s debt service payments require thirty annual principal payments, which commenced October 1, 2006, and sixty semi-annual interest payments, which commenced April 1, 2006.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

b. Town of Hempstead Local Development Corporation

In September 2009, the Town of Hempstead Local Development Corporation (the "LDC") issued \$31,075,000 of Civic Facility Revenue Bonds ("2009 Bonds"), with maturities through 2039, at an average interest rate of 4.65%, plus a premium of \$732,584. The proceeds from the 2009 Bonds were used to refund the outstanding 1999 Bonds and to finance the construction of a new 171-bed residence hall.

In accordance with the terms of the bond agreement, the 2009 Bonds are not collateralized by any mortgage or lien on or security interest in the facilities being renovated or in any other real or personal property of the University.

The University is required to make semi-annual payments to the LDC, equal in amount to the LDC's debt service payments. The LDC's debt service payments require twenty-nine annual principal payments, which commenced on February 1, 2011 and sixty semi-annual interest payments, which commenced February 1, 2010.

c. Town of Hempstead Local Development Corporation

In June 2011, the Town of Hempstead Local Development Corporation (the "LDC") issued \$25,000,000 of Civic Facility Revenue Bonds ("2011 Bonds"), with maturities through 2032, at an average interest rate of 4.51%, plus a premium of \$318,662. The proceeds from the 2011 Bonds were used to refund the outstanding 2002 Bonds and to finance the construction of a new residence hall, softball field facility and various other renovations and electrical upgrades.

In accordance with the terms of the bond agreement, the 2011 Bonds are not collateralized by any mortgage or lien on or security interest in the facilities being renovated or in any other real or personal property of the University.

The University is required to make semi-annual payments to the LDC, equal in amount to the LDC's debt service payments. The LDC's debt service payments require twenty-one annual principal payments, which commenced on June 1, 2012 and forty-two semi-annual interest payments, which commenced December 1, 2011.

A summary of the future debt service payments for the bonds are as follows:

<u>Year Ending August 31,</u>	<u>Bonds Payable</u>
2013	\$ 7,843,738
2014	7,846,881
2015	6,159,369
2016	6,151,793
2017	6,145,070
Thereafter	<u>113,329,587</u>
	147,476,438
Less: Interest Portion	(58,371,438)
Add: Premium	<u>1,041,217</u>
	\$ <u>90,146,217</u>

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Retirement Plans

The University has contributory defined contribution retirement plan, which cover substantially all full-time employees. It is the University's policy to fund pension costs accrued. The University's contributions are determined in accordance with the related provisions of the union contracts and at the discretion of management for all non-union employees. Total pension costs under the plans for the years ended August 31, 2012 and 2011 amounted to \$6,396,206 and \$5,956,724, respectively.

The University also participates in a union multi-employer defined benefit plan, which covered all clerical employees. Contributions under this plan, which were funded by salary reductions, amounted to \$183,034 for the year ended August 31, 2011.

As permitted by the plan document, effective August 31, 2011, the University withdrew from the multi-employer plan and recorded an expense for the present value of the future payments as determined by the plan's actuary as a nonrecurring item in the consolidated statements of activities. Total payments related to this withdrawal liability during the year ended August 31, 2012 amounted to \$139,880.

13. New York State Aid

The University received institutional support for the years ended August 31, 2012 and 2011 in the amount of \$711,049 and \$811,846, respectively, under Article 129 of the New York State Education Law.

14. Allocation of Certain Expenses

The University allocates operation and maintenance of plant, depreciation and amortization, and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt. For the years ended August 31, 2012 and 2011, the following allocation of expenses was included in the accompanying consolidated Statements of Activities:

	2012			
	<u>Operation and Maintenance of Plant</u>	<u>Depreciation and Amortization</u>	<u>Interest Expense</u>	<u>Total</u>
Instruction	\$ 9,396,677	\$2,392,517	\$1,268,481	\$13,057,675
Research and Public Service	781,921	430,095	213,266	1,425,282
Academic Support	1,626,472	753,421	43,449	2,423,342
Student Services	2,224,300	1,775,046	919,561	4,918,907
Institutional Support	992,304	638,701	213,903	1,844,908
Auxiliary Enterprises	<u>3,752,647</u>	<u>2,308,744</u>	<u>1,536,951</u>	<u>7,598,342</u>
	<u>\$18,774,321</u>	<u>\$8,298,524</u>	<u>\$4,195,611</u>	<u>\$31,268,456</u>

ADELPHI UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2011			
	<u>Operation and Maintenance of Plant</u>	<u>Depreciation and Amortization</u>	<u>Interest Expense</u>	<u>Total</u>
Instruction	\$ 9,309,653	\$2,146,811	\$1,090,144	\$12,546,608
Research and Public Service	775,758	428,300	181,933	1,385,991
Academic Support	1,613,651	784,667	111,528	2,509,846
Student Services	2,206,767	1,776,120	761,643	4,744,530
Institutional Support	1,012,157	657,040	185,243	1,854,440
Auxiliary Enterprises	<u>4,089,643</u>	<u>2,505,540</u>	<u>1,078,158</u>	<u>7,673,341</u>
	<u>\$19,007,629</u>	<u>\$8,298,478</u>	<u>\$3,408,649</u>	<u>\$30,714,756</u>

15. Commitments and Contingencies

a. Noncancelable Lease Agreements and Other Contracts

The University is obligated under noncancelable operating lease agreements for the rental of off-campus facilities, some of which contain escalation clauses; equipment rentals; and other contracts. Minimum annual commitments under the operating leases and other contracts are as follows at August 31, 2012:

<u>Year Ending August 31,</u>	<u>Total</u>
2013	\$2,224,696
2014	2,012,940
2015	1,901,067
2016	2,207,426
2017	<u>1,076,388</u>
	<u>\$9,422,517</u>

Rental expense for operating leases amounted to \$2,305,128 and \$2,306,026 for the years ended August 31, 2012 and 2011, respectively.

b. Litigation

The University is presently a defendant in several lawsuits arising from the normal conduct of its affairs. Management of the University is of the opinion that settlements, if any, of the aforementioned litigation not covered by insurance will not have a material adverse impact on the accompanying consolidated financial statements of the University.

16. Subsequent Events

The University evaluated events subsequent to August 31, 2012 through November 26, 2012, the date on which the consolidated financial statements were available for issuance. The University is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

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APPENDIX B

Schedule of Definitions and Summary of Documents

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APPENDIX B

SCHEDULE OF DEFINITIONS AND SUMMARY OF DOCUMENTS

SUMMARY OF SCHEDULE OF DEFINITIONS

The following have the meanings stated herein when used in this Appendix and the documents summarized below.

“2013 Project” means the 2013 Project as more particularly described in the Loan Agreement and including the Improvements and the Equipment financed by the University from the proceeds of the Series 2013 Bonds loaned by the Issuer to the University under the Loan Agreement.

“2013 Project Construction Account” means the account within the Project Fund which is established by the Indenture.

“Act” means, collectively, the New York Membership Corporation Law as in effect in 1966, as amended and supplemented by Section 1411 of the New York Not-For-Profit Corporation Law.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the University or the Issuer under any applicable bankruptcy, reorganization, insolvency or similar law as is now or hereafter in effect.

“Affiliate” shall mean a corporation, partnership, association, limited liability company, joint venture, business trust or similar entity organized under the laws of any state that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common contract with, the University.

“Annual Compliance Fee” means the \$1,000 Annual Compliance Fee to be paid by the University to the Issuer on or before January 1 of each year pursuant to the Loan Agreement.

“Applicable Elected Representative” means any Person constituting an “applicable elected representative” within the meaning given to the term in Section 147(f)(2)(E) of the Code.

“Authorized Investments” means:

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations are fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation Certificates
6. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA – guaranteed mortgage-backed bonds
GNMA – guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues)
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or “Sallie Mae”)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.
- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.
- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
- G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements provided by banks and other institutions rated AAA by S&P and Aaa by Moody's or secured by collateral and structured as described in (A), (B) and (E) above.
- H. Commercial paper rated, at the time of purchase, Prime – 1 by Moody's and A-1 or better by S&P.
- I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime – 1 or A3 or better by Moody's and A-1 or A or better by S&P.
- K. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.
 1. Repurchase agreements must be between the Issuer and a dealer bank or securities firm.
 - a. Primary dealers on a Federal Reserve reporting dealer list which are rated A or better by S&P and Moody's or
 - b. Banks rated A or above by S&P, Fitch and Moody's.

2. The written repurchase agreements contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA and FHLMC).
 - b. The term of the repurchase agreements may be up to 30 days.
 - c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of collateral:
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
 - (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase agreements plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
3. Legal opinion which must be delivered to the Issuer:
 - a. Repurchase agreements meet guidelines under state law for legal investment of public funds.

“Authorized Representative” means, in the case of the Issuer, the Chairman, the Vice Chairman, the Executive Director and Chief Executive Officer, Deputy Executive Director and Chief Financial Officer, the Secretary or the Assistant Secretary of the Issuer; in the case of the University, the President or the Treasurer of the University; and, in the case of either of the Issuer and the University, such additional persons as, at the time, are designated to act on behalf of the Issuer or the University, as the case may be, by written certificate furnished to the Trustee, the Issuer or the University, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Issuer by the Chairman, the Vice Chairman, the Executive Director and Chief Executive Officer, Deputy Executive Director and Chief Financial Officer, the Secretary

or the Assistant Secretary of the Issuer, or (ii) the University by the President or the Treasurer of the University.

“Bankruptcy Code” means the United States Bankruptcy Code, as amended from time to time.

“Bond” or “Bonds” means collectively the Series 2013 Bonds.

“Bond Counsel” means the law firm of Nixon Peabody LLP or an attorney or other firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bond Documents” means the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Compliance Agreement, the Note, the Continuing Disclosure Agreement, the Preliminary Official Statement and the Official Statement.

“Bond Fund” means the fund so designated which is established by the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated November 7, 2013, among the Issuer, the University and the Underwriter, as the same may be amended from time to time.

“Bond Proceeds” means the aggregate amount, including any accrued interest, paid to the Issuer by the Bondholders pursuant to the Indenture as the purchase price of the Series 2013 Bonds.

“Bond Rate” means the tax-exempt rate of interest from time to time payable on any of the Series 2013 Bonds as defined therein.

“Bond Registrar” means the Trustee as bond registrar with respect to the Series 2013 Bonds and its successors and assigns in such capacity.

“Bond Year” means with respect to the Series 2013 Bonds, each 1-year period (or shorter period from the date of issue) that ends at the close of business on the day in the calendar year that is selected by the Issuer (and approved by the University), which must be the last day of a compounding interval used in computing the yield on the Series 2013 Bonds.

“Bondholder” means Owner.

“Business Day” means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in New York, New York or any city in which the principal office of the Trustee or any Paying Agent is located are authorized by law or executive order to remain closed.

“Certificate of Authentication of the Trustee” and “Trustee’s Certificate of Authentication” means the certificate executed by an authorized signatory of the Trustee

certifying the due authentication of each of the Series 2013 Bonds issued under the Indenture.

“Closing Date” means the date of sale and delivery of the Series 2013 Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and the final, temporary and proposed rules, regulations, rulings and interpretations of the Department of the Treasury promulgated thereunder.

“Completion Date” means the date of completion of the 2013 Project as certified to pursuant to the Loan Agreement.

“Computation Period” means “Computation Period” as defined in the Tax Compliance Agreement.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under governmental authority.

“Construction Costs” shall have the meaning assigned thereto in the Tax Compliance Agreement.

“Construction Period” means, with respect to the 2013 Project, the period (i) beginning on the date of commencement of renovation, construction, equipping and furnishing of the 2013 Project, which date shall not be prior to March 26, 2012, and (ii) ending on the Completion Date with respect to the 2013 Project.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of delivery of the Series 2013 Bonds, between the University and the Trustee.

“Cost of the 2013 Project” or “Costs of the 2013 Project” means all those costs and items of expense listed in the Loan Agreement.

“Debt Service Coverage Ratio” shall have the meaning assigned thereto in the Loan Agreement.

“Debt Service Payment” means, with respect to any Debt Service Payment Date, (i) the interest payable on such Debt Service Payment Date on all Bonds then Outstanding, plus (ii) the principal or Redemption Price, if any, payable on such Debt Service Payment Date on all such Series 2013 Bonds.

“Debt Service Payment Date” means any date on which each Debt Service Payment shall be payable on any of the Series 2013 Bonds so long as the Series 2013 Bonds shall be outstanding.

“Default Rate” shall have the meaning assigned thereto in the Series 2013 Bonds.

“DTC” means The Depository Trust Company, New York, New York.

“DTC Letter of Representation” means the Letter of Representation from the Issuer to DTC.

“Equipment” means all machinery, equipment and other personal property used and to be used in connection with the 2013 Project and financed with Bond Proceeds.

“Event of Default” (i) when used with respect to the Indenture means any of those events defined as an Event of Default by the Indenture, and (ii) when used with respect to the Loan Agreement, means any of the events defined as Events of Default by the Loan Agreement.

“Event of Taxability” means:

(i) a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the University shall consent or from which no timely appeal shall be taken to the effect that interest on the Series 2013 Bonds is includible in the gross income of the owner thereof under Section 61 of the Code; or

(ii) the delivery to the University and to the Issuer of an opinion of Bond Counsel (reasonably satisfactory to the University) to the effect that interest on the Series 2013 Bonds is includible in the gross income of the owner thereof under Section 61 of the Code.

“Exempt Organization” means an organization described in Section 501(c)(3) of the Code and which is exempt from federal income taxation pursuant to Section 501(a) of the Code.

“Expendable Net Assets” means the sum of unrestricted and temporarily restricted net assets (other than Plant Equity) that may be used to pay debt service on Long-Term Indebtedness.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all fees and expenses incurred by or due to the Trustee or any Paying Agent under the Indenture other than Ordinary Services and Ordinary Expenses, including reasonable fees and disbursements of Trustee’s counsel.

“Fiscal Year” means the twelve (12) month period beginning on September 1 in any year or such other fiscal year as the University may select from time to time.

“Fitch” means Fitch Ratings and its successors and assigns.

“Government Obligations” means:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGS”).
2. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
3. Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.
4. Pre-refunded municipal bonds rated Aaa by Moody’s and AAA by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations or AAA rated pre-refunded municipals to satisfy this condition.
5. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - a. U.S. Export-Import Bank (Eximbank)
Direct obligations are fully guaranteed certificates of beneficial ownership
 - b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - c. Federal Financing Bank
 - d. General Services Administration
Participation Certificates
 - e. U.S. Maritime Administration
Guaranteed Title XI financing
 - f. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

“Hazardous Substance” means, without limitation, any flammable, explosive, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum constituents, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials, pollutants, or toxic pollutants, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251 et

seq.), Articles 17 and 27 of the New York State Environmental Conservation Law, or any other applicable Environmental Law and the regulations promulgated thereunder.

“Holder” means Owner.

“Improvements” means all those buildings, improvements, structures and other related facilities (i) financed with Bond Proceeds or of any payment by the University pursuant to the Loan Agreement, and (ii) not part of the Equipment, all as they may exist from time to time.

“Indebtedness” shall mean any obligation of the University for the payment of money, including without limitation (i) indebtedness for money borrowed, (ii) purchase money obligations, (iii) leases evidencing the acquisition of capital assets, (iv) reimbursement obligations, and (v) guarantees of any such obligation of a third party.

“Indenture” means the Indenture of Trust, dated as of November 1, 2013, by and between the Issuer and the Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 2013 Bonds and the security therefor as the same may be amended or supplemented from time to time.

“Independent Counsel” means an attorney or attorneys or firm or firms of attorneys duly admitted to practice law before the highest court of any state of the United States of America or in the District of Columbia and not a full time employee of the Issuer, the University or the Trustee.

“Independent Engineer” means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of the State selected by the University and not a full time employee of the Issuer, the University or the Trustee.

“Information Report” means Form 8038 used by the issuers of certain tax-exempt bonds to provide the Internal Revenue Service with the information required to monitor the State volume limitations.

“Initial Bondholder” means Cede & Co., as nominee for DTC, as the initial owner of the Series 2013 Bonds.

“Initial Compliance Fee” means the Initial Compliance Fee in the amount of \$2,500 paid by the University to the Issuer on the Closing date pursuant to the Loan Agreement.

“Issuer” means (i) the Town of Hempstead Local Development Corporation, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

“Issuer Documents” means the Bond Purchase Agreement, the Series 2013 Bonds, the Loan Agreement, the Indenture, the Note, the Tax Compliance Agreement, the Information Report, the Preliminary Official Statement and the Official Statement.

“Lien” means any interest in Property securing an obligation owed to a Person whether such interest is based on the common law, statute or contract, and including but not limited to the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar encumbrances affecting real property. For the purposes of this definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Loan Agreement” means the Loan Agreement, dated as of November 1, 2013, by and between the Issuer and the University with respect to the 2013 Project, as the same may be amended from time to time.

“Loan Term” means the duration of the loan term created in the Loan Agreement.

“Long-Term Indebtedness” means indebtedness with a term greater than one (1) year.

“Maximum Annual Debt Service” means the highest amount of principal and interest payable with respect to the University’s Long-Term Indebtedness during the then current or any succeeding Bond Year over the remaining term of any Series 2013 Bonds. For purposes of calculating Maximum Annual Debt Service, (i) variable rate Indebtedness is deemed to bear interest at the most recent Bond Buyer 25 Revenue Bond Index (if tax-exempt) or the 30-year United States Treasury Rate (if taxable) and (ii) the principal of Balloon Indebtedness will be deemed to mature in equal annual installments over a term equal to the lesser of (x) twenty years or (y) the actual term of such Indebtedness.

“Moody’s” means Moody’s Investor Service.

“Net Proceeds” means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such gross proceeds.

“Net Revenues Available for Debt Service” means the amount of unrestricted revenues, gains and other support, less unrestricted expenses and losses (excluding from such revenues and expenses extraordinary items and excluding from such expenses depreciation, interest on and principal of Long-Term Indebtedness and amortization of bond discount and financing expenses) as determined in accordance with generally acceptable accounting principles.

“Note” or “Promissory Note” means the Promissory Note dated the Closing Date, from the University to the Issuer, substantially in the form of Exhibit D to the Loan Agreement, evidencing the University’s obligations to make Loan Payments to the Issuer.

“Office of the Trustee” means the principal corporate trust office of the Trustee, as specified in the Indenture, or such other address as the Trustee shall designate.

“Official Statement” means the Official Statement, dated November 7, 2013, distributed by the Underwriter and the University in connection with the sale of the Series 2013 Bonds.

“Ordinary Services” and “Ordinary Expenses” means those services normally rendered and those fees and expenses normally incurred by or due to a trustee or paying agent, as the case may be, under instruments similar to the Indenture, including reasonable fees and disbursements of counsel for the Trustee.

“Outstanding” or “Bonds Outstanding” or “Outstanding Bonds” means all bonds which have been authenticated by the Trustee and delivered by the Issuer under the Indenture, or any supplement thereto, except: (i) any Series 2013 Bond cancelled by the Trustee because of payment or redemption prior to maturity; (ii) any bond deemed paid in accordance with the provisions of the Indenture, except that any such Series 2013 Bond shall be considered Outstanding until the maturity date thereof only for the purposes of being exchanged or registered; and (iii) any Series 2013 Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture, unless proof satisfactory to the Trustee is presented that any Series 2013 Bond, for which a Bond in lieu of or in substitution therefor shall have been authenticated and delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds so authenticated and delivered in lieu thereof or in substitution therefor shall be deemed Outstanding.

“Owner” means the registered owner of any Series 2013 Bond as shown on the registration books maintained by the Bond Registrar pursuant to the Indenture.

“Paying Agent” means the Trustee, acting as such, and any additional paying agent for the Series 2013 Bonds appointed pursuant to the Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

“Permitted Encumbrances” means (i) the Loan Agreement, (ii) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (iii) mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar Liens which are approved in writing by the Issuer, (iv) Liens for taxes not yet delinquent, (v) equipment leases of less than one (1) year, (vi) equipment leases in excess of one (1) year and/or purchase money security interests, in each case not in excess of the amounts set forth in the Loan Agreement and with respect to additional long term debt such greater amount as shall be approved by fifty percent (50%) or more of the Holders of the Series 2013 Bonds, (vii) indebtedness in connection with the acquisition of real property secured solely by non-recourse purchase money mortgages on such real property, which

indebtedness is not a general obligation of the University, and (viii) Liens which are in existence as of the Closing Date or described in the audited consolidated financial statements of the University.

“Person” or “Persons” means an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision or branch thereof.

“Plans and Specifications” means those plans and specifications, if any, for the Improvements, as may be from time to time prepared for the University, as revised from time to time in accordance with the Loan Agreement.

“Plant Equity” means the sum of all plant assets net of accumulated depreciation less total outstanding Long-Term Indebtedness.

“Preliminary Official Statement” means the Preliminary Official Statement, dated October 29, 2013, distributed by the Underwriter and the University in connection with the sale of the Series 2013 Bonds.

“Project” means the 2013 Project.

“Project Fund” means the fund so designated which is created by the Indenture.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Public Purposes” shall mean the Issuer’s objective to relieve and reduce unemployment, promote and provide for additional and maximum employment, bettering and maintaining job opportunities, instruct or train individuals to improve or develop the capabilities for such jobs, carrying on scientific research for the purpose of aiding the territory in which its operations are principally to be conducted by attracting new industry to such territory or by encouraging the development of, or retaining of an industry in said territory, and lessening the burdens of government and acting in the public interest.

“Rating Agency” means Moody’s, Fitch, S&P or such other nationally recognized rating agency which shall have issued and is maintaining a rating on the Series 2013 Bonds.

“Rating Agency Letter” means the rating letter from each Rating Agency assigning a rating on the Series 2013 Bonds.

“Rebate Amount” means, with respect to the Series 2013 Bonds, the amount computed as described in the Tax Compliance Agreement.

“Rebate Fund” means the fund so designated pursuant to the Indenture.

“Record Date” means, with respect to any Debt Service Payment Date, the fifteenth (15th) day of the month next preceding such Debt Service Payment Date (whether or not a Business Day).

“Redemption Date” means, when used with respect to a Bond, the date of redemption thereof established pursuant to the Indenture.

“Redemption Price” means, when used with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable upon the prior redemption thereof pursuant to the Indenture.

“Renewal Fund” means the fund so designated and created pursuant to the Indenture.

“Resolution” means, collectively (i) the Inducement Resolution duly adopted by the Issuer on October 2, 2013, inducing the 2013 Project, and (ii) the Authorizing Resolution duly adopted by the Issuer on October 25, 2013, authorizing the issuance, execution, sale and delivery of the Series 2013 Bonds and the execution and delivery of Issuer Documents, as such resolution may be amended or supplemented from time to time.

“Responsible Officer” when used with respect to the Trustee, means any officer of the Trustee with responsibility for the administration of the Indenture and, when used with respect to a particular corporate trust matter, also means any other officer to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject.

“Schedule of Definitions” means the words and terms set forth in this Schedule of Definitions attached to the Indenture as the same may be amended from time to time.

“SEQR Act” means the State Environmental Quality Review Act and the regulations thereunder.

“Series 2013 Bonds” means the Issuer’s Revenue Bonds, Series 2013 (Adelphi University Project) issued pursuant to the terms of the Indenture and delivered on November 14, 2013 in the aggregate principal amount of \$45,080,000 and substantially in the form of Exhibit A of the Indenture.

“Short-Term Indebtedness” means indebtedness with a term of one (1) year or less, but not including accounts payable by the University in the ordinary course of its operations.

“Sinking Fund Payments” means payments made on a Debt Service Payment Date to pay the Redemption Price of bonds called for redemption pursuant to the Indenture.

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc.

“State” means the State of New York.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture adopted by the Issuer in accordance with Article X of the Indenture.

“Tax Compliance Agreement” means the Tax Compliance Agreement, dated the Closing Date, between the Issuer and the University, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof and with the terms of the Indenture.

“Tax Incidence Date” means the date from which the interest on the Series 2013 Bonds is deemed to be includible in the gross income of the owner of a Bond by virtue of an Event of Taxability.

“Trust Estate” means the rights assigned pursuant to the Indenture and all Property which may from time to time be subject to the Lien of the Indenture.

“Trustee” means (i) The Bank of New York Mellon, a New York banking corporation duly organized and validly existing and authorized to accept and execute trusts of the character herein set out under the laws of the State of New York, having its corporate trust office at 101 Barclay Street, Floor 7W, New York, New York 10286, (ii) its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

“Unassigned Rights” means the rights of the Issuer and moneys payable pursuant to and under Sections 5.3(b), 6.4(b) and (c), 6.7, 8.2, 8.8, 10.2(a)(i)(A) and (B), (iii) and (vi), 10.4(a) and 11.2(b) of the Loan Agreement.

“Underwriter” means (i) Merrill Lynch, Pierce, Fenner & Smith Incorporated, having an office at One Bryant Park, 113 West 42nd Street, 12th Floor, New York, New York 10036, or (ii) its successors and assigns.

“University” means Adelphi University, an education corporation duly organized and validly existing under the laws of the State of New York, and its successors and assigns.

“University Documents” means the Bond Purchase Agreement, the Loan Agreement, the Tax Compliance Agreement, the Note, the Continuing Disclosure Agreement, the Preliminary Official Statement, and the Official Statement.

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Indenture to which reference is made for the detailed provisions thereof. Certain provisions of the Indenture are also described in the Official Statement under the Captions “INTRODUCTION” and “THE SERIES 2013 BONDS”.

Authentication

No Bond shall be valid for any purpose or shall be entitled to any right or benefit under the Indenture unless there shall be endorsed on such Series 2013 Bond a Certificate of Authentication, duly executed by the Trustee, substantially in the attached to the Indenture. Such executed Certificate of Authentication by the Trustee upon any such Series 2013 Bond shall be conclusive evidence that such Series 2013 Bond has been authenticated and delivered under the Indenture. The Trustee’s Certificate of Authentication on any Series 2013 Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same person sign the Certificate of Authentication on all of the Series 2013 Bonds issued under the Indenture.

Mutilated, Lost, Stolen or Destroyed Bonds

(a) In the event any Series 2013 Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and, upon its request, the Trustee shall authenticate and deliver, a new Bond of like maturity, interest rate and principal amount and bearing the same number (or such number as the Trustee shall permit) as the mutilated, destroyed, lost or stolen Bond, in exchange for the mutilated Bond, or in substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and to the Trustee (i) such security or indemnity as may be required by them to hold each of them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant’s Bond and of the ownership thereof. Upon the issuance of any Series 2013 Bond upon such exchange or substitution, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including fees and expenses and counsel fees, of the Issuer or the Trustee. In case any Series 2013 Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Issuer may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and to the Trustee such security or indemnity as they may require to hold them harmless and evidence to the satisfaction of the Issuer and the Trustee of the mutilation, destruction, loss or theft of such Series 2013 Bond and of the ownership thereof.

(b) Every new Bond issued pursuant to the provisions of this summarized section shall constitute an additional contractual, special obligation of the Issuer (whether or not the destroyed, lost or stolen Bond shall be found at any time after the issuance of such new Bonds, in which case the destroyed, lost or stolen Bond shall be void and unenforceable) and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued under the Indenture.

(c) All Bonds shall be held and owned upon the express condition that the provisions of this summarized section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude all other rights or remedies, notwithstanding any law or statute existing or hereinafter enacted to the contrary.

Establishment of Funds

The following trust funds are hereby established with the Trustee and shall be held, maintained and administered by the Trustee on behalf of the Issuer in accordance with the Indenture:

(a) Town of Hempstead Local Development Corporation Bond Fund – Adelphi University (the “**Bond Fund**”), and within such Series 2013 Bond Fund, an “Interest Account” and a “Principal Account”.

(b) Town of Hempstead Local Development Corporation Project Fund – Adelphi University (the “**Project Fund**”), and within such Project Fund, a “2013 Project Construction Account” and a “2013 Bonds Cost of Issuance Account”.

(c) Town of Hempstead Local Development Corporation Rebate Fund – Adelphi University (the “**Rebate Fund**”).

(d) Town of Hempstead Local Development Corporation Renewal Fund – Adelphi University (the “**Renewal Fund**”).

Moneys to Be Held in Trust

All moneys deposited with, paid to or received by the Trustee for the accounts of the Issuer (other than amounts deposited in the Rebate Fund) shall be held by the Trustee in trust, and shall be subject to the lien of the Indenture and held for the security of the Owners of the Series 2013 Bonds until paid in full; provided, however, that moneys which have been deposited with, paid to or received by the Trustee (i) for the redemption of a portion of the Series 2013 Bonds, notice of the redemption of which has been given, or (ii) for the payment of Bonds or interest thereon due and payable otherwise than upon acceleration by declaration, shall be held in trust for and subject to a Lien in favor of only the Owners of such Series 2013 Bonds so called for redemption or so due and payable.

Use of the Moneys in Project Fund

(a) Moneys in the Project Fund shall be applied and expended by the Trustee in accordance with the provisions of this summarized section and of the Loan Agreement.

(b) Except as otherwise provided in the summarized paragraph (a) immediately above or in the two preceding sentences of this summarized paragraph (b), the Trustee is hereby directed to issue its checks or send its wires for each disbursement from the 2013 Project Construction Account and/or the 2013 Bonds Cost of Issuance Account of the Project Fund upon being furnished with a written requisition therefor certified by an Authorized Representative of the University and substantially in the form attached to the Indenture to pay the Costs of the 2013 Project. The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom.

(c) The completion of the 2013 Project and payment or provision for payment of all Costs of the 2013 Project shall be evidenced by the filing with the Trustee of the certificate required by the Loan Agreement. As soon as practicable and in any event not more than sixty (60) days after the date of the filing with the Trustee of the certificate referred to in the preceding sentence, any balance remaining in the Project Fund, except amounts the University shall have directed the Trustee, in writing, to retain for any Cost of the 2013 Project not then due and payable, and after the making of any transfer to the Rebate Fund that the University shall have directed the Trustee, in writing, to make as required by the Tax Compliance Agreement and the Indenture, shall without further authorization be transferred to the Bond Fund and thereafter applied to pay the principal of and interest on the Series 2013 Bonds as they become due and payable.

(d) Within sixty (60) days after transfer of the balance in the Project Fund to the Bond Fund, the Trustee shall file an accounting thereof with the Issuer and the University.

(e) All earnings on amounts held in the Project Fund shall be retained in the respective account of the Project Fund until the Completion Date. Any transfers by the Trustee of amounts to the Rebate Fund (only at the direction of the University) shall be drawn by the Trustee from the Project Fund.

(f) If an Event of Default under the Indenture shall have occurred and the outstanding principal amount of the Series 2013 Bonds shall have been declared due and payable, the entire balance remaining in the Project Fund, after making any transfer to the Rebate Fund directed to be made by the University pursuant to the Tax Compliance Agreement and the Indenture, shall be transferred to the Bond Fund for the redemption of the Series 2013 Bonds.

Payments into Bond Fund

There shall be deposited in the Bond Fund, as and when received (a) all payments received by the Trustee under summarized section (a) under the heading "Loan Payments and Other Amounts Payable" of "Summary of Certain Provisions of the Loan Agreement"; (b) the balance in the Project Fund and the Renewal Fund to the extent

specified in Article IV of the Indenture; (c) the amount of net income or gain received from the investments of moneys in the Bond Fund and all Funds and Accounts (other than the Rebate Fund) held under the Indenture after the Completion Date; (d) all other moneys received by the Trustee pursuant to any of the provisions of the Loan Agreement or the Indenture and designated for deposit in the Bond Fund; (e) amounts transferred pursuant the Loan Agreement and (f) all other moneys received by the Trustee pursuant to any of the provisions of the Loan Agreement or the Indenture and designated for deposit in the Bond Fund.

Use of Moneys in Bond Fund

(a) Except as otherwise expressly provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment, when due, of the Debt Service Payments on the Series 2013 Bonds or for the purchase or redemption of Bonds as provided in the Indenture. Moneys deposited in the Bond Fund in accordance with the provisions of summarized section (c) under the preceding heading “Use of Moneys in Project Fund”, and summarized sections (b) and (c) under the heading “Payments into the Renewal Fund; Application of Renewal Fund” of the Indenture, however, may not be used for the payment of interest on the Series 2013 Bonds.

(b) The Trustee shall, on or before each Debt Service Payment Date of the Series 2013 Bonds, pay out of the monies then held for the credit of the Interest Account the amounts required for the payment of interest becoming due on the Bonds on such Debt Service Payment Date, and such amounts so withdrawn are hereby irrevocably dedicated for and shall be applied to the payment of interest.

(c) The Trustee shall, on or before each Debt Service Payment Date, when principal of the Series 2013 Bonds or Sinking Fund Payments are due, pay out of the monies then held for the credit of the Principal Account the amounts required for the payment of principal or Sinking Fund Payments becoming due at maturity, on a Sinking Fund Payment Date, or upon redemption of the Bonds on such Debt Service Payment Date and such amounts so withdrawn are hereby irrevocably dedicated for and shall be applied to the payment of principal or Sinking Fund Payments.

(d) Moneys transferred to the Bond Fund from the Project Fund pursuant to Trustee under summarized section (c) under the heading “Loan Payments and Other Amounts Payable” of “Summary of Certain Provisions of the Loan Agreement” or from the Renewal Fund pursuant to summarized section (b) under the heading “Payments into the Renewal Fund; Application of Renewal Fund” shall be invested, at the written direction of the University, subject to limitations on earnings as set forth in the Tax Compliance Agreement, and such moneys and earnings thereon shall be applied only to pay the principal of or Sinking Fund Payments for of the Series 2013 Bonds as they become due and payable or the Redemption Price of Bonds subject to redemption pursuant to the Indenture.

(e) The Trustee shall call Bonds for redemption according to the Indenture, upon written direction of the Issuer or the University to the Trustee, on or after the date

the Series 2013 Bonds are subject to optional redemption pursuant to the Indenture, whenever the assets of the Bond Fund shall be sufficient in the aggregate to provide monies to pay, redeem or retire all Series 2013 Bonds then Outstanding or to redeem Bonds in part pursuant to the Indenture, including accrued interest thereon to the Redemption Date.

(f) Moneys in the Bond Fund shall be used by the Trustee, upon request of an Authorized Representative of the University, to purchase Bonds on the most advantageous terms obtainable with reasonable diligence, provided that no such purchase shall be made:

- (i) if an Event of Default under the Loan Agreement has occurred;
- (ii) within forty-five (45) days prior to any date on which Bonds are subject to redemption pursuant to the Indenture;
- (iii) if the amount remaining in the Bond Fund, after giving effect to such purchase, is less than the amount required for the payment of the principal or Redemption Price of Bonds theretofore matured or called for redemption, plus interest to the date of maturity or the Redemption Date, as the case may be, in all cases where such Series 2013 Bonds have not been presented for payment; or
- (iv) at a price in excess of that specified by the University in its request to the Trustee, plus accrued interest to the date of purchase.

The Trustee shall promptly notify the Issuer and the University of the principal amount and the maturity of each Bond so purchased and the balance held in the Bond Fund after such purchase. The Trustee shall not, however, be subject to any liability to any Owner, the Issuer, the University or any other person by reason of its failure to mail the notice required by this summarized section. The Series 2013 Bonds so purchased by the University or any affiliate shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase unless the University shall deliver to the Trustee and the Issuer an opinion of Bond Counsel to the effect that the failure to surrender such Series 2013 Bonds by such date will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

(g) In connection with the purchase of Bonds with moneys on deposit in the Bond Fund as provided in summarized section (f) above, the Trustee shall negotiate or arrange for such purchases in such manner (through brokers or otherwise and with or without receiving tenders) as it shall be instructed in writing by the University.

(h) If the balance in the Bond Fund, not otherwise required for scheduled payments of principal of, Redemption Price or interest on the Series 2013 Bonds, forty-five (45) days prior to any date on which Series 2013 Bonds are subject to redemption pursuant to the Indenture equals or exceeds \$50,000, the Trustee shall, upon request of an Authorized Representative of the University, apply as much of such balance as can be so applied to the redemption of Bonds on such next succeeding Redemption Date in the

manner provided in the Indenture. The Trustee shall promptly notify the Issuer and the University of the principal amount and maturity of each Bond so redeemed and the balance held in the Bond Fund after such redemption.

(i) Whenever the amount in the Bond Fund is sufficient to redeem all of the Outstanding Bonds and to pay accrued interest to maturity or the date of redemption, the Trustee shall, upon request of an Authorized Representative of the University, take and cause to be taken the necessary steps to redeem all such Series 2013 Bonds on the next succeeding Redemption Date for which the required redemption notice may be given or on such later Redemption Date as may be specified by the University.

Payments into Renewal Fund; Application of Renewal Fund

(a) The Net Proceeds resulting from any insurance award, condemnation award or recovery from any contractor or subcontractor with respect to the Project shall be deposited in the Renewal Fund. The amounts in the Renewal Fund shall be subject to a security interest, lien and charge in favor of the Trustee until disbursed as provided in the Indenture.

(b) In the event the Series 2013 Bonds shall then be subject to redemption in whole (either by reason of such damage, destruction or condemnation or otherwise) pursuant to the terms thereof or of the Indenture, the Trustee shall, after making any transfer to the Rebate Fund, at the written direction of the University, as required by the Tax Compliance Agreement and the Indenture, transfer the amounts deposited in the Renewal Fund to the Bond Fund. If, on the other hand, the University is permitted to replace, repair, rebuild, restore or relocate the Project pursuant to Article VII of the Loan Agreement, the Trustee shall, at the written direction of the University, apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund, at the written direction of the University, as required by the Tax Compliance Agreement and the Indenture, to such replacement, repair, rebuilding, restoration or relocation. Upon the completion of such replacement, repair, rebuilding, restoration or relocation, and after making any transfer to the Rebate Fund, at the written direction of the University, as required by the Tax Compliance Agreement and the Indenture, any balance remaining in the Renewal Fund shall without further authorization be transferred to the Bond Fund and thereafter applied to pay the principal of or Sinking Fund Payments for the Series 2013 Bonds as they become due and payable.

(c) If any Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund and be continuing, the Trustee, unless it exercises the remedy provided by the Loan Agreement, shall, after making any transfer to the Rebate Fund, at the written direction of the University, as required by the Tax Compliance Agreement and the Indenture, transfer the amounts deposited in the Renewal Fund to the Bond Fund to be applied in accordance with the Indenture.

(d) If the University elects to replace, repair, rebuild, restore or relocate the Project pursuant to the Loan Agreement, the Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same

shall have been paid by or on behalf of the University or the Issuer) of the costs required for the replacement, repair, rebuilding, restoration or relocation of the Project. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the University. Such requisition shall be in the same form and subject to the same conditions as requisitions from the Project Fund.

Investment Earnings on Funds; Application of Investment Earnings on Funds

(a) All investment income or earnings on amounts held in the Project Fund, the Renewal Fund, the Bond Fund or any other special fund held under any of the Bond Documents (other than the Rebate Fund) prior to the Completion Date shall be deposited upon receipt by the Trustee into the Project Fund and used for the purposes set forth in the Indenture and after the Completion Date shall be used to pay any remaining sums due for Costs of the 2013 Project not previously paid, or deposited by the Trustee into the Interest Account of the Bond Fund and used to pay the interest component of the next upcoming Debt Service Payment. The Trustee shall keep separate accounts of all investment earnings from each fund and account under the Indenture to indicate the source of the income or earnings.

(b) Within thirty (30) days after the end of each Computation Period, the Trustee, at the written direction of an Authorized Representative of the University, shall transfer to the Rebate Fund instead of the Project Fund or the Interest Account of the Bond Fund an amount of the investment earnings on the funds and accounts under the Indenture, such that the amount transferred to the Rebate Fund is equal to that amount as is set forth as the Rebate Amount in a written certificate delivered by the University to the Trustee pursuant to the Tax Compliance Agreement and the Indenture.

Payments into Rebate Fund; Application of Rebate Fund

(a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Owner of any Series 2013 Bond or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the University, shall transfer, from moneys in the Project Fund or the Renewal Fund, or from any other moneys paid by the University under the Tax Compliance Agreement, into the Rebate Fund, within thirty (30) days after the end of each Bond Year, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the immediately preceding Bond Year. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the 2013 Project pursuant to the Loan Agreement at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund within thirty (30) days of the Completion Date an amount received from the University such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the 2013 Project. The amount deposited

in the Rebate Fund pursuant to this paragraph shall be paid by the University pursuant to the Tax Compliance Agreement.

(c) In the event that on the first day of any Series 2013 Bond Year the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the University, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the 2013 Project, or, after the Completion Date, deposit it in the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the University, shall pay to the United States, out of amounts in the Rebate Fund, (i) not later than thirty (30) days after the last day of the fifth Bond Year and after every fifth Bond Year thereafter, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to the Series 2013 Bonds as of the date of such payment, and (ii) notwithstanding the provisions under the heading “Discharge of the Indenture”, not later than thirty (30) days after the date on which all Bonds have been paid in full, one hundred (100%) percent of the Rebate Amount as of the date of payment.

(e) The Trustee shall have no obligation under the Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from the University to make such transfer.

Investment of Moneys

(a) Moneys held in any fund established pursuant to the Indenture shall be invested and reinvested by the Trustee in Authorized Investments, pursuant to written direction by an Authorized Representative of the University. Such investments shall mature in such amounts and have maturity dates or be subject to redemption at the option of the owners thereof on or prior to the date on which the amounts invested therein will be needed for the purposes of such fund or accounts. The Trustee may at any time sell or otherwise reduce to cash a sufficient amount of such investments whenever the cash balance in such fund or accounts is insufficient for the purposes thereof. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the fund or the respective account within a fund or special trust account for which such moneys are invested, and the interest accruing thereon and any profit realized from such investment shall be credited to and held in and any loss shall be charged to the applicable fund.

(b) The Trustee may make any investment permitted by this summarized section through its own bond department. The Trustee shall not be liable for any depreciation in the value of any investment made pursuant to this summarized section or for any loss arising from any such investment.

(c) Any investment authorized in the Indenture is subject to the condition that no use of the proceeds of any Series 2013 Bonds or of any other moneys shall be made which, if such use had been reasonably expected on the date of issue of such Series 2013

Bonds, would cause such Series 2013 Bonds to be “arbitrage bonds” within the meaning of such quoted term in Section 148 of the Code. The Trustee shall not be liable if such use shall cause the Series 2013 Bonds to be “arbitrage bonds”, provided only that the Trustee shall have made such investment pursuant to the written direction or confirmation by an Authorized Representative of the University as provided in this summarized section.

(d) Reserved.

(e) The Trustee shall, at the written direction of the University, sell at the best price obtainable by the Trustee, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide monies to meet any payment or transfer from the Fund or account for which such investment was made.

Payment to University upon Payment of Bonds

Except as otherwise specifically provided in the Indenture, after payment in full of the principal or Redemption Price of and interest on all Series 2013 Bonds (or after provision for the payment thereof has been made in accordance with the Indenture) and after payment in full of the fees, charges and expenses of the Trustee and any Paying Agent and all other amounts required to be paid under the Indenture, and the fees, charges and expenses of the Issuer and all other amounts required to be paid under the Loan Agreement, all amounts remaining in any fund established pursuant to the Indenture (except the Rebate Fund) or otherwise held by the Trustee and by any additional Paying Agent for the account of the Issuer or the University under the Indenture or under the Loan Agreement shall be paid to the University.

Failure to Present Bonds

Subject to the provisions of the Indenture, in the event any Series 2013 Bond shall not be presented for payment when the principal or Redemption Price thereof becomes due, either at maturity or at the date fixed for prior redemption thereof or otherwise, if moneys sufficient to pay such Series 2013 Bond shall be held by the Trustee for the benefit of the Owner thereof, all liability of the Issuer to the Owner thereof for the payment of such Series 2013 Bond shall forthwith cease, determine and be completely discharged. Thereupon, the Trustee shall hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Series 2013 Bonds, who shall thereafter be restricted exclusively to such moneys for any claim under the Indenture or on, or with respect to, said Bond. If any Series 2013 Bond shall not be presented for payment within the period of two (2) years following the date when such Series 2013 Bond becomes due, whether by maturity or call for prior redemption or otherwise, the Trustee shall return to the Issuer the funds theretofore held by it for payment of such Series 2013 Bond, and such Series 2013 Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the Issuer. The Trustee shall, at least sixty (60) days prior to the expiration of such two (2) year period, give notice to any Owner who has not presented any Series 2013 Bond for payment that any moneys held for the payment of any such Series 2013 Bond will be returned as provided in this

summarized section at the expiration of such two (2) year period. The failure of the Trustee to give any such notice shall not affect the validity of any return of funds pursuant to this summarized section.

Cancellation

All Bonds which have been paid, redeemed, purchased or surrendered shall be canceled and delivered by the Trustee to the Issuer. A copy of the canceled Bonds or other form of notice of such cancellation shall be delivered to the University upon its written request.

Agreement to Provide Information

The Trustee agrees, whenever requested in writing by the Issuer or the University, to provide such information that is known to the Trustee relating to the Series 2013 Bonds as the Issuer or the University, from time to time, may reasonably request, including, but not limited to, such information as may be necessary to enable the Issuer or the University to make any reports required by any Federal, state or local law or regulation.

Continuing Disclosure Agreement

Pursuant to the Loan Agreement, the University and the Trustee have undertaken responsibility for compliance with, and the Issuer shall have no liability to the holders of the Series 2013 Bonds or any other person with respect to, any reports, notices or disclosures required by or provided pursuant to the Continuing Disclosure Agreement authorized by the Loan Agreement. Pursuant to the Indenture, the Trustee covenants and agrees with the holders from time to time of the Series 2013 Bonds that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and the Loan Agreement. Notwithstanding any other provision of the Indenture, failure of the University or the Trustee to perform in accordance with the Continuing Disclosure Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of such a default or an Event of Default shall not apply to any such failure, but the Continuing Disclosure Agreement may be enforced only as provided therein.

Discharge of Lien

(a) If the Issuer shall pay or cause to be paid to the Owners of any series of Bonds or of all Outstanding Bonds the principal or Redemption Price thereof, and interest thereon, at the times and in the manner stipulated therein and in the Indenture, and if there shall have been paid all fees, charges and expenses required to be paid under the Indenture, then the Lien on the Trust Estate hereby created for the benefit of the Owners of the Series 2013 Bonds so paid shall be released, discharged and satisfied. In such event, except as otherwise specifically provided in the Indenture, the Trustee and any additional Paying Agent shall pay or deliver to the University all moneys or securities held by it pursuant to the Indenture which are not required for the payment of such Series 2013 Bonds. The Issuer may pay or cause to be paid any series of Bonds without at the

same time paying or causing to be paid all series of Outstanding Bonds. If the Issuer does not pay or cause to be paid, at the same time, all Outstanding Bonds, then the Trustee and any additional Paying Agent shall not return those moneys and securities held under the Indenture as security for the benefit of the Owners of Bonds not so paid or caused to be paid.

(b) When all of the Outstanding Bonds shall have been paid in full, or provisions for such full payment of all Outstanding Bonds shall have been made in accordance with the Indenture, the Trustee and the Issuer shall promptly execute and deliver to the University such written certificates, instruments and documents as the University shall provide to cause the Lien of the Indenture upon the Trust Estate to be discharged and canceled.

(c) Notwithstanding the fact that the Lien of the Indenture upon the Trust Estate may have been discharged and canceled in accordance with this summarized section, the Indenture and the rights granted and duties imposed by the Indenture, to the extent not inconsistent with the fact that the Lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal or Redemption Price of and interest on all of the Series 2013 Bonds shall have been fully paid or the Trustee shall have returned to the Issuer pursuant to the Indenture all funds theretofore held by the Trustee for payment of any Series 2013 Bonds not theretofore presented for payment.

Discharge of the Indenture

(a) Any Outstanding Bond or installments of interest with respect thereto shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, summarized subsection (a) under the heading "Discharge of Lien" if: (i) there shall have been deposited with the Trustee sufficient cash and/or Government Obligations, in accordance with subsection (b) of this summarized section, which will, without further investment, be sufficient, together with the other amounts held for such payment, to pay the principal of the Bond when due or to redeem the Bond on the earliest possible redemption date thereof at the Redemption Price specified in the Indenture, (ii) in the event such Series 2013 Bonds are to be redeemed prior to maturity in accordance with the Indenture, all action required by the provisions of the Indenture to redeem the Series 2013 Bonds shall have been taken or provided for to the satisfaction of the Trustee and notice thereof in accordance with the Indenture shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) provision shall have been made for the payment of all fees and expenses of the Trustee and of any additional Paying Agent with respect to the series of Bonds of which the Bond is a part, (iv) the Issuer shall have been reimbursed for all of its expenses under the Loan Agreement with respect to the series of Bonds of which the Bond is a part, and (v) all other payments required to be made under the Loan Agreement and the Indenture with respect to the series of Bonds of which the Bond is a part shall have been made or provided for.

(b) For the purpose of this summarized section, the Trustee shall be deemed to hold sufficient moneys to pay the principal of an Outstanding Bond not then due or to redeem an Outstanding Bond prior to the maturity thereof only if there shall be on deposit with the Trustee and available for such purpose an amount of cash and/or a principal amount of Government Obligations, maturing or redeemable at the option of the owner thereof not later than (i) the maturity date of such Series 2013 Bond, or (ii) the first date following the date of computation on which such Series 2013 Bond may be redeemed pursuant to the Indenture (whichever may first occur), which, together with income to be earned on such Government Obligations prior to such maturity date or Redemption Date, equals the principal or Redemption Price of, such Series 2013 Bond, together with all interest thereon (at the maximum applicable rate) which has accrued and which will accrue to such maturity or Redemption Date and prior to any defeasance becoming effective as provided above, there shall have been delivered to the Issuer and to the Trustee a verification from a verification agent (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Government Obligations are sufficient, together with any income to be earned thereon, without reinvestment, to pay the principal or Redemption Price of and interest due on the Bonds to be defeased.

(c) Upon the defeasance of any series of Bonds or of all Outstanding Bonds in accordance with the Indenture, the Trustee shall hold in trust, for the benefit of the Owners of such Series 2013 Bonds, all such cash and/or Government Obligations, shall make no other or different investment of such cash and/or Government Obligations and shall apply the proceeds thereof and the income therefrom only to the payment of such Series 2013 Bonds.

Lien Law Section 73 Covenant

The University, for itself and as the Agent of the Issuer, hereby covenants to the Issuer and to the Trustee, as a third-party beneficiary hereof, that the University will receive advances of monies under the Bond Documents and will hold the right to receive such advances as trust funds to be first applied to the payment of trust claims as defined in Section 71 of the Lien Law of the State, and that the University will apply the same to such payments only, before using any part of such advances for any other purpose.

Events of Default

The following shall be “Events of Default” under the Indenture:

(a) A default in the due and punctual payment of any interest or any principal of, Sinking Fund Payments for, or Redemption Price of any Series 2013 Bond, whether at the stated maturity thereof, upon proceedings for redemption thereof or upon the maturity thereof by declaration, or any other amounts due under the Indenture or the other Bond Documents; or

(b) A default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in the Indenture or in the Series 2013 Bonds and the continuance thereof for a period of thirty (30) days after

written notice given by the Trustee or by the Owners of not less than fifty percent (50%) of the principal amount of the Series 2013 Bonds then Outstanding; or if such default cannot be cured within thirty (30) days, but the Issuer is proceeding diligently to cure such default, then the Issuer shall be permitted an additional ninety (90) days within which to remedy the default; or

- (c) The occurrence of an Event of Default under the Loan Agreement.

Acceleration; Annulment of Acceleration; Default Rate

(a) Upon the occurrence of an Event of Default under the Loan Agreement, all Bonds Outstanding shall become immediately due and payable without action or notice of any kind on the part of the Trustee or the Issuer. Upon the occurrence and continuance of any other Event of Default, the Trustee shall, by notice in writing delivered to the Issuer and the University, declare all Bonds Outstanding immediately due and payable, and such Series 2013 Bonds shall become and be immediately due and payable, anything in the Series 2013 Bonds or in the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Series 2013 Bonds an amount equal to the total principal amount of all such Series 2013 Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment. If all of the Series 2013 Bonds Outstanding shall become so immediately due and payable, the Issuer and the Trustee shall as soon as possible declare by written notice to the University all unpaid installments payable by the University under the Loan Agreement to be immediately due and payable.

(b) At any time after the principal of the Series 2013 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 Indenture, the Trustee may annul such declaration and its consequences with respect to any Series 2013 Bonds not then due by their terms if (i) moneys shall have been deposited in the Bond Fund sufficient to pay all matured installments of interest and principal of, Sinking Fund Payments for, or the Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) sufficient moneys shall be available to pay the amounts described in the Indenture; (iii) all other amounts then payable by the Issuer under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other Event of Default known to the Trustee (other than a default in the payment of the principal of such Series 2013 Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

(c) Upon the occurrence and continuation of an Event of Default, the Series 2013 Bonds shall bear interest at the Default Rate from the date of the occurrence of such Event of Default until the Series 2013 Bonds have been paid pursuant to the Indenture or such Event of Default has been cured.

Enforcement of Remedies

(a) Upon the occurrence and continuance of any Event of Default, and upon being provided with security or indemnity reasonably satisfactory to the Trustee against any liability or expense which might thereby be incurred, the Trustee shall proceed forthwith to protect and enforce its rights and the rights of the Owners under the Act, the Series 2013 Bonds and the Loan Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

(b) The Trustee acting directly may sue for, enforce payment of and receive any amounts due or becoming due from the Issuer or the University for principal, Redemption Price, interest or otherwise under any of the provisions of the Series 2013 Bonds and the Bond Documents, without prejudice to any other right or remedy of the Trustee or of the Owners.

(c) Regardless of the happening of an Event of Default, the Trustee shall have the right to institute and maintain such suits and proceedings as it may be advised by such Owners shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing the Series 2013 Bonds, or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of the Indenture and is not unduly prejudicial to the interests of the Owners not making such request.

Appointment of Receivers

Upon the occurrence of an Event of Default and upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the Trustee or the Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues and receipts thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Application of Moneys

(a) The Net Proceeds received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall be, after paying the fees and expenses of the Trustee, deposited in the Bond Fund.

(b) All moneys in the Bond Fund during the continuance of an Event of Default shall be applied as follows:

(i) Unless the principal of all Series 2013 Bonds shall have become due or shall have been declared due and payable,

FIRST - To the payment of all installments of the interest then due, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular

installment of interest, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or preference; and

SECOND - To the payment of the unpaid principal or Redemption Price, if any, of any of the Series 2013 Bonds or principal installments which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in order of their due dates, with interest on such Series 2013 Bonds, at the rate or rates expressed thereon, from the respective dates upon which such Series 2013 Bonds became due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD - To the payment of the principal or Redemption Price of and interest on the Series 2013 Bonds as the same become due and payable; and

(ii) If the principal of all Series 2013 Bonds shall have become due or shall have been declared due and payable, to the payment of the principal and interest (at the rate or rates expressed thereon) then due and unpaid upon all of the Series 2013 Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Series 2013 Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference; and

(iii) If the principal of all Series 2013 Bonds shall have been declared due and payable and if such declaration shall thereafter have been annulled pursuant to provisions of the Indenture, the moneys shall be applied in accordance with the provisions of paragraph (b)(i) of this summarized section.

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this summarized section, such moneys shall be applied at such time or times as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. On the date fixed by the Trustee for application of such moneys, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the application of any such moneys and of the fixing of any such date.

Remedies Vested in Trustee

Except as otherwise provided in the Indenture, all rights of action (including the right to file proof of claim) under the Indenture or under any of the Series 2013 Bonds may be enforced by the Trustee without possession of any of the Series 2013 Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Series 2013 Bonds. Subject to the provisions of the Indenture, any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Bonds.

Remedies Not Exclusive

No remedy conferred upon or reserved to the Trustee or to the Owners by the Indenture is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners under the Indenture or now or hereafter existing at law or in equity or by statute.

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The obligations of the University to make payments under the Loan Agreement are evidenced by a Promissory Note from the University to the Issuer and endorsed by the Issuer to the Trustee. The payments by the University under the Loan Agreement and the Promissory Note are intended as security for the Series 2013 Bonds. Reference is made to the Loan Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Loan Agreement and should not be considered a full statement thereof.

Loan of Series 2013 Bond Proceeds

The Issuer hereby agrees to loan the Series 2013 Bond Proceeds to the University in accordance with the provisions of the Loan Agreement. Such Series 2013 Bond Proceeds shall be disbursed to the University in accordance with the provisions of the Indenture.

Renovation, Construction, Equipping and Furnishing of 2013 Project

(a) The University agrees, and covenants and warrants to the Issuer, it has or will renovate, construct, equip and furnish the 2013 Project in accordance with the Plans and Specifications.

(b) The University may revise the Plans and Specifications from time to time with the written approval of the Issuer, which approval may not be unreasonably withheld but may be subject to such conditions as the Issuer may deem appropriate.

(c) Reserved.

(d) The University shall pay all fees, costs and expenses incurred in the construction and renovation of the Improvements and the acquisition and installation of the Equipment from funds made available therefor in accordance with the Loan Agreement, and shall ask, demand, sue for, levy, recover and receive all such sums or money, debts, dues and other demands whatsoever which may be due, owing and payable to the University under the terms of any contract, order, receipt, or writing in connection with the construction, renovation and completion of the Improvements and the acquisition and installation of the Equipment, and to enforce the provisions of any contract, agreement, obligation, bond or other performance security.

(e) Reserved.

(f) The University, as agent for the Issuer, shall comply with all provisions of the Labor Law, the Executive Law and the Civil Rights Law of the State applicable to the construction, renovation, equipping and furnishing of the 2013 Project and shall include in all construction contracts all provisions that be required to be inserted therein by such provisions. The University shall comply with the relevant policies of the Issuer with respect to such laws, which are set forth as an attachment to the Loan Agreement. Except as provided in the preceding two sentences, the provisions of this summarized subsection

do not create any obligations or duties not created by applicable law outside of the terms of the Loan Agreement.

Issuance of the Series 2013 Bonds; Disbursement of Bond Proceeds

In order to provide funds for payment of the Costs of the 2013 Project, together with other payments and incidental expenses in connection therewith, the Issuer agrees that it will authorize, issue, sell and cause the Series 2013 Bonds to be delivered on the terms set forth in the Indenture. Bond Proceeds shall be disbursed in accordance with the provisions of the Indenture and under the heading "Application of Bond Proceeds" below.

Application of Bond Proceeds

The Series 2013 Bonds shall be deposited in the Project Fund and used to pay the Costs of the 2013 Project. Except as provided in the Loan Agreement, the Series 2013 Bond Proceeds, upon the written direction of an Authorized Representative of the University, and on the conditions provided for in the Indenture, shall be applied to pay only the following costs and items of expense paid by or on behalf of the Issuer on or after March 26, 2012, except as may otherwise be provided under the Tax Compliance Agreement or included in a resolution of the Board of Trustees of the University indicating an intent to reimburse the University for costs of the 2013 Project incurred prior to that date:

(i) the cost of preparing the Plans and Specifications (including any preliminary study or planning of the 2013 Project or any aspect thereof),

(ii) all costs of renovating, constructing, equipping and furnishing the 2013 Project (including environmental audits and architectural, engineering and supervisory services with respect to the 2013 Project),

(iii) all fees, taxes, charges and other expenses for recording or filing, as the case may be, any documents that the Issuer or the Trustee may deem desirable in order to protect or perfect any security interest contemplated by the Indenture,

(iv) reserved,

(v) all legal, accounting and any other fees, costs and expenses incurred in connection with the preparation, printing, reproduction, authorization, issuance, execution, sale and distribution of the Series 2013 Bonds and the Bond Documents and all other documents in connection herewith or therewith, and with any other transaction contemplated by the Loan Agreement or the Indenture,

(vi) any administrative fee and fee for services of the Issuer,

(vii) reimbursement to the University for any of the above-enumerated costs and expenses.

Certificates of Completion

To establish the Completion Date, the University shall deliver to the Issuer and the Trustee a certificate signed by an Authorized Representative of the University (i) stating that the renovation, construction, equipping and furnishing of the 2013 Project to be paid for with Series 2013 Bond Proceeds has been substantially completed in accordance with the Plans and Specifications therefor; and (ii) stating that except for amounts retained in the Project Fund for the payment of incurred, but unpaid, items of the Costs of the 2013 Project or items when the University is then contesting the payment thereof, the payment for all labor, services, materials and supplies used in such renovation, construction, equipping and furnishing has been made or provided for. The University agrees to complete the renovation, construction, equipping and furnishing of the 2013 Project on or before December 1, 2015 unless such date has been extended by the Issuer. The Issuer shall not extend such Completion Date unless the University has caused to be delivered to the Issuer and the Trustee an acceptable opinion of Bond Counsel stating that the extension of the Completion Date will not adversely affect the exclusion of interest on the Series 2013 Bonds, from gross income for Federal income tax purposes. Such certificate shall further certify as to the determination of the Rebate Amount as provided in the Tax Compliance Agreement and the Indenture and shall direct the Trustee to make any transfer to, or make payments of amounts for deposit in, the Rebate Fund.

Completion by University

(a) In the event that the Net Proceeds of the Series 2013 Bonds are not sufficient to pay in full the costs of renovating, constructing, equipping and furnishing the 2013 Project in accordance with the Plans and Specifications, the University agrees to pay, for the benefit of the Issuer and the Trustee, all such sums as may be in excess of the Net Proceeds of the Series 2013 Bonds. The University shall execute, deliver and record or file such instruments as the Issuer or the Trustee may request in order to perfect or protect the Issuer's security interests contemplated by the Indenture.

(b) The University shall not be entitled to any reimbursement for such excess cost or expense from the Issuer or the Trustee or the Owner of the Series 2013 Bonds, nor shall it be entitled to any diminution or abatement of any other amounts payable by the University under the Loan Agreement.

Loan Payments and Other Amounts Payable

(a) The University shall pay to the Issuer on the Closing Date the Issuer's administrative fee in the amount of \$227,370 (which includes the Issuer's administrative fee of \$225,400 plus the initial compliance fee of \$2,500 and the public notice fees of \$970 less the application fee of \$1,500). The University shall pay to the Issuer an Annual Compliance Fee of \$1,000 on or before January 1 of each year commencing on

January 1, 2014 and continuing through the term of the Loan Agreement. The University shall pay basic loan payments five (5) Business Days before each Debt Service Payment Date directly to the Trustee, in an amount equal to the Debt Service Payment becoming due and payable on the Bonds on such Debt Service Payment Date. The University's obligation to pay such basic loan payments shall be evidenced by the Promissory Note, substantially in the form attached to the Loan Agreement.

(b) In addition to the Loan Payments pursuant to summarized section (a) above, throughout the Loan Term, the University shall pay to the Issuer as additional loan payments, within fifteen (15) days of the receipt of demand therefor, an amount equal to the sum of the expenses of the Issuer and the members thereof incurred (i) by reason of the Issuer's financing of the 2013 Project, or (ii) in connection with the carrying out of the Issuer's duties and obligations under the Issuer Documents, the payment of which is not otherwise provided for under the Loan Agreement. Other than the Annual Compliance Fee, the foregoing shall not be deemed to include any annual or continuing administrative or management fee beyond any initial administrative fee or fee for services rendered by the Issuer.

(c) In addition, the University shall pay as additional loan payments within fifteen (15) days after receipt of a written demand therefor the Ordinary Expenses and Extraordinary Expenses payable by the Issuer to the Trustee pursuant to and under the Indenture.

(d) The University, under the provisions of this summarized section, agrees to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America. In the event the University shall fail timely to make any payment required in summarized section (a) above, the University shall pay the same together with all late payment penalties specified in the Series 2013 Bonds. In the event the University shall fail timely to make any payment required in summarized section (b) above, the University shall pay the same together with interest on such payment at the per annum rate of ten percent (10%), but in no event at a rate higher than the maximum lawful prevailing rate, from the date on which such payment was due until the date on which such payment is made.

Obligations of University Under the Loan Agreement Unconditional

The obligations of the University to make the payments required under the heading "Loan Payments and Other Amounts Payable", and to perform and observe any and all of the other covenants and agreements on its part contained in the Loan Agreement, shall be a general obligation of the University, and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Issuer. The University agrees it will not (i) suspend, discontinue or abate any payment required under the Loan Agreement, (ii) fail to observe any of its other covenants or agreements in the Loan Agreement, or (iii) terminate the Loan Agreement for any cause whatsoever unless and until the Series 2013 Bonds, including premium, if any, and interest thereon, have been paid or provided for.

Subject to the foregoing provisions, nothing contained in this summarized section shall be construed to release the Issuer from the performance of any of the agreements on its part contained in the Loan Agreement or to affect the right of the University to seek reimbursement from, or institute any action against any party as the University may deem necessary to compel performance or recover damages for non-performance from such party.

Payment of Additional Moneys in Prepayment of Series 2013 Bonds

In addition to any other moneys required or permitted to be paid pursuant to the Loan Agreement, the University may, subject to the terms of the Indenture, pay moneys to the Trustee (i) to be applied as the prepayment of amounts to become due and payable by the University pursuant to the Loan Agreement and the Promissory Note, or (ii) to be used for the redemption or prepayment of any Series 2013 Bonds at such time or times and on such terms and conditions as is provided in such Series 2013 Bonds and in the Indenture. The University shall notify the Issuer and the Trustee in writing as to the purpose of any such payment.

Rights and Obligations of the University upon Prepayment of Series 2013 Bonds

In the event the Series 2013 Bonds shall have been paid in full prior to the termination of the Loan Agreement, or provision for such payment shall have been made in accordance with the Indenture, the Issuer, at the sole cost of the University, shall obtain and record or file appropriate terminations, discharges or releases of any security interest relating to the 2013 Project or under the Indenture.

Maintenance and Modifications of 2013 Project by University

(a) The University shall not abandon the 2013 Project or cause or permit any waste to the Improvements. During the Loan Term, the University shall not remove any part of the 2013 Project outside of the jurisdiction of the Issuer and shall (i) keep the 2013 Project in as reasonably safe condition as its operations shall permit; (ii) make all necessary repairs and replacements to the 2013 Project (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate the 2013 Project in a sound and economic manner.

(b) With the written consent of the Issuer, which shall not be unreasonably withheld, the University, from time to time, may make any material structural additions, modifications or improvements to the 2013 Project or any part thereof, provided (i) such actions do not adversely affect the structural integrity of the 2013 Project, and (ii) such actions do not materially impair the use of the 2013 Project or materially decrease its value. All such additions, modifications or improvements made by the University shall become a part of the 2013 Project.

Installation of Additional Equipment

Subject to the provisions of the Loan Agreement, the University or any permitted sublessee of the University from time to time may install additional machinery,

equipment or other personal property in the 2013 Project (which may be attached or affixed to the 2013 Project), and such machinery, equipment or other personal property shall not become, or be deemed to become, a part of the 2013 Project; provided that, the acquisition and installation of such property is not financed from either the Project Fund or the Renewal Fund. The University from time to time may create or permit to be created any Lien on such machinery, equipment or other personal property. Further, the University from time to time may remove or permit the removal of such machinery, equipment and other personal property from the 2013 Project; provided that, any such removal of such machinery, equipment or other personal property shall not occur (i) if any Event of Default has occurred; or (ii) if any such removal shall adversely affect the structural integrity of the 2013 Project or impair the overall operating efficiency of the 2013 Project for the purposes for which it is intended, and provided further that, if any damage is occasioned to the 2013 Project by such removal, the University agrees promptly to repair such damage at its own expense.

Insurance Required

At all times throughout the Loan Term, including, when indicated in the Loan Agreement, during the Construction Period, the University shall, at its sole cost and expense, maintain or cause to be maintained insurance covering the 2013 Project against such risks and for such amounts as are customarily insured against by facilities of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the completed Improvements, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the University, but in no event less than the principal amount of the Series 2013 Bonds. During the Construction Period, such policy shall be written in the so-called “Builder’s Risk Completed Value Non-Reporting Form” and shall contain a provision granting the insured permission to complete and/or occupy.

(b) Workers’ compensation insurance, disability benefits insurance and each other form of insurance which the University is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the University who are located at or assigned to the 2013 Project. This coverage shall be in effect from and after the Completion Date or on such earlier date as any employees of the University first occupy the 2013 Project.

(c) Insurance protecting the Issuer, the Trustee and the University against loss or losses from liability imposed by law or assumed in any written contract (including the contractual liability assumed by the University under the Loan Agreement) and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage) and with a blanket excess liability coverage in an amount not less

than \$5,000,000 protecting the Issuer, the Trustee and the University against any loss or liability or damage for personal injury, including bodily injury or death, or property damage. This coverage shall also be in effect during the Construction Period.

(d) During the Construction Period (and for at least one year thereafter in the case of Products and Completed Operations as set forth below), the University shall cause the general contractor to carry liability insurance of the type and providing the minimum limits set forth below:

(i) Workers' compensation and employer's liability with limits in accordance with applicable law.

(ii) Comprehensive general liability providing coverage for:

Premises and Operations
Products and Completed Operations
Owners Protective
Contractors Protective
Contractual Liability
Personal Injury Liability
Broad Form Property Damage
(including completed operations)
Explosion Hazard
Collapse Hazard
Underground Property Damage Hazard

Such insurance shall have a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iii) Business auto liability, including all owned, non-owned and hired autos, with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iv) Excess "umbrella" liability providing liability insurance in excess of the coverages in (i), (ii) and (iii) above with a limit of not less than \$5,000,000.

Additional Provisions Respecting Insurance

(a) All insurance required under the heading "Insurance Required" shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. The company issuing the policies required by summarized subsection (a) under the heading "Insurance Required" shall be rated "A" or better by A.M. Best Co., Inc. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All policies evidencing the insurance required by summarized subsection (a)

under the heading “Insurance Required” shall provide for payment to the Trustee of the Net Proceeds of insurance resulting from any claim for loss or damage thereunder, and all policies of insurance required under the heading “Insurance Required” shall provide for at least thirty (30) days’ prior written notice of the restriction, cancellation or modification thereof to the Issuer and the Trustee. The policy evidencing the insurance required by summarized subsection (c) under the heading “Insurance Required” shall name the Issuer and the Trustee as additional insureds. All policies evidencing the insurance required by summarized subsections (d)(ii) and (iv) under the heading “Insurance Required” shall name the Issuer and the University as additional insureds. Upon request of the Trustee, the University will assign and deliver to the Trustee the policies of insurance required under summarized subsection (a) under the heading “Insurance Required”, so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Series 2013 Bonds, have and hold said policies and the Net Proceeds thereof as collateral for the payment of the Series 2013 Bonds. The policies under summarized subsection (a) under the heading “Insurance Required” shall contain appropriate waivers of subrogation.

(b) The policies (or certificates and binders) of insurance required by summarized subsection (a) under the heading “Insurance Required” hereof shall be deposited with the Trustee on or before the Closing Date. A copy of the policy (or certificate or binder) of insurance required by summarized subsection (c) under the heading “Insurance Required” shall be delivered to the Issuer on or before the Closing Date. A copy of the policies (or certificates and binders) of insurance required by summarized subsections (d)(ii) and (iv) under the heading “Insurance Required” shall be delivered to the Issuer on or before the Closing Date. The University shall deliver to the Issuer and the Trustee before the first Business Day of each twelve (12) month period thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term covering at least the next succeeding twelve (12) month period, insurance of the types and in the amounts required under the heading “Insurance Required” and complying with the additional requirements of this summarized section. Prior to the expiration of each such policy or policies, the University shall furnish to the Issuer and the Trustee a new policy or policies of insurance or evidence that such policy or policies have been renewed or replaced or are no longer required by the Loan Agreement. The University shall provide such further information with respect to the insurance coverage required by the Loan Agreement as the Issuer and the Trustee may from time to time reasonably require.

Application of Net Proceeds of Insurance

The Net Proceeds of the insurance carried pursuant to the provisions of the Loan Agreement shall be applied as follows: (i) the Net Proceeds of the insurance required by summarized subsection (a) under the heading “Insurance Required” shall be applied as provided in the Loan Agreement, and (ii) the Net Proceeds of the insurance required by summarized subsections (b), (c) and (d) under the heading “Insurance Required” shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Damage or Destruction of the 2013 Project

(a) If any portion of the 2013 Project shall be damaged or destroyed (in whole or in part) at any time during the Loan Term:

(i) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate the 2013 Project or any portion of the 2013 Project; and

(ii) there shall be no abatement or reduction in the Loan Payments or other amounts payable by the University under the Loan Agreement (whether or not the 2013 Project or such portion of the 2013 Project is replaced, repaired, rebuilt, restored or relocated); and

(iii) upon the occurrence of such damage or destruction, the Net Proceeds derived from the insurance shall be paid to the Trustee and deposited in the Renewal Fund, and, except as otherwise provided in the Loan Agreement and summarized subsection (f) of this section, the University shall at its option either (A) replace, repair, rebuild, restore or relocate the 2013 Project or such portion of the 2013 Project, or (B) direct the Trustee to apply such Net Proceeds to the payment of the principal of the Series 2013 Bonds or any Additional Bonds as they become due and payable or the Redemption Price of Bonds subject to Redemption pursuant to the Indenture.

(b) If the University replaces, repairs, rebuilds, restores or relocates the 2013 Project, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in the Indenture to pay or reimburse the University for the cost of such replacement, repair, rebuilding, restoration or relocation.

(c) Any such replacements, repairs, rebuilding, restorations or relocations shall be subject to the following conditions:

(i) the 2013 Project or such portion of the 2013 Project shall be in substantially the same condition and value as an operating entity as existed prior to the damage or destruction;

(ii) the 2013 Project or such portion of the 2013 Project shall continue to constitute a “project” as such term is defined in the Indenture, and the exclusion of the interest on the Series 2013 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) the 2013 Project or such portion of the 2013 Project will be subject to no Liens, other than Permitted Encumbrances; and

(iv) any other conditions the Issuer may reasonably impose.

(d) All such repair, replacement, rebuilding, restoration or relocation of the 2013 Project or such portion of the 2013 Project shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements and be promptly and fully paid for by the University in accordance with the terms of the applicable contracts.

(e) If the University elects to replace, repair, rebuild, restore or relocate the 2013 Project pursuant to the Loan Agreement, then in the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration or relocation, the University shall nonetheless complete the work and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. All such replacements, repairs, rebuilding, restoration or relocations made pursuant to this summarized section, whether or not requiring the expenditure of the University's own money, shall automatically become a part of the 2013 Project as if the same were specifically described in the Loan Agreement.

(f) Any balance of such Net Proceeds remaining in the Renewal Fund after payment of all costs of replacement, repair, rebuilding, restoration or relocation shall, subject to any rebate required to be made to the Federal government pursuant to the Indenture or the Tax Compliance Agreement, be applied in accordance with the provisions of the Indenture.

(g) If the University shall exercise its option to terminate the Loan Agreement pursuant to the provisions under the heading "Early Termination of Loan Agreement", such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Loan Agreement. If an Event of Default under the Loan Agreement shall have occurred and is continuing and the Trustee shall have exercised its remedies under the Loan Agreement, such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Loan Agreement.

(h) If the entire amount of the Series 2013 Bonds and interest thereon has been fully paid, or provision therefor has been made in accordance with the Indenture, all such remaining Net Proceeds shall be paid to the University.

(i) Except upon the occurrence and continuation of an Event of Default, the University with the consent of the Issuer, not to be withheld unreasonably, shall have the right to settle and adjust all claims under any policies of insurance required by summarized sections (a) and (d) under the heading "Insurance Required" on behalf of the Issuer and on its own behalf.

Condemnation

(a) If title to or use of the 2013 Project or any portion thereof comprising a portion of the 2013 Project shall be taken by Condemnation (in whole or in part) at any time during the Loan Term:

(i) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate the 2013 Project or such portion of the 2013

Project or acquire, by construction or otherwise, facilities of substantially the same nature as the 2013 Project (the “**Substitute Project**”); and

(ii) there shall be no abatement or reduction in the amounts payable by the University under the Loan Agreement (whether or not the 2013 Project or such portion of the 2013 Project is replaced, repaired, rebuilt, restored or relocated or Substitute Facilities acquired); and

(iii) upon the occurrence of such Condemnation, the Net Proceeds derived therefrom shall be paid to the Trustee and deposited in the Renewal Fund, and, except as otherwise provided in the Loan Agreement and summarized subsection (f), the University shall either:

(A) replace, repair, rebuild, restore or relocate the 2013 Project or such portion of the 2013 Project or acquire a Substitute Project, or

(B) redeem an amount of Bonds equal to the Net Proceeds in accordance with the Indenture.

(b) If the University replaces, repairs, rebuilds, restores or relocates the 2013 Project or such portion of the 2013 Project or acquires a Substitute Project, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in the Indenture to pay or reimburse the University for the cost of such replacement, repair, rebuilding, restoration or, relocation of the 2013 Project or acquisition of a Substitute Project.

(c) Any such replacements, repairs, rebuilding, restorations, or relocations of the 2013 Project or acquisition of a Substitute Project shall be subject to the following conditions:

(i) the 2013 Project or the Substitute Project shall be in substantially the same condition and value as an operating entity as existed prior to the condemnation;

(ii) the 2013 Project or the Substitute Facilities shall continue to constitute a “project” as such term is defined in the Act, and the exclusion of the interest on the Series 2013 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) the 2013 Project or the Substitute Project will be subject to no Liens, other than Permitted Encumbrances; and

(iv) comply with any other conditions the Issuer may reasonably impose.

(d) All such repair, replacement, rebuilding, restoration or relocation of the 2013 Project or such portion of the 2013 Project shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements and shall be promptly and fully paid for by the University in accordance with the terms of the applicable contracts.

(e) If the University elects to replace, repair, rebuild, restore or relocate pursuant to the Loan Agreement, then in the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration, or relocation of the 2013 Project or acquisition of a Substitute Project, the University shall nonetheless complete the work or the acquisition and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. All such replacements, repairs, rebuilding, restoration, relocations and such acquisition of a Substitute Project made pursuant to this summarized section, whether or not requiring the expenditure of the University's own money, shall automatically become a part of the 2013 Project as if the same were specifically described in the Loan Agreement.

(f) Any balance of such Net Proceeds remaining in the Renewal Fund after payment of all costs of replacement, repair, rebuilding, restoration, relocation or acquisition of Substitute Project shall, subject to any rebate required to be made to the Federal government pursuant to the Indenture or the Tax Compliance Agreement, be used to redeem the Series 2013 Bonds as provided in the Indenture.

(g) If the University shall exercise its option to terminate the Loan Agreement pursuant to the provisions under the heading "Early Termination of Loan Agreement", such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Loan Agreement. If any Event of Default under the Loan Agreement shall have occurred and is continuing and the Trustee shall have exercised its remedies under the Loan Agreement, such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Loan Agreement.

(h) If the entire amount of the Series 2013 Bonds and interest thereon has been fully paid, or provision therefor has been made in accordance with the Indenture, all such remaining Net Proceeds shall be paid to the University.

(i) Except upon the occurrence and continuation of an Event of Default, the University with the consent of the Issuer, not to be unreasonably withheld, shall have the right to settle and adjust all claims under any Condemnation proceedings on behalf of the Issuer and on its own behalf.

Hold Harmless Provisions

(a) The University agrees that the Issuer, the Trustee and each Paying Agent shall not be liable for and agrees to defend, indemnify, release and hold the Issuer, the Trustee and each Paying Agent harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the 2013 Project or arising

by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the 2013 Project or the Land, or (ii) liability arising from or expense incurred in connection with the Issuer's financing, construction, renovation, and equipping of the 2013 Project, including without limiting the generality of the foregoing, all claims arising from the breach by the University of any of its covenants contained in the Loan Agreement, and all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Issuer, the Trustee or any Paying Agent are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Issuer, the Trustee or any Paying Agent or any of their respective members, directors, trustees, officers, agents or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Issuer, the Trustee or any Paying Agent, or any of their respective members, directors, trustees, officers, agents or employees, and irrespective of the breach of a statutory obligation (other than a breach caused by any of their respective gross negligence or intentional or willful wrongdoing) or the application of any rule of comparative or apportioned liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law.

(b) Notwithstanding any other provisions of the Loan Agreement, the obligations of the University pursuant to this summarized section shall remain in full force and effect after the termination of the Loan Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all expenses and charges incurred by the Issuer, the Trustee or their respective members, directors, officers, agents and employees, relating to the enforcement of the provisions specified in the Loan Agreement.

(c) In the event of any claim against the Issuer, the Trustee or any Paying Agent or their respective members, directors, officers, agents or employees by any employee or contractor of the University or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the University under the Loan Agreement shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

(d) The Trustee and each Paying Agent shall be third party beneficiaries of the University's obligations under this summarized section.

Right to Inspect 2013 Project

The Issuer and the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times upon prior notice to the University to inspect the 2013 Project.

University to Maintain Its Existence

The University agrees that during the Loan Term (a) it will maintain its existence as a not-for-profit corporation constituting an Exempt Organization subject to service of process within the State and will not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it or acquire all or substantially all of the assets of one or more entities without the prior written consent of the Issuer; (b) it will preserve its status as an organization described in Section 501(c)(3) of the Code; (c) it will operate as an institution of higher learning and will establish tuition and fees for services provided by the University which, together with other available funds, will be sufficient in each fiscal year to provide funds for the following: (1) the payment by the University of all of its expenses for the operation, maintenance and repair of its facilities or 2013 Project in such year; (2) the payment of all amounts due under the Loan Agreement in such year; and (3) the payment of all Indebtedness and all other obligations of the University due in such year; and (d) it will not perform any act, enter into any agreement, or use or permit the 2013 Project to be used in any manner or for any unrelated trade or business as described in Section 513(a) of the Code, which could adversely affect the exemption of interest on the Series 2013 Bonds from Federal income taxes pursuant to Sections 103 and 145 of the Code. Prior to the University performing any act, entering into any agreement or using or permitting the 2013 Project to be used in any manner that would constitute an unrelated trade or business within the meaning of Section 513(a) of the Code, the University shall provide written notice to the Issuer and the Trustee and the Issuer and the Trustee shall receive an opinion of counsel satisfactory to each of them to the effect that such contemplated act, agreement or use will not adversely affect the exemption of interest on the Series 2013 Bonds for Federal income tax purposes.

Qualification in State

The University throughout the Loan Term shall continue to be duly authorized to do business in the State as an entity of higher education.

Books of Record and Account; Financial Statements

The University at all times agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all transactions and events relating to the business and affairs of the University.

Compliance with Orders, Ordinances, Etc.

(a) The University, throughout the Loan Term, agrees that it will promptly comply, and take all reasonable steps to cause any tenant or occupant of the 2013 Project to comply, with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, which now or at any time hereafter may be applicable to the 2013 Project or any part thereof or to the renovation, construction and

equipping thereof, or to any use, manner of use or condition of the 2013 Project or any part thereof, of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers having jurisdiction of the 2013 Project or any part thereof, or to the renovation, construction, equipping and furnishing thereof, or to any use, manner of use or condition of the 2013 Project or any part thereof and of all companies or associations insuring the premises.

(b) The University shall keep or cause the 2013 Project to be kept free of Hazardous Substances, except in compliance with applicable law. Without limiting the foregoing, the University shall not cause or permit the 2013 Project to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all applicable federal, state and local laws, regulations and permits, nor shall the University cause or permit, as a result of any intentional or unintentional act or omission on the part of the University or any contractor, subcontractor, tenant or subtenant, a release of Hazardous Substances onto the 2013 Project or onto any other property. The University shall comply with and shall take all reasonable steps to ensure compliance by all contractors, subcontractors, tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and shall take all reasonable steps to ensure that all contractors, subcontractors, tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The University shall (a) conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances, on, from, or affecting the 2013 Project (i) in accordance with all applicable federal, state, and local laws, ordinances, rules, regulations, and policies, (ii) to the reasonable satisfaction of the Trustee and the Issuer, and (iii) in accordance with the orders and directives of all federal, state, and local governmental authorities; and (b) defend, indemnify, and hold harmless the Trustee and the Issuer, their employees, agents, officers, and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (i) the presence, disposal, release, or threatened release of any Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise, (ii) any bodily injury, personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances, (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Substances, and/or (iv) any violation of laws, orders, regulations, requirements, or demands of government authorities, or any policies or requirements of the Trustee and the Issuer, which are based upon or in any way related to such Hazardous Substances, including, without limitation, reasonable attorney and consultant fees, reasonable investigation and laboratory fees, court costs, and reasonable litigation expenses. The provisions of this summarized section shall be in addition to any and all other obligations and liabilities the University may have to the Trustee at common law, and shall survive the transactions contemplated in the Loan Agreement.

(c) Notwithstanding the provisions of summarized subsections (a) and (b) above, the University may in good faith contest the validity or the applicability of any requirement of the nature referred to in such summarized subsections (a) and (b) by appropriate legal proceedings conducted in good faith and with due diligence. In such event, the University may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the University that by failure to comply with such requirement or requirements, the 2013 Project or any part thereof may be subject to loss, penalty or forfeiture, in which event the University shall promptly take such action with respect thereto or provide such security as shall be satisfactory to the Trustee and to the Issuer. If at any time the then existing use or occupancy of the 2013 Project shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, the University shall use all reasonable efforts to not cause or permit such use or occupancy to be discontinued without the prior written consent of the Issuer and the Trustee.

(d) Notwithstanding the provisions of this summarized section, if, because of a breach or violation of the provisions of summarized subsections (a) or (b) above (without giving effect to summarized subsection (c) above), either the Issuer, the Trustee, or any of their respective members, directors, officers, agents, or employees, shall be threatened with a fine, liability, expense or imprisonment, then, upon notice from the Issuer or the Trustee, the University shall immediately provide legal protection and/or pay amounts necessary in the opinion of the Issuer or the Trustee, as the case may be, and their respective members, directors, officers, agents and employees deem sufficient, to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(e) Notwithstanding any provisions of this summarized section, the Trustee and the Issuer retain the right to defend themselves in any action or actions which are based upon or in any way related to such Hazardous Substances. In any such defense of themselves, the Trustee and the Issuer shall each select their own counsel, and any and all reasonable costs of such defense, including, without limitation, reasonable attorney and consultant fees, reasonable investigation and laboratory fees, court costs, and reasonable litigation expenses, shall be paid by the University.

Discharge of Liens and Encumbrances

(a) The University, throughout the Loan Term, shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the 2013 Project or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied.

(b) Notwithstanding the provisions of summarized subsection (a) above, the University may in good faith contest any such Lien. In such event, the University may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the University that by nonpayment of any such item or items, the 2013 Project or any part

thereof may be subject to loss or forfeiture, in which event the University shall promptly secure payment of all such unpaid items by filing a bond, in form and substance satisfactory to the Issuer, thereby causing such Lien to be removed or by taking such other actions as may be satisfactory to the Issuer to protect its interests. Mechanics' Liens shall be discharged or bonded within ninety (90) days following the University's receipt of notice of the filing or perfection thereof.

Additional Indebtedness

(a) The University may issue additional long-term debt provided that the maximum annual debt service on all Outstanding Debt (as defined below) (including the Bonds) shall not exceed 10% of the University's unrestricted revenues, gains and other support determined in accordance with generally accepted accounting principles in the last completed fiscal year of the University. Furthermore, the University may issue long-term debt subject to a lien on the 2013 Project provided that the maximum annual debt service on all Outstanding Debt (as defined below) (including the Bonds) shall not exceed 10% of the University's unrestricted revenues, gains and other support determined in accordance with generally accepted accounting principles in the last completed fiscal year of the University. For purposes of this summarized section,

(i) "Outstanding Debt" shall include all outstanding indebtedness of the University, including parity, senior and subordinate debt, but shall not include non-recourse debt, and

(ii) in calculating the debt service requirements on balloon and demand debt, if such debt is backed by a commitment to provide liquidity from a commercial bank rated "A" without regard to (+/-) or better by S&P and/or Moody's, then debt service may be calculated based on the terms of the commitment's repayment provisions; and, further, if the University covenants to maintain Net Assets Less Net Fixed Assets (as defined below) equal to 100% of such balloon or demand debt, then debt service may be calculated assuming a 15-year amortization.

"Net Assets Less Net Fixed Assets" shall mean the unrestricted net assets of the University less the University's "Net Fixed Assets". "Net Fixed Assets" shall mean the asset value of the land, buildings and equipment, net of accumulated depreciation, of the University less the long-term debt of the University.

(b) Notwithstanding the above covenant, the University may incur short-term debt (i.e., debt issued and retired within a fiscal year) equal to 10% of the University's unrestricted revenues, gains and other support regardless of the test above; provided that such short-term debt is fully retired for at least 30 days in each fiscal year.

Certain Additional Covenants

(a) The University agrees to furnish to the Issuer and the Trustee, and, upon written request to the University, to any registered Bondholder of \$1,000,000 in aggregate principal amount of Bonds, as soon as available and in any event within one hundred twenty (120) days after the close of each fiscal year of the University, a copy of the annual audited financial statements of the University, including statements of financial position as of the end of such year, and the related statement of activities for such fiscal year, prepared in accordance with generally accepted accounting principles, audited by a firm of independent certified public accountants.

(b) The University shall deliver to the Issuer and the Trustee with each delivery of annual financial statements required by summarized section (a) above, a certificate of an Authorized Representative of the University as to whether or not, as of the close of such preceding fiscal year of the University, and at all times during such fiscal year, the University was in compliance with all the provisions which related to the University in the Bond Documents, and if such Authorized Representative of the University shall have obtained knowledge of any default in such compliance or notice of such default, such Authorized Representative of the University shall disclose in such certificate, such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default under the Loan Agreement, and any action proposed to be taken by the University with respect thereto.

(c) The University shall immediately notify the Issuer and the Trustee of the occurrence of any default or any event which with notice and/or lapse of time would constitute a default under the Loan Agreement or any of the other Bond Documents. Any notice required to be given pursuant to this summarized subsection shall be signed by an Authorized Representative of the University and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the University shall state this fact on the notice.

(d) The University will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, at the sole cost and expense of the University, as the Issuer or the Trustee deems necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of the Loan Agreement and any rights of the Issuer or the Trustee under the Loan Agreement or under the Indenture.

Continuing Disclosure Agreement

The University has executed and delivered to the Trustee a Continuing Disclosure Agreement, dated the date of initial delivery of the Series 2013 Bonds. The University hereby covenants and agrees with the holders from time to time of the Series 2013 Bonds that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, as amended from time to time, applicable to it. Notwithstanding any other provision of the Loan Agreement, failure of the University to comply with the Continuing Disclosure Agreement shall not be considered a default or an event of default

under the Loan Agreement and the rights and remedies provided by the Loan Agreement upon the occurrence of such a default or an event of default shall not apply to any such failure, but the Continuing Disclosure Agreement may be enforced only as provided therein.

Securities Law Status

The University affirmatively represents, warrants and covenants that, as of the date of the Loan Agreement, it is an organization organized and operated: (i) exclusively for civic or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. The University agrees that it shall not perform any act nor enter into any agreement which shall change such status as set forth in this summarized section.

Rebate Covenant

The University covenants to make, or cause to be made, any and all payments required to be made to the United States Department of the Treasury in connection with the Series 2013 Bonds pursuant to Section 148(f) of the Code and to comply with instructions received from Bond Counsel pursuant to the certification with respect to the making of any such payments.

Assignment, Leasing and Subleasing

(a) The Loan Agreement may not be assigned, in whole or in part, and except in the ordinary course of the operations of the University, including without limitation, leases of dorm rooms to students, the 2013 Project may not be leased, in whole or in part, without the prior written consent of the Issuer in each instance. Any assignment or lease shall be on the following conditions:

- (i) no assignment or lease shall relieve the University from primary liability for any of its obligations under the Loan Agreement or under any other of the University Documents;
- (ii) the assignee or lessee shall assume the obligations of the University under the Loan Agreement to the extent of the interest assigned or leased, shall be jointly and severally liable with the University for the performance thereof and shall be subject to service of process in the State of New York;
- (iii) the University shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of such assignment or lease and the instrument of assumption;

- (iv) neither the validity nor the enforceability of the Series 2013 Bonds or any Bond Document shall be adversely affected thereby;
- (v) the exclusion of the interest on the Series 2013 Bonds from gross income for Federal income tax purposes will not be adversely affected;
- (vi) the assignee or lessee shall be an Exempt Organization and shall utilize the 2013 Project substantially in the same manner as the University as facilities of higher education.

(b) If the Trustee or the Issuer shall so request, as of the purported effective date of any assignment or lease pursuant to summarized subsection (a) above, the University, at its sole cost, shall furnish the Trustee or the Issuer, as appropriate, with an opinion, in form and substance satisfactory to the Trustee or the Issuer, as appropriate, (i) of Bond Counsel as to items (v) and (vi) above, and (ii) of Independent Counsel as to items (i), (ii) and (iv) above.

Merger of Issuer

(a) Nothing contained in the Loan Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of its interest in the entire 2013 Project to any other public benefit corporation or political subdivision which has the legal authority to enter into the Loan Agreement, provided that:

- (i) upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of the Loan Agreement to be kept and performed by the Issuer shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Issuer's interest in the 2013 Project shall be transferred; and
- (ii) the exclusion of the interest on the Series 2013 Bonds from gross income for Federal income tax purposes shall not be adversely affected thereby.

(b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of interest, the Issuer shall give notice thereof in reasonable detail to the University and the Trustee and shall furnish to the University and the Trustee (i) a favorable opinion of Independent Counsel as to compliance with the provisions of summarized section (a)(i) above, and (ii) a favorable opinion of Bond Counsel opining as to compliance with the provisions of summarized section (a)(ii) above. The Issuer promptly shall furnish such additional information with respect to any such transaction as the University or the Trustee may reasonably request.

Events of Default Defined

- (a) The following shall be “Events of Default” under the Loan Agreement:
- (i) the failure by the University to pay or cause to be paid on the date due, the amounts specified to be paid pursuant to summarized sections (a), (b) and (d) under the heading “Loan Payments and Other Amounts Payable”;
 - (ii) the failure by the University to observe and perform any covenant contained in Sections 6.3, 6.4, 6.5, 8.2, 8.4, 8.5, 8.6, 8.8, 8.12, 8.13, 8.14, and 9.3 in the Loan Agreement;
 - (iii) any representation or warranty of the University in the Loan Agreement or in the Bond Purchase Agreement shall prove to have been false or misleading in any material respect and the same shall have, in the opinion of the Issuer, a materially adverse effect upon the University, the 2013 Project, the qualification of the 2013 Project as a “project” under the Act or the exclusion of interest on the Series 2013 Bonds from gross income for federal income tax purposes;
 - (iv) the failure by the University to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be observed or performed (except obligations referred to in summarized section(a)(i) or (ii) above) for a period of thirty (30) days after receiving written notice, specifying such failure and requesting that it be remedied, given to the University by the Issuer or the Trustee; provided, however, that if such default cannot be cured within thirty (30) days but the University is proceeding diligently and in good faith to cure such default, then the University shall be permitted an additional ninety (90) days within which to remedy the default;
 - (v) the dissolution or liquidation of the University; or the failure by the University to release, stay, discharge, lift or bond within sixty (60) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by the University generally to pay its debts as they become due; or an assignment by the University for the benefit of creditors; the commencement by the University (as the debtor) of a case in Bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in Bankruptcy or any proceeding under any other insolvency law against the University (as the debtor) and a court having jurisdiction in the premises enters a decree or order for relief against the University as the debtor in such case or proceeding, or such case or proceeding is consented to by the University or remains undismitted for sixty (60) days, or the University consents to or admits the material allegations against it in any such case or proceeding; or a trustee, receiver or agent (however named) is

appointed or authorized to take charge of substantially all of the property of the University for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors (the term “dissolution or liquidation of the University or the Guarantors” as used in this subsection shall not be construed to include any transaction permitted by the Loan Agreement);

(vi) an Event of Default under or a default on the part of the University of its obligations under the Indenture shall have occurred and be continuing;

(vii) the invalidity, illegality or unenforceability of any of the Bond Documents, provided the same does not permit the Issuer or the Trustee, as the case may be, to recognize the material benefits of the respective documents; or

(viii) a breach of any covenant or representation contained under the heading “Compliance with Orders, Ordinances, Etc.” with respect to environmental matters.

(b) Notwithstanding the provisions of summarized section (a) above, if by reason of force majeure any party hereto shall be unable in whole or in part to carry out its obligations under the Loan Agreement (other than its obligations under the heading “Loan Payments and Other Amounts Payable” in sections (a), (b) or (d)) and if such party shall give notice and full particulars of such force majeure in writing to the other party and to the Trustee, within a reasonable time after the occurrence of the event or cause relied upon, such obligations under the Loan Agreement of the party giving such notice (and only such obligations), so far as they are affected by such force majeure, shall be suspended during continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The term “force majeure” as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, priorities or orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for the same with all reasonable promptness. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout and other industrial disturbances by acceding to the demands of the opposing party or parties.

Remedies on Default

(a) Whenever any Event of Default shall have occurred, the Issuer or the Trustee may take, to the extent permitted by law, any one or more of the following remedial steps:

(i) declare, by written notice to the University, to be immediately due and payable, whereupon the same shall become immediately due and payable: (A) all unpaid Loan Payments payable pursuant to summarized section (a) under the heading “Loan Payments and Other Amounts Payable” and pursuant to the Promissory Note in amount equal to the aggregate unpaid principal balance of all Bonds together with all interest which has accrued and will accrue thereon to the date of payment and all premium, if any, and (B) all other payments due under the Loan Agreement; provided, however, that if an Event of Default specified in summarized section (a)(v) under the heading “Events of Default Defined” shall have occurred, such Loan Payments and other payments due under the Loan Agreement shall become immediately due and payable without notice to the University or the taking of any other action by the Trustee;

(ii) (A) apply any undisbursed money in the Project Fund and Renewal Fund to the payment of the costs and expenses incurred in connection with the enforcement of the rights and remedies of the Trustee and the Issuer, and (B) apply any undisbursed monies in the Project Fund, the Renewal Fund, and any other Fund or Account under the Indenture (other than those sums attributable to Unassigned Rights and except for the monies and investments from time to time in the Rebate Fund) to the payment of the outstanding principal amount of the Series 2013 Bonds and premium, if any, and accrued and unpaid interest on the Series 2013 Bonds; or

(iii) take any other action at law or in equity that may appear necessary or desirable to collect the payments then due or thereafter to become due under the Loan Agreement and to enforce the obligations, agreements or covenants of the University under the Loan Agreement.

(b) Reserved.

(c) Any sums payable to the Issuer as a consequence of any action taken pursuant to this summarized section (other than those sums attributable to Unassigned Rights and except for the moneys and investments from time to time in the Rebate Fund) shall be paid to the Trustee and applied to the payment of the Series 2013 Bonds.

(d) No action taken pursuant to this summarized section shall relieve the University from its obligation to make all payments required by summarized section

under the heading “Loan Payments and Other Amounts Payable” and pursuant to the Promissory Note.

(e) Reserved.

(f) The Issuer shall have all of the rights, powers and remedies of a secured party under the Uniform Commercial Code of New York, including, without limitation, the right to seize or otherwise dispose of any or all of the Collateral described in the Loan Agreement, and to receive the payment of or take possession of the Collateral or the proceeds thereof. Upon the occurrence of an Event of Default by the University under the Loan Agreement, the University hereby agrees that it will not commingle any moneys or other proceeds received by it in connection with any Collateral with any other moneys, funds or accounts of the University.

Remedies Cumulative

No remedy conferred in the Loan Agreement upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under the Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee, as appropriate, to exercise any remedy reserved to it in the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in the Loan Agreement.

Agreement to Pay Attorneys’ Fees and Expenses

(a) In the event the University should default under any of the provisions of the Loan Agreement and the Issuer should employ attorneys or incur other expenses for the collection of amounts payable under the Loan Agreement or the enforcement of performance or observance of any obligations or agreements on the part of the University contained in the Loan Agreement, the University shall, on demand therefor, pay to the Issuer the reasonable fees of such attorneys and such other reasonable expenses so incurred.

(b) In the event the University should default under any of the provisions of the Loan Agreement and the Trustee should employ attorneys or incur other expenses for the collection of amounts payable under the Loan Agreement or the enforcement of performance or observance of any obligations or agreements on the part of the University contained in the Loan Agreement, the University shall, on demand therefor, pay to the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred.

No Additional Waiver Implied by One Waiver

In the event any agreement contained in the Loan Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement.

Early Termination of Loan Agreement

The University shall have the option to terminate the Loan Agreement at any time that the Series 2013 Bonds are subject to redemption in whole under the Indenture and upon filing with the Issuer and the Trustee a certificate signed by an Authorized Representative of the University stating the University's intention to do so pursuant to this summarized section and the date upon which such payment shall be made (which date shall not be less than forty-five (45) nor more than ninety (90) days from the date such certificate is filed) and upon compliance with the requirements set forth in the section below.

Conditions to Early Termination of Loan Agreement

In the event the University exercises its option to terminate the Loan Agreement in accordance with the provisions of the Loan Agreement, the University shall make the following payments:

- (a) To the Trustee for the account of the Issuer: an amount certified by the Trustee which, when added to the total amount on deposit with the Trustee for the account of the Issuer and the University and available for such purpose, will be sufficient to pay the principal of, Redemption Price of, and interest to maturity or the earliest practicable redemption date, as the case may be, on the Series 2013 Bonds, all expenses of redemption and the Trustee's fees and expenses.
- (b) To the Issuer: an amount certified by the Issuer sufficient to pay all unpaid fees and expenses of the Issuer incurred under the Bond Documents.
- (c) To the appropriate Person: an amount sufficient to pay all other fees, expenses or charges, if any, due and payable or to become due and payable under the Bond Documents.

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APPENDIX C

Form of Opinion of Bond Counsel

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2013 Bonds, Nixon Peabody LLP, New York, New York, as Bond Counsel to the Issuer, proposes to issue its final approving opinion in substantially the following form:

437 Madison Avenue
New York, New York 10022-7001
(212) 940-3000
Fax: (212) 940-3111

November 14, 2013

Town of Hempstead Local Development Corporation
Hempstead, New York

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

The Bank of New York Mellon, as Trustee
New York, New York

Re: Town of Hempstead Local Development Corporation
\$45,080,000 Revenue Bonds, Series 2013
(Adelphi University Project)

Ladies and Gentlemen:

We have acted as bond counsel to the Town of Hempstead Local Development Corporation (Town of Hempstead, New York) (the “**Issuer**”) in connection with the issuance on the date hereof by the Issuer of its Revenue Bonds, Series 2013 (Adelphi University Project) in the aggregate principal amount of \$45,080,000 (the “**Series 2013 Bonds**”) for the benefit of Adelphi University, a duly organized and validly existing New York not-for-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), which is exempt from federal income taxation pursuant to Section 501(a) of the Code (the “**University**”). The Series 2013 Bonds are authorized to be issued pursuant to:

- (i) the provisions of the New York Membership Corporation Law as in effect in 1966, as superseded by Section 1411 of the New York Not-for-Profit Corporation Law (collectively called the “**Act**”);

- (ii) an Inducement Resolution duly adopted by the Issuer on October 2, 2013, and a Bond Resolution duly adopted by the Issuer on October 25, 2013 (collectively, the “**Resolution**”); and
- (iii) an Indenture of Trust, dated as of November 1, 2013 (the “**Indenture**”), by and between the Issuer and The Bank of New York Mellon, as trustee for the benefit of the Owners of Series 2013 (the “**Trustee**”).

The Series 2013 Bonds are being issued to finance the costs of construction, renovating, equipping and furnishing of certain facilities (as defined in the Loan Agreement referenced below) (collectively, the “**2013 Project**”) and to pay certain costs of issuance.

The Issuer will loan the proceeds of the Series 2013 Bonds to the University pursuant to the terms of a Loan Agreement, dated as of November 1, 2013 (the “**Loan Agreement**”), between the Issuer and the University. The University has evidenced its obligations to make loan payments to the Issuer by the issuance and delivery of a Promissory Note, dated the closing date (the “**Note**”), from the University to the Issuer and endorsed by the Issuer to the Trustee. The Issuer has assigned to the Trustee as security for the Series 2013 Bonds, for the benefit of the Owners of the Series 2013 Bonds, substantially all of its rights under the Loan Agreement pursuant to the Indenture. The Issuer and the University have entered into a Tax Compliance Agreement, dated the date hereof (the “**Tax Compliance Agreement**”), in which the Issuer and the University have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Code. Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “**Underwriter**”), has agreed to sell the Series 2013 Bonds to one or more purchasers pursuant to the terms of a Bond Purchase Agreement, dated November 7, 2013 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter and the University.

The Series 2013 Bonds are dated the date hereof, and bear interest from such date at the rate and pursuant to the respective terms of the Series 2013 Bonds. The Series 2013 Bonds are subject to prepayment or redemption prior to maturity, as a whole or in part, at such time or times, under such circumstances and in such manner as is set forth in the Series 2013 Bonds and the Indenture.

As bond counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including all documents constituting the Transcript of Proceedings with respect to the issuance of the Series 2013 Bonds) as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, without having conducted any independent investigation, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned in the Schedule of Definitions attached as Schedule A to the Indenture.

In rendering the opinions set forth below, we have relied upon, among other things, certain representations and covenants made by the parties in this transaction including: (i) the University in (a) the Bond Purchase Agreement, (b) the Tax Compliance Agreement, (c) the Loan Agreement, (d) the Closing Certificate of the University, dated the date hereof, and (e) the Bond Counsel Questionnaire submitted to us by the University, and (ii) the Issuer in (a) the Bond Purchase Agreement, (b) the Indenture, (c) the Tax Compliance Agreement, (d) the Loan Agreement, and (e) the Closing Certificate of the Issuer, dated the date hereof. We call your attention to the fact that there are certain requirements with which the Issuer and the University must comply after the date of issuance of the Series 2013 Bonds in order for the interest on the Series 2013 Bonds to remain excluded from gross income for federal income tax purposes. Copies of the aforementioned documents are included in the Transcript of Proceedings.

In addition, in rendering the opinions set forth below, we have relied upon the opinions of counsel to the Issuer, Ryan, Brennan & Donnelly, LLP, Floral Park, New York; counsel to the University, Farrell Fritz, P.C., Melville, New York; and counsel to the Trustee, Hinckley Allen LLP, New York, New York, all of even date herewith. Copies of the aforementioned opinions are contained in the Transcript of Proceedings.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing corporate governmental agency constituting a local development corporation of the State of New York.
2. The Issuer is duly authorized to issue, execute, sell and deliver the Series 2013 Bonds, for the purpose of paying the costs of the 2013 Project.
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.
4. The Bond Purchase Agreement, the Indenture, the Tax Compliance Agreement, and the Loan Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.
5. The Series 2013 Bonds have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding special obligations of the Issuer payable solely from the revenues derived from the Loan Agreement, enforceable against the Issuer in accordance with their terms.
6. The Series 2013 Bonds do not constitute a debt of the State of New York or of the Town of Hempstead, New York, and neither the State of New York nor the Town of Hempstead, New York, will be liable thereon.

7. The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2013 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2013 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2013 Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Compliance Agreement, the Issuer and the University have covenanted to maintain the exclusion from gross income of the interest on the Series 2013 Bonds pursuant to Section 103 of the Code. In addition, the Issuer and the University have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Compliance Agreement. We are also relying on the opinion of Counsel to the University, as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2013 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

8. We are further of the opinion that the difference between the principal amount of the Series 2013 Bonds maturing on September 1 of the years 2021 and 2026 through and including 2033 (collectively the “**Discount Bonds**”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2013 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

9. Interest on the Series 2013 Bonds is exempt from income taxes imposed by the State of New York or any political subdivision of the State of New York.

Except as stated in paragraphs 7 through 9 above, we express no opinion as to any other federal, state, or local tax consequences of the ownership or disposition of the Series 2013 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law

consequences with respect to the Series 2013 Bonds, or the interest thereon, if any action is taken with respect to the Series 2013 Bonds or the proceeds thereof upon the advice or approval of other counsel.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2013 Bonds, the Bond Purchase Agreement, the Indenture, the Loan Agreement and the Tax Compliance Agreement may be limited by bankruptcy, insolvency or other laws or enactments now or hereafter enacted by the State of New York or the United States affecting the enforcement of creditors' rights and by restrictions on the availability of equitable remedies and to the extent, if any, that enforceability of the indemnification provisions of such documents may be limited under law. We express no opinion with respect to the availability of any specific remedy provided for in any of the bond documents.

In rendering the foregoing opinions, we are not passing upon and do not assume any responsibility for the accuracy, completeness, sufficiency or fairness of any documents, information or financial data supplied by the Issuer, the University or the Trustee in connection with the Series 2013 Bonds, the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Compliance Agreement, the Official Statement, the Continuing Disclosure Agreement or the 2013 Project and make no representation that we have independently verified the accuracy, completeness, sufficiency or fairness of any such documents, information or financial data. In addition, we express no opinion herein with respect to the accuracy, completeness, sufficiency or fairness of the Preliminary Official Statement, dated October 29, 2013, or the Official Statement, dated November 7, 2013, with respect to the Series 2013 Bonds.

We express no opinion herein with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of State Securities laws, or the availability of exemptions therefrom.

We express no opinion as to the adequacy, perfection or priority of any security interest in any collateral securing the Series 2013 Bonds.

Furthermore, we express no opinion as to the Continuing Disclosure Agreement. We express no opinion with respect to whether the Issuer and the University (i) have complied with the State Environmental Quality Review Act, (ii) have obtained any or all necessary governmental approvals, consents or permits, or (iii) have complied with the New York Labor Law or other applicable laws, rules, regulations, orders and zoning and building codes, all in connection with the renovation, construction, equipping, furnishing and operation of the 2013 Project.

This opinion is to be relied upon solely by the addressees and may not be relied upon by any other person without our prior written consent.

Very truly yours,

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APPENDIX D

Form of Continuing Disclosure Agreement

November __, 2013

The Bank of New York Mellon, as Trustee
101 Barclay Street, 7th Floor West
New York, New York 10286

Re: \$45,080,000 Town of Hempstead Local Development Corporation Revenue Bonds, Series 2013 (Adelphi University Project) (the "Series 2013 Bonds"), issued under an Indenture of Trust dated as of November 1, 2013 (the "Indenture") between the Town of Hempstead Local Development Corporation (the "Issuer") and The Bank of New York Mellon, as trustee (the "Trustee")

Ladies and Gentlemen:

In connection with the issuance of the Series 2013 Bonds and with reference to the continuing disclosure requirements of Rule 15c2-12 (the "Rule") under the Securities and Exchange Act of 1934, as amended (the "1934 Act"), Adelphi University (the "University") shall engage in the undertaking described in Paragraphs 1, 2 and 3 herein for the benefit of the registered owners of the Series 2013 Bonds (the "Bondowners") and the beneficial owners of the Series 2013 Bonds, subject to the conditions and limitations specified herein.

1. Within the expiration of one hundred twenty (120) calendar days after the close of the most recent fiscal year of the University (the "Filing Deadline") commencing with the fiscal year ending August 31, 2014, the University will provide to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") system at <http://emma.msrb.org/submission>:
 - (a) Financial information and operating data for the Fiscal Year then ended relating to the University, updating the financial information and operating data presented in the Official Statement dated November 7, 2013, relating to the issuance of the Series 2013 Bonds under the subheadings "Faculty", "Enrollment", "Applications and Admissions", "Student Fees and Competition", "Student Financial Assistance", "Degrees Conferred", "Pension Program", "Revenues and Expenses of the University", "Endowment", "State Aid", "Private Gifts", "Plant Values" and "Outstanding Indebtedness of the University" under the heading "THE UNIVERSITY", to the extent not otherwise set forth in the audited financial statements provided pursuant to (b) below; and
 - (b) Audited financial statements of the University for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles; provided if such audited financial statements are unavailable at such time, the University will provide unaudited financial statements of the University for such period and thereafter will provide the audited financial statements if and when they become available.

Items (a) and (b) are sometimes referred to herein respectively as the "Annual Report."

The University shall file a certificate with the Issuer and the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided and listing all the repositories to which it was provided (the “Compliance Certificate”). Such report shall include a certification from the University that the Annual Report complies with the requirements of this Continuing Disclosure Agreement.

If the Trustee has not received a Compliance Certificate by the Filing Deadline, the Trustee shall send, and the University hereby authorizes and directs the Trustee to submit on its behalf, a notice to the MSRB through EMMA in substantially the form attached hereto as Exhibit A.

The University reserves the right to modify from time to time the specific types of information provided under subparagraph (a) above or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the University; provided that, any such modification will be done in a manner consistent with the Rule. At its option, the Trustee may request that the University provide an opinion of a nationally recognized bond counsel which states that said amendment will not have any adverse effect upon the taxability of the Series 2013 Bonds.

2. The University promptly will provide, not in excess of ten (10) business days after the occurrence of the event, to the MSRB through EMMA, written notice of the occurrence of any of the following events with respect to the Series 2013 Bonds:
 - (a) Principal or interest payment delinquencies;
 - (b) Non-payment related defaults, if such event is material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancement reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or the issuance of the IRS of a proposed or final determination of taxability;
 - (g) Modifications to rights of Bondowners, if such event is material;
 - (h) Bond calls, if such event is material (provided, however, that the giving of notice of regularly scheduled mandatory sinking fund redemptions shall not be deemed material for the purpose of this Continuing Disclosure Agreement);
 - (i) Defeasances;
 - (j) Release, substitution, or sale of property securing the repayment of the Series 2013 Bonds, if such event is material;
 - (k) Ratings changes;
 - (l) Tender offers;

- (m) The issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2013 Bonds, or other material events affecting the tax status of the Series 2013 Bonds;
 - (n) Bankruptcy, insolvency, receivership or similar event of the Issuer or University;
 - (o) The consummation of a merger, consolidation, or acquisition involving an University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material; and
 - (p) Appointment of a successor or additional trustee or the change of name of a trustee, if such event is material.
3. The Trustee shall, promptly, upon obtaining actual knowledge of the alleged or actual occurrence of any of the events listed in Paragraph 2 hereof contact the person specified pursuant to Paragraph 5 hereof, inform such person of the event, and request that the University promptly notify the Trustee in writing whether or not the University will report the event pursuant to Paragraph 2 hereof. Whenever the University obtains knowledge of the occurrence of any event listed in Paragraph 2 hereof, because of a notice from the Trustee pursuant to the preceding sentence above, or otherwise, the University shall as soon as possible provide appropriate notice to the Trustee.
4. Notwithstanding any other provision of this Continuing Disclosure Agreement, the University and the Trustee may amend this Continuing Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the University; provided, however, the Trustee shall not be required to accept or acknowledge any amendment of this Continuing Disclosure Agreement if the amendment adversely affects its rights or immunities or increases its duties hereunder) and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the University and the Trustee to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.
5. The University, or the University's designee from time to time, shall be the contact persons on behalf of the University from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person for the University is Timothy Burton, Senior Vice President and Treasurer, Adelphi University, Levermore Hall, One South Avenue, Garden City, New York 11530; (516) 877-3385.
6. The University's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2013 Bonds. If the University's obligations under the Loan Agreement (as defined in the Indenture) are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the University and the University shall have no further responsibility hereunder.

7. In the event of a failure by the University or the Trustee to comply with any provision of this Continuing Disclosure Agreement, the Trustee may (and at the request of any Bondowner holding at least 25% aggregate principal amount of outstanding Bonds, shall), or any Bondowner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University or the Trustee, as the case may be, to comply with their obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an Event of Default under the Loan Agreement or the Indenture, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the University, or the Trustee to comply with this Continuing Disclosure Agreement shall be an action to compel performance.
8. The Trustee is authorized to make such securities disclosures to the Bondowners as may be required hereunder including providing notices from the University pursuant to Paragraph 2 hereof to the Bondowners. The Trustee is entitled to rely on any notices received by it from the University in making or not making any securities disclosure. The Trustee shall have no liability to the University or any Bondowners or anyone else for any disclosure or nondisclosure which is undertaken in reliance on notices from the University.
9. The Trustee shall have any such duties as are specifically set forth herein. The Trustee (i) shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own gross negligence or willful misconduct, (ii) shall not be obligated to take any legal action or other action hereunder which might in its judgment involve any expense or liability unless it has been furnished with indemnification satisfactory to it, and (iii) shall be entitled to consult with counsel satisfactory to it, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel. The University covenants and agrees to indemnify the Trustee and hold it harmless without limitation from and against any loss, liability or expense of any nature incurred by the Trustee arising out of or in connection with this Continuing Disclosure Agreement except due to its own gross negligence or willful misconduct. In no event shall the Trustee be liable for indirect, special or consequential damages. This Paragraph 9 shall survive termination of this Continuing Disclosure Agreement.

[Signatures follow on the next page.]

Very truly yours,

ADELPHI UNIVERSITY

By: _____
Name: Robert A. Scott
Title: President

By: _____
Name: Timothy P. Burton
Title: Senior Vice President and Treasurer

The foregoing is agreed to:

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Hempstead Local Development Corporation
Name of Bond Issue: Revenue Bonds, Series 2013 (Adelphi University Project)
Date of Issuance: November __, 2013

NOTICE IS HEREBY GIVEN that Adelphi University (the “University”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated November __, 2013 between the University and The Bank of New York Mellon, as Trustee.

Dated:

THE BANK OF NEW YORK MELLON, as Trustee, on behalf of
Adelphi University

By: _____
Name: _____
Title: _____

cc: Adelphi University

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