

NEW ISSUE**(Book-Entry Only)****RATINGS****Moody's: A3****Standard & Poor's: A**

In the opinion of Nixon Peabody LLP, Jericho, New York, Bond Counsel, under existing law and assuming compliance with the tax covenants referred to herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest will not be treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that, by virtue of the Act, interest on the Bonds is also exempt from personal income taxes imposed by the State of New York and its political subdivisions. (See "Tax Matters" herein.)



\$70,420,000
TOWN OF HEMPSTEAD
LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, Series 2011
(Hofstra University Project)

Dated: Date of Delivery**Due:** July 1, as shown below

The above-referenced bonds (the "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, New York, New York, as trustee (the "Trustee"), for the payment thereof, including those derived under a Loan Agreement, dated as of December 1, 2011, between the Issuer and Hofstra University (the "University" or "Hofstra").

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 Bonds are issuable only in fully registered form, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 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 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 Bonds. (See "THE BONDS - Book-Entry Only System" herein.)

Principal (commencing on July 1, 2020) of, premium, if any, and interest (payable semi-annually on July 1 and January 1 of each year, commencing on July 1, 2012) on the 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 Bonds are subject to optional redemption, mandatory redemption and extraordinary redemption, with or without premium, prior to maturity as described herein.

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS**\$57,545,000 Serial Bonds consisting of:**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2020	\$ 4,965,000	5.000%	2.99%	2026	\$ 5,650,000	5.000%	4.04% *
2021	\$ 5,210,000	5.000%	3.17%	2027	\$ 825,000	4.125%	4.16%
2022	\$ 5,470,000	5.000%	3.39% *	2027	\$ 6,145,000	5.000%	4.16% *
2023	\$ 5,745,000	5.000%	3.61% *	2028	\$ 1,000,000	4.125%	4.25%
2024	\$ 6,035,000	5.000%	3.78% *	2028	\$ 6,310,000	5.000%	4.25% *
2025	\$ 335,000	4.000%	3.92% *	2029	\$ 910,000	4.250%	4.37%
2025	\$ 6,000,000	5.000%	3.92% *	2030	\$ 950,000	4.375%	4.47%
2026	\$ 1,000,000	4.000%	4.04%	2031	\$ 995,000	4.500%	4.56%

\$5,690,000 4.625% Term Bonds due July 1, 2036 priced to yield 4.750%

\$7,185,000 5.000% Term Bonds due July 1, 2041 priced to yield 4.800% *

*Yield to first optional redemption July 1, 2021

THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER AND NEITHER THE STATE OF NEW YORK, NOR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK) IS OBLIGATED TO PAY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF NEW YORK OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE TOWN OF HEMPSTEAD, NEW YORK) IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE 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 AUTHORITY.

The 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, Jericho, 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, Moritt Hock & Hamroff LLP, Garden City, New York. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about December 20, 2011, in New York, New York, against payment therefor.

BARCLAYS CAPITAL**BofA MERRILL LYNCH**

December 7, 2011

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 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. The information and expressions of opinion herein are subject to change without notice and the delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the University since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2011 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 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 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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	Albert D'Agostino
Member	Danny Grodotzke

AGENCY COUNSEL

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TRUSTEE

The Bank of New York Mellon
New York, New York

UNDERWRITERS

Barclays Capital Inc.
New York, New York

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

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OFFICIAL STATEMENT

\$70,420,000

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION

(State of New York)

**Revenue Bonds, Series 2011
(Hofstra 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 2011 (Hofstra University Project) (the "Bonds") in the aggregate principal amount of \$70,420,000. The Bonds are being issued pursuant to a certain Indenture of Trust, dated as of December 1, 2011 (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 Bonds, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Owners of the Bonds, and the terms upon which the Bonds are issued and secured. Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings assigned thereto in "APPENDIX B - SCHEDULE OF DEFINITIONS AND SUMMARY OF DOCUMENTS".

The Bonds are authorized to be issued pursuant to and in accordance with the provisions of Section 1411 of the New York Not-for-Profit Corporation Law (collectively, the "Act"), and a resolution of the Issuer duly adopted on November 16, 2011.

The Bonds are being issued to finance or refinance the costs of certain facilities located on portions of the University's approximately 240 acre campus located in Hempstead, Nassau County, New York, on the north and south sides of Hempstead Turnpike and generally bordered on the west by Lawrence Street and the east by Uniondale Avenue/Earle Ovington Boulevard, consisting of: (A) the refinancing of approximately \$50,000,000 of the Nassau County Industrial Development Agency's (the "**Nassau IDA**") outstanding Civic Facility Revenue Bonds (Hofstra University Facility), Series 1998 issued on July 22, 1998 by the Nassau IDA in the aggregate original principal amount of \$107,407,128.60 (the "**Series 1998 Bonds**"), the proceeds of which Series 1998 Bonds were used for the following purposes: (i) the construction, renovation, equipping and furnishing of a civic facility to be located at the University's campus at Fulton Avenue, Hempstead, New York, consisting of the construction of a new science building, a new high-technology classroom building, two pedestrian footbridges, a basketball arena and auxiliary facilities including offices and weight rooms; the renovation of an existing courthouse into a fine arts and performing arts and cultural center and support structures and the renovation of several existing buildings, including structural additions to the School of Communications Building, and construction of new academic and administrative buildings; the upgrading of computer and communications technology; the acquiring of equipment and modifying roadways and grounds where necessary; and the reimbursement to the University for the financing of certain of the projects listed above which were previously funded by the University's internal resources in anticipation of the issuance of the Bonds; and (ii) the refunding of certain projects of the University financed by a portion of the proceeds from: (a) the Series 1991 Bonds issued by the Nassau IDA for the purpose of financing a portion of the costs of the upgrading of campus computers and telephone systems, the modernization of television communication equipment and the radio station, improvements to the campus transportation system and related support facilities; the purchase of furniture and equipment for various purposes; and the acquisition, renovation, and construction of various buildings and facilities including renovations to the athletic stadium as well as improvements to and construction of campus grounds, roadways and parking facilities, (b) the Series 1995 Bonds issued by the Nassau IDA for the purpose of financing the upgrading and enlargement of the University's athletic facility, including the expansion of seating capacity and the renovation of all facilities in the existing structure, and (c) the Series 1996 Bonds issued by the University for the purpose of financing the construction and equipping of a new freshman dormitory and advance refunding the University's Taxable Bonds, Series 1988, the proceeds of which were used for the construction of two six-story

dormitory buildings known as Nassau Hall and Suffolk Hall, respectively, located all on the University's campus (collectively, the "Series 1998 Facility"); (B) (i) the renovation and modernization of academic facilities and buildings (classrooms and other instructional space and faculty offices), including, but not limited to, upgrading of the campus fire main piping, high voltage electrical supply, windows, roofing and various deferred maintenance projects and renovations to the Fitness Center, Bernon Hall International Recruitment Center, Gittleson Hall, Monroe Lecture Center Façade, University College Hall, Margiotta Hall, Calkins Hall, McEwen Hall, Public Safety; (ii) the renovation and equipping to academic buildings on the University's campus including Weed Hall, Davison Hall, Axinn Library Student Lounge and Hammer Lab, and Student Center Multipurpose Room; (iii) the installation of field lighting, the construction, renovation and equipping of Scientific/Engineering Equipment/Labs; (iv) general campus maintenance to include the repair and replacement of roofing, masonry, electrical power plant chiller, roadways, grounds improvements, landscape, sidewalks, fire alarm and sprinklers; (C) paying capitalized interest, if any, on the Series 2011 Bonds during the construction period; and (D) paying certain costs of issuance of the Series 2011 Bonds (sections (A), (B), and (C) are collectively, the "Facility"). Proceeds from the sale of the Bonds ("Bond Proceeds") will be used to fund the above referenced costs related to the Facility, and to pay certain costs of issuance of the Bonds up to two percent (2%) of the amount of the Bond Proceeds.

The Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments derived from the payments due from the University pursuant to the Loan Agreement and pledged to the Trustee under the terms of the Indenture. The Bonds are not secured by any mortgage lien on or security interest in the Facility or in any other real or personal property of the University.

The principal of, Redemption Price of and interest on the 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 Bonds will bear interest payable on each Debt Service Payment Date to the Owner in whose name each Bond is registered at the close of business on the Record Date with respect to such Debt Service Payment Date (1) by check or draft mailed on the Debt Service Payment Date to each registered Owner, or (2) by wire transfer on the Debt Service 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 Debt Service Payment Date. Except as provided in the Bonds and the Indenture, payment of interest on redemption of any 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 Debt Service Payment Date. (See "THE 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 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 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 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 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 Facility, Estimated Sources and Uses of Bond Proceeds, the Bonds, Debt Service Requirements on the Bonds, Security for the Bonds, the University, Negotiability, Tax Matters, Auditors, Absence of Litigation, Underwriting, Rating, Legality for Investment, Legal Matters and Secondary Market Disclosure. Appendix A contains Audited Financial Statements of the University for the years ending August 31, 2011 and 2010. 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, Jericho, New York, proposes to render upon the delivery of the 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. 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 of New York or the United States relating to or affecting generally the enforcement of creditors' 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 Bonds, at the corporate trust office of the Trustee located at 525 William Penn Place, 38th Floor, Pittsburgh, Pennsylvania 15259 (the "Office of the Trustee").

The information appearing in this Official Statement relating to the Facility, 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 accordance with 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, the "Act"), 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 and 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 make a loan to the Organization pursuant to the Loan Agreement; to issue, execute and deliver the Series 2011 Bonds; to secure the Series 2011 Bonds by a pledge of the moneys payable by the Organization under the Loan Agreement; and to enter into the Bond Documents.

By an inducement resolution adopted on October 26, 2011, and a resolution adopted on November 16, 2011, the Issuer has taken official action relating to the issuance of the Series 2011 Bonds. The Issuer has held or will hold 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 2011 Bonds, following the timely publication of notice of the hearing. By a Certificate of Approval to be executed by the Applicable Elected Representative (as defined in the Code), the Supervisor of the Town of Hempstead, New York is expected to approve the issuance of the Series 2011 Bonds.

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	Albert D'Agostino
Member	Danny 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.

THE FACILITY

The Bonds are being issued to finance or refinance the costs of certain facilities located on portions of the University's approximately 240 acre campus located in Hempstead, Nassau County, New York, on the north and south sides of Hempstead Turnpike and generally bordered on the west by Lawrence Street and the east by Uniondale Avenue/Earle Ovington Boulevard, consisting of: (A) the refinancing of approximately \$50,000,000 of the Nassau County Industrial Development Agency's (the "Nassau IDA") outstanding Civic Facility Revenue Bonds (Hofstra University Facility), Series 1998 issued on July 22, 1998 by the Nassau IDA in the aggregate original principal amount of \$107,407,128.60 (the "Series 1998 Bonds"), the proceeds of which Series 1998 Bonds were used for the following purposes: (i) the construction, renovation, equipping and furnishing of a civic facility to be located at the University's campus at Fulton Avenue, Hempstead, New York, consisting of the construction of a new science building, a new high-technology classroom building, two pedestrian footbridges, a basketball arena and auxiliary facilities including offices and weight rooms; the renovation of an existing courthouse into a fine arts and performing arts and cultural center and support structures and the renovation of several existing buildings, including structural additions to the School of Communications Building, and construction of new academic and administrative buildings; the upgrading of computer and communications technology; the acquiring of equipment and modifying roadways and grounds where necessary; and the reimbursement to the University for the financing of certain of the projects listed above which were previously funded by the University's internal resources in anticipation of the issuance of the Bonds; and (ii) the refunding of certain projects of the University financed by a portion of the proceeds from: (a) the Series 1991 Bonds issued by the Nassau IDA for the purpose of financing a portion of the costs of the upgrading of campus computers and telephone systems, the modernization of television communication equipment and the radio station, improvements to the campus transportation system and related support facilities; the purchase of furniture and equipment for various purposes; and the acquisition, renovation, and construction of various buildings and facilities including renovations to the athletic stadium as well as improvements to and construction of campus grounds, roadways and parking facilities, (b) the Series 1995 Bonds issued by the Nassau IDA for the purpose of financing the upgrading and enlargement of the University's athletic facility, including the expansion of seating capacity and the renovation of all facilities in the existing structure, and (c) the Series 1996 Bonds issued by the University for the purpose of financing the construction and equipping of a new freshman dormitory and advance refunding the University's Taxable Bonds, Series 1988, the proceeds of which were used for the construction of two six-story dormitory buildings known as Nassau Hall and Suffolk Hall, respectively, located all on the University's campus (collectively, the "Series 1998 Facility"); (B) (i) the renovation and modernization of academic facilities and buildings (classrooms and other instructional space and faculty offices), including, but not limited to, upgrading of the campus fire main piping, high voltage electrical supply, windows, roofing and various deferred maintenance projects and renovations to the Fitness Center, Bernon Hall International Recruitment Center, Gittleson Hall, Monroe Lecture Center Façade, University College Hall, Margiotta Hall, Calkins Hall, McEwen Hall, Public Safety; (ii) the renovation and equipping to academic buildings on the University's campus including Weed Hall, Davison Hall, Axinn Library Student Lounge and Hammer Lab, and Student Center Multipurpose Room; (iii) the installation of field lighting, the construction, renovation and equipping of Scientific/Engineering Equipment/Labs; (iv) general campus maintenance to include the repair and replacement of roofing, masonry, electrical power plant chiller, roadways, grounds improvements, landscape, sidewalks, fire alarm and sprinklers; (C) paying capitalized interest, if any, on the Series 2011 Bonds during the construction period; and (D) paying certain costs of issuance of the Series 2011 Bonds (sections (A), (B), and (C) are collectively, the "Facility"). Proceeds from the sale of the Bonds ("Bond Proceeds") will be used to fund the above referenced costs related to the Facility, and to pay certain costs of issuance of the Bonds up to two percent (2%) of the amount of the Bond Proceeds.

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ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The table below sets forth the estimated sources and uses of Bond Proceeds. The payment of additional costs related to the Facility or with respect to the issuance of the Bonds will be paid from the University's own funds.

Sources of Proceeds

Original Principal Amount of Bonds	\$70,420,000.00
Plus Net Premium	<u>5,121,214.85</u>
Total Sources	<u>\$75,541,214.85</u>

Uses of Proceeds

Deposit to Project Fund	\$22,500,000.00
Deposit to Refunding Escrow	52,232,821.69
Costs of Issuance*	504,251.25
Underwriter's Discount	299,258.94
Additional Proceeds	<u>4,882.97</u>
Total Uses	<u>\$75,541,214.85</u>

* Including, but not limited to, fees of the Issuer, attorneys' fees, rating agency fees, and trustee fees. All costs of issuance in excess of 2% of the par amount of the Bonds shall be paid by the University from its own funds.

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THE BONDS

Description of the Bonds

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

General Provisions

The Bonds are dated the date of delivery. The Bonds mature on July 1 of the years and bear interest at the rates set forth on the cover page hereof, and are issuable in the form of fully registered Bonds without coupons in minimum denominations of \$5,000 each or integral multiples thereof. The Bonds will bear interest from the date of delivery, payable on the first day of July and January of each year (each a "Debt Service Payment Date"), commencing on July 1, 2012.

Interest on Bonds due on any Debt Service Payment Date shall be payable to the Owner in whose name each Bond is registered at the close of business on the Record Date with respect to such Debt Service Payment Date by (1) check mailed on the Debt Service Payment Date to the Owner or (2) by wire transfer on the Debt Service Payment Date to each Owner of not less than \$500,000 in aggregate principal amount of Bonds, upon written notice provided by each Owner to the Trustee not later than five (5) days prior to the Record Date for such Debt Service Payment Date, except that payment of interest on redemption of any Bonds 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 Debt Service Payment Date, unless the Issuer shall default in the payment of interest due on such Debt Service Payment Date. In the event of any such default, such defaulted interest shall be payable to the Person in whose name such 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 Bonds not less than fifteen (15) days preceding such special record date. Such notices shall be mailed to the Persons in whose name the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of interest on 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 Bonds redeemed prior to maturity, payment of the principal and 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 Bank of New York Mellon, located in New York, New York, 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 Bond. The principal, Redemption Price of, and interest on the 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 Bonds are subject to optional and mandatory redemption prior to their stated maturity as described below.

Mandatory Redemption. The 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, from moneys deposited into the Bond Fund from the unused balance of the Project Fund and Renewal Fund pursuant to the Indenture.

Optional Redemption. The Bonds maturing on or after July 1, 2022 are subject to redemption prior to maturity by the Issuer, at the option of the University, on or after July 1, 2021, in whole at any time or in part on any Debt Service Payment Date, at the Redemption Prices set forth below (expressed as percentages of the principal amount of Bonds to be redeemed) plus accrued interest to the Redemption Date:

<u>Redemption Period</u> <u>(both dates inclusive)</u>	<u>Redemption Price</u>
July 1, 2021 and thereafter	100%

The Bonds maturing on or prior to July 1, 2021, inclusive, are not subject to optional redemption prior to maturity.

Sinking Fund Installment Redemption. The Bonds maturing on July 1, 2036 are subject to mandatory redemption in part commencing on July 1, 2032 by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
July 1, 2032	\$1,035,000
July 1, 2033	\$1,085,000
July 1, 2034	\$1,135,000
July 1, 2035	\$1,190,000
July 1, 2036*	<u>\$1,245,000</u>
Total	\$5,690,000

*Final Maturity

Sinking Fund Installment Redemption. The Bonds maturing on July 1, 2041 are subject to mandatory redemption in part commencing on July 1, 2037 by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
July 1, 2037	\$1,300,000
July 1, 2038	\$1,365,000
July 1, 2039	\$1,435,000
July 1, 2040	\$1,505,000
July 1, 2041*	<u>\$1,580,000</u>
Total	\$7,185,000

*Final Maturity

Extraordinary Redemption of All Outstanding Bonds. The Bonds are subject to extraordinary mandatory redemption prior to maturity in whole or in part on any Debt Service 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 Facility or any material portion of the Facility shall have been damaged or destroyed to such extent that the Facility or any such portion of the Facility cannot be reasonably restored within a period of eighteen (18) consecutive months, the University is thereby prevented or is reasonably expected to be thereby prevented from carrying on its normal operations within the Facility or such portion of the Facility for a period of eighteen (18) consecutive months after such damage or destruction, or the cost of restoration of the Facility or such portion of the Facility 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 and the University shall not agree to pay any additional costs from its own Assets; or

(ii) Title to, or the use of, all or any material part of the Facility shall have been taken by Condemnation so that 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 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 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 thereon to the Redemption Date.

Notice of Redemption

When Bonds are to be redeemed pursuant to the Indenture, the Trustee shall give notice of the redemption of the Bonds in the name of the Issuer stating: (i) the Bonds to be redeemed; (ii) the Redemption Date; (iii) that such Bonds will be redeemed at the Office of the Trustee; (iv) that on the Redemption Date there shall become due and payable upon each 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.

Notice of redemption required by the Indenture shall be given by mailing at least thirty (30) days and not more than forty-five (45) days prior to such Redemption Date to the Owner of each 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 Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event any 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 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 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 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 Bond and of the ownership thereof.

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

So long as any 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 Bond entitled to registration or transfer.

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 Bond, the Issuer shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond.

The Issuer, the Trustee and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered upon the books of the Issuer as the absolute Owner thereof, whether such 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 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, 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 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. All 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 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 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 Bond during the ten (10) days next preceding (i) a Debt Service 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 Bonds, payment of interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 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 Organization, the Placement Agent nor the Trustee makes any representations concerning these matters.

The Depository Trust Organization ("DTC"), New York, NY, will act as securities depository for the Bonds. The 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 Security certificate will be issued for each Series of the Bonds, each in the aggregate principal amount of such issue, 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 17 A of the Bonds Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-US 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 Bonds Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Bonds 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 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("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 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 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 Issuer or Agent, 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

THE ISSUER, THE UNIVERSITY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF, OR INTEREST ON, THE BONDS, OR (II) CONFIRMATION OF OWNERSHIP INTERESTS IN THE BONDS, OR (III) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE ISSUER, THE UNIVERSITY, THE TRUSTEE OR THE UNIVERSITY WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE BONDS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (II) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, ANY BONDS, (III) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS, OR (V) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

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DEBT SERVICE REQUIREMENTS OF THE UNIVERSITY

The following table sets forth, for each of the periods indicated, the amounts required in such periods to be made available, for the University's aggregate debt service:

Twelve-Month Period Ending July 1,	Series 2011 Bond Principal	Series 2011 Bond Interest	Other Debt* Service	Total Debt** Service
2012	\$ -	\$1,831,799	\$8,340,244	\$10,172,043
2013	-	3,452,606	8,393,419	11,846,025
2014	-	3,452,606	8,435,219	11,887,825
2015	-	3,452,606	9,004,731	2,457,338
2016	-	3,452,606	11,451,456	14,904,063
2017	-	3,452,606	11,503,969	14,956,575
2018	-	3,452,606	11,647,569	15,100,175
2019	-	3,452,606	11,871,744	15,324,350
2020	4,965,000	3,452,606	4,346,244	12,763,850
2021	5,210,000	3,204,356	4,305,369	12,719,725
2022	5,470,000	2,943,856	4,263,825	12,677,681
2023	5,745,000	2,670,356	4,221,175	12,636,531
2024	6,035,000	2,383,106	2,780,500	11,198,606
2025	6,335,000	2,081,356	2,735,750	11,152,106
2026	6,650,000	1,767,956	2,694,750	11,112,706
2027	6,970,000	1,445,456	2,652,250	11,067,706
2028	7,310,000	1,104,175	2,613,250	11,027,425
2029	910,000	747,425	3,836,250	5,493,675
2030	950,000	708,750	3,794,250	5,453,000
2031	995,000	667,188	3,747,250	5,409,438
2032	1,035,000	622,413	3,700,250	5,357,663
2033	1,085,000	574,544	3,658,000	5,317,544
2034	1,135,000	524,363	1,135,000	2,794,363
2035	1,190,000	471,869	1,090,000	2,751,869
2036	1,245,000	416,831	1,045,000	2,706,831
2037	1,300,000	359,250	-	1,659,250
2038	1,365,000	294,250	-	1,659,250
2039	1,435,000	226,000	-	1,661,000
2040	1,505,000	154,250	-	1,659,250
2041	<u>1,580,000</u>	<u>79,000</u>	<u>-</u>	<u>1,659,000</u>
Total:	<u>\$70,420,000</u>	<u>\$52,899,400</u>	<u>\$133,267,463</u>	<u>\$256,586,862</u>

* Excludes capital leases.

** Totals may not add due to rounding.

SECURITY FOR THE BONDS

The principal or Redemption Price of, and interest on the 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 Bonds are not secured by any mortgage lien on or security interest in the Facility or in any other real or personal property of the University.

Special Obligations; Limited Resources

The 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 premium, if any, and interest on the Bonds.

THE 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 BONDS. THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES PROVIDED IN THE INDENTURE AND THE OTHER BOND DOCUMENTS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. NEITHER THE DIRECTORS, OFFICERS, MEMBERS OR EMPLOYEES OF THE ISSUER, THE TRUSTEE OR ANY PERSON EXECUTING THE 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.

THE UNIVERSITY

The information contained hereinafter has been provided by Hofstra University and no assurance can be given or is any representation made by the Issuer, the Trustee or the Underwriter as to its accuracy or completeness.

History of the University

Hofstra University (*the “University” or “Hofstra”*) is an independent non-sectarian, co-educational institution of higher learning located on an approximately 240-acre campus in the Town of Hempstead, Nassau County, New York. Hofstra was founded in 1935 by the executors of the estate of Kate Mason Hofstra as a memorial to her husband, William S. Hofstra. Known originally as Nassau College – Hofstra Memorial, and under the academic supervision of New York University, Hofstra had an initial student body of 159, a faculty of 42 and offered courses in the liberal arts, business and education. In 1939 the Board of Trustees terminated the affiliation with New York University and in the following year Hofstra was granted an absolute charter by the Regents of the University of the State of New York. In 1963, the charter was amended to change the name of the institution to Hofstra University.

Since its founding as Long Island’s first co-educational college, Hofstra has evolved into a major independent university. Hofstra is the only private university on Long Island with a Phi Beta Kappa chapter and it is accredited by the following major accrediting entities:

Association to Advance Collegiate Schools of Business International
(School of Business and additional accreditation in Accounting)
Accrediting Council on Education in Journalism and Mass Communications
Middle States Association of Colleges and Universities
American Chemical Society
Accreditation Board for Engineering and Technology
American Psychological Association
Council on Rehabilitation Education
American Bar Association
American Art Therapy Association
Council on Academic Accreditation in Audiology and Speech Language Pathology
National Association of School Psychologists
Accreditation Review Commission on Education for the Physician Assistant
Commission on Accreditation of Athletic Training Education
Teacher Education Accreditation Council
Liaison Committee on Medical Education

Hofstra University is also a member of the *Association of American Colleges*, *American Association of Law Schools*, and *American Association of Colleges of Teacher Education*.

Stuart Rabinowitz became Hofstra University’s eighth President on June 23, 2001.

In June 2010 the Hofstra North Shore–LIJ School of Medicine was awarded preliminary accreditation by the Liaison Committee of Medical Education. In 2011, the University announced the launching of a new School of Engineering and Applied Science.

On October 31, 2011 the Commission on Presidential Debates announced that Hofstra University had been selected to host a presidential debate in the fall, 2012. This will be the second presidential debate hosted by Hofstra, which was the site for the final presidential debate in 2008.

The Peter S. Kalikow Center for the Study of the American Presidency, the Chair in Presidential Studies, our Senior Presidential Fellows (currently former Governor Howard Dean and political consultant and CNN contributor Ed Rollins) and Hofstra’s presidential conferences make the University one of the very few institutions in the country with a unique focus on the presidency. Beginning in 1982 with a conference on Franklin D. Roosevelt, Hofstra has presented a conference on each president thereafter, culminating in the 11th presidential conference, "William Jefferson Clinton: The 'New Democrat' from Hope," held in November 2005. The George W. Bush conference is currently scheduled for 2015.

Governance

The Board of Trustees of Hofstra (*the “Board” or the “Board of Trustees”*) consists of up to 30 members, plus former chairpersons, who are entrusted with the conduct and supervision of the affairs of the University and have 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 is ex-officio, are elected to four-year renewable terms. Former chairpersons may remain on the Board of Trustees with full rights of a trustee without standing for re-election. Trustees are divided into staggered four-year classes.

The Board of Trustees meets at least five times each year. 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 Chairs of the standing committees of the Board, the Chair of the Board, the Vice Chairs of the Board, the Secretary of the Board, and the President of the University in an ex-officio capacity. The standing committees consist of the Executive Committee, the Academic Affairs Committee, the Athletics Committee, the Audit Committee, the Committee on Trustees, the Development Committee, the Endowment and Investment Committee, the Finance Committee, the Medical School Committee, the Physical Plant Committee, and the University/Alumni Relations Committee. The Board has a strict conflict of interest policy.

The members of the Board of Trustees of the University and certain of their professional affiliations are listed below. The Officers of the Board are listed in the parenthetical next to their names:

As of October 18, 2011

Alan J. Bernon *

Partner, Sequel Holdings, L.P.

George W. Bilicic, Jr.

Global Head of Power, Energy & Infrastructure
Lazard Freres & Co. L.L.C

Tejinder Bindra

Senior Vice President, Jeetish Imports, Inc.

Robert F. Dall *

Private Investor

Helene Fortunoff

Former President, Fortunoff Fine Jewelry and Silver

Steven J. Freiberg*

CEO, E*Trade

Martin B. Greenberg *

Chairman, Sterling Commodities Corporation

Joseph M. Gregory *

Retired

Leo A. Guthart

Chairman and CEO, Topspin Partners

Peter S. Kalikow *

President, H.J. Kalikow & Company, LLC

Abby Kenigsberg

Former Executive Director , Long Island Coalition
For Fair Broadcasting, Inc.

Arthur J. Kremer

Attorney, Ruskin, Moscou & Faltischek, LLP

Karen L. Lutz

Division Manager, Citibank, N.A.

David S. Mack * (Secretary)

Vice President and Senior Partner, The Mack Company

Dr. Donna M. Mendes*

Senior Vascular Surgeon, St. Luke’s Roosevelt Hospital Center

Janis M. Meyer, Esq. *(Chair)

Partner, Dewey & LeBoeuf LLP

John D. Miller *

Former CFO of Arterial Vascular Engineering, Inc.

Marilyn B. Monter * Executive Vice President, Holiday Organization, Inc.

Martha S. Pope

Former Secretary of the United States Senate

James E. Quinn *(Vice Chair)

President, Tiffany & Co.

Stuart Rabinowitz

President, Hofstra University

Edwin C. Reed

CEO, GGT Development LLC

Robert D. Rosenthal *

Chairman and CEO, First Long Island Investors, LLC

Debra A. Sandler*

Chief Consumer Officer
Mars Chocolate North America

Thomas J. Sanzone*

Former EVP & CAO, Merrill Lynch & Company

Peter G. Schiff (Vice Chair)

President, Northwood Ventures LLC

Joseph Sparacio*

CEO and Managing Partner, Island Financial Group, LLC

Frank G. Zarb *

Managing Director, Hellman and Friedman LLC

**Hofstra University Alumni*

Administration

The University is administered on a day-to-day basis by the President and other officers of the administration. The President, who is an ex-officio member of the Board of Trustees, directs the general affairs of the University and is responsible to the Board of Trustees as the executive head of the University. The Board of Trustees selects the President, and other administrative officers are appointed by the President and serve at the pleasure of the Board.

The principal administrative officers of Hofstra University are listed below:

Stuart Rabinowitz, President

Stuart Rabinowitz was chosen by the Hofstra University Board of Trustees to serve as the Eighth President of the University on December 20, 2000 and took office on June 23, 2001. Prior to his appointment, he served as Dean of Hofstra University School of Law from September 1989 through June 2001. He joined the faculty of the Law School in 1972. President Rabinowitz currently holds the Andrew M. Boas and Mark L. Claster Distinguished Professorship of Law. His areas of special interest include the federal system, federal courts, and the media and free speech.

The Board of Trustees has extended President Rabinowitz's contract through 2016.

President Rabinowitz has held positions with a number of important government and community organizations. He currently serves as a member of the board of directors for the Long Island Association, and as co-vice chair of the Long Island Regional Economic Development Committee. He is a former member of the Board of Trustees of the Commission on Independent Colleges and Universities, the Nassau County Blue Ribbon Financial Review Panel, and a former Chair of the Nassau County Local Advisory Board. Additionally, President Rabinowitz served as a member of the Nassau County Commission on Government Revision, which was charged with drafting a new charter and a new form of government for the County.

He is the recipient of numerous awards recognizing his leadership and community service, including the Martin Luther King Living the Dream Award, EOC; Distinguished Service in the Cause of Justice, Legal Aid Society; UJA Federation Leadership Award; the Bar Association of Nassau County Proclamation for Outstanding Service to both the Legal Profession and the Community; the Community Service Award from the Conference of Jewish Organizations of Nassau County; the Townsend Harris Medal from the Alumni Association of the City College of New York; and Networking Magazine's David Award. He received the Chief Executive Leadership Award from the Council for Advancement and Support of Education (CASE), District II in 2009. In November of 2009, Claflin University conferred upon President Rabinowitz the degree of Doctor of Laws, *Honoris Causa*.

President Rabinowitz received a juris doctor, *magna cum laude*, from Columbia University School of Law, where he was a member of the board of editors of the Columbia Law Review and a Harlan Fiske Stone Scholar. He graduated from the City College of New York with honors, and is a member of Phi Beta Kappa.

Herman A. Berliner, Provost and Senior Vice President for Academic Affairs

Dr. Herman Berliner became Provost at Hofstra University in 1990 after having served for almost one year as the Acting Provost. Dr. Berliner, as the chief academic officer of the University, has oversight responsibilities for all the Colleges, Schools and academic programs of the University (other than the School of Medicine), as well as the Library, the Saltzman Community Services Center, the Business Development Center, the National Center for Suburban Studies, the Hofstra Museum, and the Cultural Center.

Dr. Berliner joined Hofstra University in 1970 as an Assistant Professor of Economics after having earned a Ph.D. in economics from the City University of New York Graduate School. He was awarded tenure in 1975, promoted to Associate Professor in 1978 and to Professor in 1985. He has previously served as Dean of the Hofstra School of Business and Interim Dean of the Hofstra School of Education. Provost Berliner is also the Lawrence Herbert Distinguished Professor.

Dr. Berliner's areas of specialty as an economist include macroeconomics and the economics of higher education. He has served multiple times as a reviewer for the Middle States Association of Colleges and Universities and as an American Bar Association site team member, and he also serves as a TIAA-CREF Institute Fellow, as Secretary of ProjectGrad Long Island, as a weekly blogger for Inside Higher Education, as a member of the Board of Advisors for Dean & Provost, and as a Vice President of the North Shore School District Board of Education.

M. Patricia Adamski, Senior Vice President for Planning and Administration

As Senior Vice President for Planning and Administration, Ms. Adamski oversees long and short term planning and acts as a liaison with various constituencies. She supervises Enrollment Management, Student Affairs, Facilities and Operations, University Relations and Institutional Research.

Ms. Adamski is the Adolph J. and Dorothy R. Eckhardt Distinguished Professor of Corporate Law and was formerly Vice Dean of Hofstra's School of Law. She is a graduate of the University of Virginia School of Law, where she was a member of the Law Review. Before she joined the Hofstra School of Law's faculty in 1979, Ms. Adamski was an associate at Dewey, Ballantine, Bushby, Palmer & Wood in Manhattan. She was awarded tenure in 1986, and promoted to Full Professor in 1989. Her areas of specialty are corporate and securities litigation and she has co-authored and regularly revises a major treatise on the responsibilities and liabilities of corporate officers and directors.

Catherine Hennessy, Vice President for Financial Affairs and Treasurer

Catherine Hennessy was appointed Vice President for Financial Affairs and Treasurer in 2002 and serves as the University's chief financial officer. Working closely with the Board of Trustees, the Vice President for Financial Affairs and Treasurer is also responsible for monitoring the investment of University funds, and reporting the financial position of the University to external agencies.

Ms. Hennessy received her B.B.A. *summa cum laude* in 1981 from Hofstra University and received her M.B.A. in 1990 from The Wharton School, University of Pennsylvania. She is a certified public accountant licensed in New York State. Prior to returning to Hofstra University, she served as Vice President of Finance and Treasurer of Adelphi University and also held positions of Senior Financial Analyst at Morgan Guaranty, and Senior Auditor and Computer Audit Specialist for KPMG Peat Marwick.

Ms. Hennessy is a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Accountants, and has served on various committees for the Eastern Association of College and University Business Officers and the National Association of College and University Business Officers. Ms. Hennessy has served routinely on Site Visit Accreditation Teams for the Middle States Association since 1996 and for a variety of not-for-profit board and board committees.

Dolores Fredrich, Esq., Vice President for Legal Affairs and General Counsel

Ms. Fredrich is responsible for managing all aspects of the University's legal affairs. She also oversees the Office of Human Resources and the Equal Employment Opportunity Officer reports to her.

Ms. Fredrich graduated first in her class from Hofstra Law School, where she was Managing Editor of the Hofstra Law Review and recipient of the Most Distinguished Academic Record Award. She received her B.A., *cum laude*, from the State University of New York at Stony Brook. Ms. Fredrich practiced law as a commercial litigation partner at Farrell Fritz, P.C. for 20 years, where she represented individuals, businesses and local government in a range of matters. She also served as Law Clerk to the Honorable George C. Pratt, U.S. District Court for the Eastern District of New York and the U.S. Court of Appeals for the Second Circuit.

An active participant in the business, professional and not-for-profit communities of Long Island, Ms. Fredrich has served on the boards of the Long Island Coalition for Fair Broadcasting, the Long Island Fund for Women and Girls, the Maurer Foundation, the Cradle of Aviation Museum, and the Advisory Board of the Nassau County Coalition Against Domestic Violence. She has been named one of Long Island's Top 50 Women by Long Island Business News and received the Hofstra University School of Law Distinguished Alumni Award in 2001. She was also named one of Long Island's leading attorneys by Long Island Business News. Ms. Fredrich has served on the Board of Directors of the Nassau County Bar Association and is a member of the American, New York State and Nassau Bar Associations.

Alan J. Kelly, Vice President for Development and Alumni Affairs

As Vice President for Development and Alumni Affairs, Alan J. Kelly is responsible for all aspects of University fundraising, development and alumni involvement at Hofstra University.

Mr. Kelly was previously employed by a national fundraising firm, where he provided services to a number of high profile not-for-profit organizations. In the course of his career, Mr. Kelly has provided professional counsel to dozens of clients in the areas of higher education, and religious and health organizations, raising more than \$450 million. He has conducted capital campaigns, major gift solicitation programs, cultivation events and leadership training. Most recently he coordinated a successful \$100 million capital and endowment campaign for Hofstra University which raised more than \$110 million.

Mr. Kelly is a Redington Scholarship graduate of the University of Scranton with a degree in History and minors in English and Theology. He serves on the Boards of AFP Long Island, the Budget Committee for the Incorporated Village of Lynbrook, Finance Council for Our Lady of Peace Parish, President's Council of Big Brothers, Big Sisters of Long Island and is a member of CASE.

Robert W. Juckiewicz, Vice President for Information Technology

Robert Juckiewicz was appointed Vice President for Information Technology, effective September 1, 2002. He serves as the University's chief information officer. He oversees all aspects of information technology services, including academic and administrative computing. Mr. Juckiewicz supervises the technology infrastructure of the University, and the implementation and production of the Sunguard/Banner system, as well as providing support for faculty teaching and research activities. He also oversees the areas of telecommunications, web technology and user support.

Robert Juckiewicz received a B.S. from Dowling College and an M.S. from Columbia University. From 1979 to 1981, Mr. Juckiewicz served as Manager of Office Systems at Mead Data Central. In 1981 he joined Columbia University and held a number of key positions both within and outside of technology. Before coming to Hofstra, he served as Deputy Vice President of Administrative Information Services and as Interim Vice President for Student Services at Columbia University. He serves on the Board of NYSERNet.

Joseph M. Barkwill, Vice President for Facilities and Operations

Joseph M. Barkwill is responsible for physical plant, new construction, renovation and maintenance of the University's buildings and grounds, custodial services, utilities, environmental and fire safety, regulatory compliance, and space utilization and analysis, as well as campus scheduling, conference services, auxiliary services and event management, and all related areas. He reports to the Senior Vice President for Planning and Administration.

Mr. Barkwill has an extensive background in facilities management and operations. He was named Assistant Vice President for Operations, Engineering & Utilities at Columbia University in 2004, and prior to that had been Columbia's Director of Physical Plant, Facilities Operations. Prior to his experience at Columbia, Mr. Barkwill served in varying capacities over 16 years at Brookhaven National Laboratory, including nine years as the Site Facility Manager.

Mr. Barkwill has an M.B.A. from Columbia University, a Masters of Science in Engineering from SUNY Stony Brook, and a BE in Marine/Mechanical Engineering from the New York Maritime College at Fort Schuyler. He also has numerous engineering and management licenses and certifications.

Melissa Connolly, Vice President for University Relations

Melissa Kane Connolly, Vice President for University Relations, has had overall responsibility for Hofstra University's communication, marketing and public relations efforts since 2003. She has served as a co-chair for Educate '08, Define '09, the Hofstra University Gala Journal committee, and chaired and organized the University's 75th Anniversary committee.

Prior to joining Hofstra, Ms. Connolly served as director of communications for New York State Senator Kemp Hannon and as the first director of marketing for Farrell Fritz, P.C., one of Long Island's largest law firms. Ms. Connolly, a 2009 "PR News Professional of the Year" for education, has been recognized by Long Island Business News several times ("50 Most Influential Women", "40 Rising Stars Under 40", and "Marketing Achievers.") She serves on the board of the YMCA of Long Island and the Long Island Convention and Visitors Bureau, is a member of several professional and charitable organizations, and chairs and serves on fundraising and advisory committees. Under her leadership, Hofstra University's

communications team has won more than 20 marketing and higher education awards, including a CASE Silver Circle of Excellence Award.

Ms. Connolly received a bachelor of arts in communication arts from Hofstra University in 1989, where she was a member of Alpha Epsilon Rho.

Jessica Eads, Vice President for Enrollment Management

Jessica Eads was appointed Vice President for Enrollment Management in 2008 where she is responsible for all aspects of enrollment management, including Admission, Financial Aid, Student Financial Services, Student Accounts, and Academic Records. She reports to the Senior Vice President for Planning and Administration.

Ms. Eads holds a Master of Education in Higher Education Administration and Master of Arts in Counseling from Teachers College, Columbia University. Ms. Eads is a member of National Association for College Admission Counseling, American Association of Collegiate Registrars and Admissions and National Association of Student Financial Aid Administrators.

Richard V. Guardino, Jr., Esq., Vice President for Business Development

Mr. Guardino directs the Scott Skodnek Business Development Center, Hofstra University's Continuing Education and serves as Executive Dean of the Wilbur F. Breslin Center for Real Estate Studies, reporting to the Provost and Senior Vice President for Academic Affairs.

Prior to coming to Hofstra, Mr. Guardino was the Supervisor of the Town of Hempstead, Hempstead, NY. He served as chief executive officer of the largest town in the United States with over 2100 employees and a budget of \$313.3 million dollars. A graduate of William & Mary College and Law School, he is admitted to practice law in New York and Florida, Mr. Guardino was a partner in the law firm of Banno & Guardino. He served as counsel to State Senator John R. Dunne, and was investigative counsel to the NYS Senate Judiciary Committee. He also served as a member of the NYS Commission on Health Care Facilities in the 21st Century and the Study Group for the NYS Commission on Local Government Efficiency and Competitiveness. He currently serves on the Long Island Regional Planning Council.

Sandra S. Johnson, Vice President for Student Affairs

Sandra S. Johnson, Vice President for Student Affairs, was appointed to this position in July 2006. Ms. Johnson is responsible for all aspects of student affairs, including Dean of Students, Student Leadership and Activities, Orientation Programs, Parent and Family Office, Residential Programs, Community Standards, Ombudsperson Office, Health and Wellness Center, Multicultural and International Students Office, Center for University Advisement, Career Center, Student Counseling Services and related areas. She reports to the Senior Vice President for Planning and Administration.

Ms. Johnson comes to Hofstra after serving as associate dean of student affairs for Columbia University. Ms. Johnson holds a Master of Education from Teachers College, Columbia University in Higher Education Administration. She has served on the Visiting Accreditation Team of the Middle States Association and is a member of the National Association of Student Personnel Administrators, the American College Student Personnel Association, the National Academic Advising Association and the Center for Academic Integrity.

Stephanie Bushey, Vice President for Institutional Research and Assessment

Stephanie Bushey serves as the University's Vice President for Institutional Research and Assessment. Dr. Bushey has oversight responsibility for data collection and analysis, survey research and reporting, and statistical modeling. She also oversees administrative and academic assessment.

Dr. Bushey has been with Hofstra since 1994, with a 2 year leave to work for a market research supplier. Prior to joining Hofstra, she worked in advertising and fund raising. She has her B.F.A. from Syracuse University, M.S. in Social Research from Hunter College, and Ph.D. in Applied Organizational Psychology from Hofstra. She is a member of the Association for Institutional Research, where she has served multiple terms as a peer reviewer and as a member of the US News Advisory Committee, the North East Association for Institutional Research, and has chaired the Long Island IR Association group.

Academic Structure of the University

The academic departments of the University are organized into 7 degree-granting schools and colleges.

The Hofstra College of Liberal Arts and Sciences – the largest degree granting unit of the University – offers a comprehensive range of Baccalaureate degrees including the Bachelor of Arts, Bachelor of Engineering, Bachelor of Fine Arts and Bachelor of Science, as well as Master of Arts degrees, Master of Science degrees, Master of Fine Arts degrees and the Ph.D. and Psy.D degrees in Psychology. It contains three divisions, within which are listed 38 separate disciplines: (i) the Division of Humanities; (ii) the Division of Social Sciences; and (iii) the Division of Natural Sciences, which includes math, engineering and computer sciences. The University is in the process of establishing a new School of Engineering and Applied Science. As soon as a national search for a dean for this new school is concluded, the school will formally begin, and both Engineering and Computer Science will become part of this new school.

Honors College of Hofstra University, now in its ninth year of operation, provides an additional intellectually stimulating experience for the University's most academically qualified undergraduates. This year's Fall 2010 freshman have SAT scores in the 1260-1390 range (20th and 80th percentiles) and had an average 4.0 GPA in high school. Students in Honors College can pursue any undergraduate major in any of the University's Schools and Colleges.

The Zarb School of Business contains five departments offering courses in Accounting, Taxation and Legal Studies in Business; Finance; Information Technology and Quantitative Methods; Management and General Business; and Marketing and International Business. The School of Business grants Bachelor of Business Administration, Master of Business Administration and Master of Science degrees as well as a joint M.B.A./Juris Doctor degree in conjunction with the School of Law. The School of Business as well as the Accounting Program are nationally accredited by the American Assembly of Collegiate Schools of Business. In September 2011, the Zarb School began offering a completely on-line MBA program.

The School of Education, Health and Human Services contains three departments: Counseling, Research Special Education and Rehabilitation; Teaching, Literacy, and Leadership; and Health and Human Performance. The School offers a full range of Masters degrees as well as Doctoral degrees in Literary and in Leadership. The undergraduate study in education typically requires students to major in the Hofstra College of Liberal Arts and Sciences, obtain a Bachelor of Arts degree, and obtain certification in teaching. The School of Education, Health and Human Services is nationally accredited by the Teacher Education Accreditation Council (TEAC). A new MPH program is expected to begin in September 2012.

The School of Communication contains three departments: Radio/Television /Film; Speech Communication, Rhetoric and Performance Studies; and Journalism, Media Studies and Public Relations. The School offers Bachelor of Arts degrees, Bachelor of Science degrees, a Master of Arts degree, and a Master of Fine Arts degree. The undergraduate Journalism Program is nationally accredited by the Accreditation Council on Education in Journalism and Mass Communications (ACEJMC).

The School for University Studies, a non-degree granting program, provides special developmental services and a unique first year collegiate curriculum for high school graduates with potential who require a structured approach to a university undergraduate education. After successfully completing the program, students transition into the degree-granting areas of the University for their more specific studies and courses.

The School of Law offers programs for students of law, leading to a degree of Juris Doctor. The School of Law is nationally accredited by The American Association of Law Schools and a member of the Association of American Law Schools. The Law School also offers the LL.M degree.

In June 2010 the Hofstra NorthShore-LIJ School of Medicine was awarded preliminary accreditation by the Liaison Committee of Medical Education and admitted its first class in the summer 2011. The School of Medicine is the first new Allopathic Medicine/MD program in New York State in 40 years. In addition to the M.D. degree, the School of Medicine offers the Ph.D. in Molecular Medicine as well as the joint M.D./Ph.D degrees.

In addition, the University offers continuing education programs and courses on a non-credit basis.

Each of the units is administered by a Dean who reports to the Provost and Senior Vice President for Academic Affairs, except for the Dean of the School of Medicine who reports to the President.

Faculty

As of the fall 2011 semester, the University's full-time faculty numbered 525, 72% of whom were tenured. Approximately 92% 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 589. The student/faculty ratio for the 2010-11 academic year was approximately 14:1. Average compensation for 2010-11 for full-time faculty teaching load was as follows:

***Full-time Faculty
Average Compensation
For Academic Year 2010-11***

	<u>Number</u>	<u>Average Base</u>	<u>Average Fringe Benefits</u>	<u>Average Total Compensation</u>
Professors	191	\$ 137,637	\$ 50,560	\$ 188,197
Associate Professors	219	97,383	33,341	130,724
Assistant Professors	119	74,958	23,014	97,972
Instructors	4	69,011	15,096	84,107
Total/Average	<u>533</u>	<u>\$ 106,588</u>	<u>\$ 37,069</u>	<u>\$ 143,657</u>

The faculty include 3 Guggenheim Fellows, 15 Fulbright Scholars, 4 National Endowment for the Arts (NEA) Fellows, 10 National Endowment for the Humanities (NEH) Fellows, and 2 Emmy winners.

In addition to the above, there are 8 full-time faculty appointed to the School of Medicine and over 1,000 faculty employed by North Shore-LIJ Health System and appointed as faculty at the School of Medicine.

Other Employees

As of the fall 2011 semester, the University had 1,297 full-time and 122 part-time employees, excluding faculty and students.

Enrollment

The following table presents annualized student enrollment figures, represented by full-time equivalents (FTE's) enrolled for the last five academic years:

	<u>Fall Semester</u>				
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Full-Time Equivalents (FTEs)					
Undergraduate, Full-Time	7,718	7,631	7,327	6,804	6,636
Undergraduate, Part-Time	299	288	244	242	233
	<u>8,017</u>	<u>7,919</u>	<u>7,571</u>	<u>7,046</u>	<u>6,869</u>
Graduate	3,450	3,443	3,661	3,752	3,897
Total, Full-Time Equivalents (FTEs)	<u>11,467</u>	<u>11,362</u>	<u>11,231</u>	<u>10,797</u>	<u>10,766</u>
Total, Headcount	<u>12,490</u>	<u>12,333</u>	<u>12,068</u>	<u>11,579</u>	<u>11,404</u>

In addition the University has three summer sessions, as well as a January session. Enrollment for the summer of 2011 was approximately 5,100 students.

In the fall 2011, approximately 3,600 undergraduate and graduate students resided in University housing.

Application and Admissions

The following table sets forth freshmen applications, acceptances and enrollments for the last five academic years. The mean Scholastic Aptitude Test (SAT) scores and High School GPA of incoming fall freshmen enrolled as full-time undergraduate students are also shown:

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Applications	18,471	20,071	20,829	18,909	21,376
Acceptances	9,986	10,646	11,801	11,104	12,576
Enrollments	1,735	1,655	1,568	1,450	1,675
Mean SAT	1179	1182	1186	1172	1171
High School GPA	3.37	3.35	3.4	3.46	3.51

As a result of the economic recession, the University enrolled smaller freshmen classes in 2008-2010, while maintaining academic quality and positive operating margins. In the Fall of 2011, enrollment grew by 225 students to prior levels providing a freshmen class of 1,675. In addition, the University enrolled 468 full-time equivalent new transfer students.

In 2011, the University announced a new School of Engineering and Applied Science and has commenced the process to search for a new dean.

Graduate Programs

Hofstra University offers a variety of graduate programs, including specialized Master's degrees in business, fine arts, the sciences, communications, education and health studies. In addition, the University offers doctoral degrees in clinical psychology, school-community psychology, applied organizational psychology, educational leadership, learning and teaching, literacy studies and audiology. The Zarb School of Business recently added a new full-time day MBA program and a fully online MBA.

Hofstra North Shore-LIJ School of Medicine

In June 2010, the Hofstra North Shore-LIJ School of Medicine was awarded preliminary accreditation by the Liaison Committee of Medical Education. During 2011, the University received more than 4,000 applications, interviewed 800 candidates and enrolled its inaugural class of 40 students. Enrollment is projected to increase over the next three years to 100 new students per year and a total enrollment of 400. In addition, a Ph.D. degree in Molecular Medicine is offered alone or in conjunction with the M.D. degree.

The University completed a renovation of the School of Medicine facility which was funded by a New York State grant. Planning for a second building for the School is underway and will be funded in large part by an additional New York State grant which was previously authorized and contracted.

Pursuant to an agreement, North Shore-LIJ Health makes annual contributions in perpetuity to the School of Medicine for student scholarships and loans and operating support. Scholarship and loan support are adjusted annually based on tuition rate increases. Following the initial ten-year period which ends in 2017, payments for operating support shall be adjusted by the tuition rate increase as well.

Maurice A. Deane School of Law

The Maurice A. Deane School of Law is celebrating its 40th anniversary in 2011 and recently received the largest gift in the University's history in connection with the naming of the school. The gift will be endowed for the benefit of the School of Law.

The School of Law enrolled 1,102 students in the Fall 2011 and 1,072 in Fall 2010.

Freshmen Geographic Profile

The following table sets forth the geographic origin of the University entering freshmen class expressed as a percentage of total freshmen enrollments. The “In Region” category indicated below is defined as freshmen students originating from the following Northeastern and Middle Atlantic States: Connecticut, Massachusetts, New Jersey, Pennsylvania, Maryland, Virginia, and the District of Columbia (*but excluding New York*):

Entering Fall Semester *	New York State	In Region	Other U.S. States and Foreign Countries
2000	69%	23%	8%
2007	50%	37%	13%
2008	50%	36%	13%
2009	54%	32%	14%
2010	52%	31%	16%
2011	55%	30%	15%

**May not equal 100% due to rounding*

Student Fees and Competition

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

	First-Time Freshmen				
	2007-08	2008-09	2009-10	2010-11	2011-12
Tuition and Fees	\$ 26,730	\$ 28,630	\$ 30,130	\$ 31,800	\$ 34,150
Room and Board:					
Room Charge (<i>Avg. Dbl</i>)	6,900	7,225	7,600	7,830	8,150
Board Charge (<i>Base</i>)	3,200	3,600	3,730	3,880	4,020
	<u>10,100</u>	<u>10,825</u>	<u>11,330</u>	<u>11,710</u>	<u>12,170</u>
Total	\$ <u>36,830</u>	\$ <u>39,455</u>	\$ <u>41,460</u>	\$ <u>43,510</u>	\$ <u>46,320</u>

Freshmen resident students must select from three meal plans, which cost \$3,500-4,020 per year. The plans provide points which may be used at a variety of food venues on campus. Students may add to the plan throughout the year.

The University competes with many other colleges and universities for qualified applicants. The University believes that students’ decisions to apply and enroll at the University are based primarily on the perceived quality of education, availability of financial aid, and availability of housing. On the basis of its enrollment and applicant information, the University believes that, among private colleges and universities, the most significant competitors are the institutions included in the table below:

Institution	Tuition and Fees 2011-12
New York University	\$ 41,656
Boston University	41,636
Villanova University	41,110
Lehigh University	40,960
Fordham University	39,967
Northeastern University	37,840
Syracuse University	36,300
Quinnipiac University	36,130
Pace University	35,032
Hofstra University	34,150
St. John’s University	33,875
C.W. Post College – LIU	31,646
Adelphi University	28,460

Student Financial Aid

During the 2010-11 academic year, approximately 78% of all students (*full-time and part-time*) and 85% of full-time students of the University received some form of financial aid. Sources of aid include University grants (*scholarships*) and loans, State and Federal grants and loans, and funding from private organizations. The table below shows the principal sources and amounts of grants and loans received by undergraduate and graduate students during the academic years indicated:

	<i>(In 000's)</i>				
	2006-07	2007-08	2008-09	2009-10	2010-11
Grants:					
University	\$ 48,935	\$ 57,510	\$ 61,556	\$ 70,574	\$ 74,889
State	6,677	6,033	5,873	5,575	4,662
Federal	7,758	8,549	8,935	10,193	11,039
Grants from External Sources	3,089	3,507	3,455	3,546	3,684
Tuition Waivers	6,438	7,569	8,271	8,615	9,292
Total Grants	\$ 72,897	\$ 83,168	\$ 88,089	\$ 98,503	\$ 103,566
Loans:					
University	\$ 76	\$ 133	\$ 268	\$ 207	\$ 138
Federal (<i>Stafford Loans</i>)	60,422	64,254	72,516	76,225	75,550
Federally Guaranteed (<i>Perkins</i>)	1,544	1,302	436	581	622
Federal Plus Loans	39,509	39,793	45,855	53,499	66,531
Alternative Loans	35,731	35,706	35,474	25,279	23,253
Total Loans	\$ 137,282	\$ 141,188	\$ 154,549	\$ 155,791	\$ 166,094
Total Grants and Loans	\$ 210,179	\$ 224,356	\$ 242,638	\$ 254,294	\$ 269,661

The University-wide discount rate for the last five years is presented below:

<i>University-wide Discount Rate</i>	<i>16.9%</i>	<i>18.5%</i>	<i>18.5%</i>	<i>20.9%</i>	<i>22.0%</i>
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Degrees Conferred

The following table presents the number of academic degrees conferred by the University over the last five academic years:

Academic Year	Undergraduate Degrees	Graduate Degrees	Law Degrees	Total Degrees
2006-07	1,833	1,001	286	3,120
2007-08	1,773	1,001	353	3,127
2008-09	1,772	999	367	3,138
2009-10	1,673	1,036	350	3,059
2010-11	1,888	1,189	307	3,384

Financial Condition

Financial Statements and Discussion

The University presents its financial statements in accordance with Generally Accepted Accounting Principles in the United States. The financial statements present three major net asset classes –Unrestricted, Temporarily Restricted, and Permanently Restricted. For a complete description of the University’s significant accounting policies, see the Notes to the Financial Statements.

During the last five years, a period of great economic volatility, the University continued to have positive operating margins and balance sheet growth, with long term investments increasing by \$56 million while long term debt declined \$28.5 million. Moreover, the University’s outstanding indebtedness consists of traditional fixed rate debt, with no swap or derivative exposure. During the same period, the University made capital investments of more than \$110 million, funded with operating margins, gifts and grants. The University’s liquidity remains strong with more than 330 days cash on hand.

In light of the recent recession, the University strategically reduced annual costs by \$25 million since 2009, including \$4 million in savings from the elimination of the football program in 2009.

Fiscal 2011 data is final, pending approval of the University’s audit committee.

HOFSTRA UNIVERSITY *Condensed Statement of Financial Position*

The following table presents a Condensed Statement of Financial Position for the five years ended August 31, 2011 which was derived from the Statement of Financial Position for the years then ended:

	<i>(In 000's)</i>				
	2007	2008	2009	2010	2011
Assets					
Cash and Short-term Investments	\$ 156,418	\$ 156,743	\$ 178,262	\$ 152,198	\$ 187,025
Receivables	37,170	38,096	40,536	46,616	43,768
Long Term Investments	239,565	242,399	230,711	262,622	295,559
Assets Held by Bond Trustees and Other Assets	22,411	9,540	4,466	3,840	3,846
Land, Buildings, and Equipment, net	250,974	269,147	257,309	263,379	262,532
	<u>\$ 706,538</u>	<u>\$ 715,925</u>	<u>\$ 711,284</u>	<u>\$ 728,655</u>	<u>\$ 792,730</u>
Liabilities					
Accounts Payable, Accrued Expenses	22,370	23,165	15,775	17,077	19,716
Deferred Revenue	90,469	92,194	96,460	91,630	107,096
Other	22,190	23,593	21,487	18,188	19,291
Accrued Interest on Capital					
Appreciation Bonds	4,810	5,486	6,198	6,946	7,734
Liability for Postretirement Benefits	57,344	61,009	66,016	65,517	65,059
Long Term Debt	164,628	159,908	153,207	141,527	136,051
	<u>\$ 361,811</u>	<u>\$ 365,355</u>	<u>\$ 359,143</u>	<u>\$ 340,885</u>	<u>\$ 354,947</u>
Net Assets					
Unrestricted	251,636	249,286	243,202	276,117	266,942
Temporarily Restricted	10,330	10,497	18,056	15,945	72,194
Permanently Restricted	82,761	90,787	90,883	95,708	98,647
	<u>\$ 344,727</u>	<u>\$ 350,570</u>	<u>\$ 352,141</u>	<u>\$ 387,770</u>	<u>\$ 437,783</u>
Total Liabilities and Net Assets	<u>\$ 706,538</u>	<u>\$ 715,925</u>	<u>\$ 711,284</u>	<u>\$ 728,655</u>	<u>\$ 792,730</u>

In September 2010, New York State adopted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA), requiring the University to reclassify \$33.7 million of accumulated endowment earnings from unrestricted net assets to temporarily restricted net asset in 2011.

HOFSTRA UNIVERSITY
Condensed Statement of Activities

The following table represents the change in total net assets for Hofstra University for the five years ended August 31, 2011 which was derived from the Statement of Activities for the years then ended:

	(In 000's)				
	2007	2008	2009	2010	2011
Revenue					
Tuition and Fees	\$ 286,945	\$ 308,941	\$ 330,089	\$ 335,617	\$ 337,966
Less: Scholarships and Fellowships	48,538	57,172	61,007	70,198	74,440
Net Tuition and Fees	<u>238,407</u>	<u>251,769</u>	<u>269,082</u>	<u>265,419</u>	<u>263,526</u>
Investment Income	8,148	4,400	5,361	4,194	4,729
Investment Income – Endowment	22,143	(9,550)	(16,702)	17,436	32,404
Contributions	17,736	16,126	15,812	10,993	26,322
Government Grants and Contracts	10,798	11,871	14,531	19,268	9,098
Sales and Services of Educational Departments	2,382	2,618	2,495	2,691	2,486
Sales and Services of Auxiliary Enterprises	35,704	40,462	39,196	39,566	38,357
Reimbursement of Shared Services		250	2,099	3,330	5,852
Other Sources	6,131	6,524	8,304	7,542	7,214
Total Revenues	<u>\$ 341,449</u>	<u>\$ 324,470</u>	<u>\$ 340,178</u>	<u>\$ 370,439</u>	<u>\$ 389,988</u>
Expense					
Instruction	135,145	140,636	150,059	156,210	160,375
Research and Public Service	11,504	12,291	13,726	11,471	11,521
Academic Support	21,715	22,769	23,803	22,864	22,026
Student Services	37,848	40,801	43,049	42,654	43,488
Institutional Support	57,903	60,687	64,713	62,029	62,182
Auxiliary Enterprises	33,668	36,981	37,877	37,851	39,967
Expense	<u>\$ 297,783</u>	<u>\$ 314,165</u>	<u>\$ 333,227</u>	<u>\$ 333,079</u>	<u>\$ 339,559</u>
Change in Net Assets	43,666	10,305	6,951	37,360	50,429
Nonrecurring items, net:					
Other Postretirement Changes	(5,819)	(4,462)	(5,380)	335	(275)
Other Adjustments				(2,066)	(141)
Change in Net Assets, After Nonrecurring Items	<u>37,847</u>	<u>5,843</u>	<u>1,571</u>	<u>35,629</u>	<u>50,013</u>
Net Assets, Beginning of Year	<u>\$ 306,880</u>	<u>\$ 344,727</u>	<u>\$ 350,570</u>	<u>\$ 352,141</u>	<u>\$ 387,770</u>
Net Assets, End of Year	<u>\$ 344,727</u>	<u>\$ 350,570</u>	<u>\$ 352,141</u>	<u>\$ 387,770</u>	<u>\$ 437,783</u>

Endowment Funds

Investments

A summary of total long-term investments as of August 31 is as follows:

	<i>(In 000's)</i>				
	2007	2008	2009	2010	2011
Long-Term Investments:					
Endowment Investments	\$ 232,181	\$ 224,894	\$ 206,571	\$ 237,407	\$ 267,163
Other	7,385	17,505	24,140	25,215	28,397
Total Long-Term Investments	<u>\$ 239,566</u>	<u>\$ 242,399</u>	<u>\$ 230,711</u>	<u>\$ 262,622</u>	<u>\$ 295,560</u>

Endowment Net Assets

A summary of total endowment net assets (*endowment investments and pledges less obligations relating to split interest agreements*) as of August 31 is as follows:

	<i>(In 000's)</i>				
	2007	2008	2009	2010	2011
Unrestricted	\$ 155,073	\$ 140,329	\$ 118,459	\$ 143,009	\$ 126,825
Temporarily Restricted	2,475	2,330	2,097	2,268	44,744
Permanently Restricted	82,418	90,543	90,669	95,522	97,976
Total Endowment	<u>\$ 239,966</u>	<u>\$ 233,202</u>	<u>\$ 211,225</u>	<u>\$ 240,799</u>	<u>\$ 269,545</u>

Endowment investments are reported at fair value. The University maintains an investment pool for its endowment accounts, except for those investments made pursuant to split interest agreements. Endowment investments relating to split interest agreements are included above.

The Endowment Investment Policy has been designed to preserve the value of the investments in real terms, after inflation, and to provide a predictable flow of funds to support operations. The University invests its endowment to achieve a prudent long-term total return, and has an endowment spending policy that authorizes annual distributions to support current operations. The spending policy provides for annual distributions not to exceed 5% of a 3-year moving average for all endowed scholarships, professorships, and quasi-endowments, and 4% of a 3-year moving average for all other endowments. The amounts distributed may include interest, dividends and a portion of accumulated investment gains.

In September 2010, New York State adopted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA), requiring the University to reclassify \$33.7 million of accumulated endowment earnings from unrestricted net assets to temporarily restricted net asset in 2011.

Private Gifts

Private gifts to the University for the fiscal years ended August 31, are outlined in the following schedule:

	<i>(In 000's)</i>				
	2007	2008	2009	2010	2011
Unrestricted	\$ 8,282	\$ 3,726	\$ 3,001	\$ 3,108	\$ 5,926
Temporarily Restricted	2,475	5,103	12,686	3,934	18,382
Permanently Restricted	6,979	7,297	125	3,951	2,014
Total Endowment	\$ <u>17,736</u>	\$ <u>16,126</u>	\$ <u>15,812</u>	\$ <u>10,993</u>	\$ <u>26,322</u>

Capital Campaign

Following a detailed study by an independent consultant, the University is in the quiet phase of a new capital campaign intended to support scholarships through endowment growth and to fund new capital improvements.

In this regard, in August 2011 the University announced the largest gift in its history in connection with the naming of the Law School and which will be endowed for the benefit of the Law School.

Facilities

The Hofstra University campus, which has a total of 115 buildings totaling approximately 3.0 million square feet of campus buildings on 240 acres is situated in the northeast corner of the Village of Hempstead, Nassau County, New York and northward and eastward into the hamlet of Uniondale.

The campus is a registered arboretum and member of the American Association of Botanical Gardens and Arboreta. The Hofstra Museum, part of the Hofstra Cultural Center, is accredited by the American Association of Museums. The University maintains 37 residence halls accommodating approximately 4,000 students.

The campus is located approximately 25 miles from Manhattan in the geographic center of Nassau County.

Physical Facilities

During the five fiscal years ended August 31, 2011, the University invested more than \$110 million in its physical facilities. The capital investment was funded through operating margins, gifts and grants. The following table presents the University's land, buildings, and equipment in each of the five fiscal years ended August 31:

	<i>(In 000's)</i>				
	2007	2008	2009	2010	2011
Land and Land Improvements	\$ 36,085	\$ 37,394	\$ 37,869	\$ 38,519	\$ 39,820
Buildings and Improvements	318,935	361,766	359,380	372,411	385,232
Equipment, Software, Furniture,					
Library Books	92,125	92,914	91,114	93,598	94,256
Construction in Progress	17,211	232	866	3,686	1,802
Asset Retirement Costs	523	523	523	523	523
	<u>464,879</u>	<u>492,829</u>	<u>489,752</u>	<u>508,737</u>	<u>521,633</u>
Accumulated Depreciation	<u>(213,905)</u>	<u>(223,682)</u>	<u>(232,443)</u>	<u>(245,358)</u>	<u>(259,101)</u>
Total	\$ <u>250,974</u>	\$ <u>269,147</u>	\$ <u>257,309</u>	\$ <u>263,379</u>	\$ <u>262,532</u>

The University presently carries blanket property insurance at replacement value of its buildings and contents in the amount of \$500 million.

Outstanding Indebtedness of the University

The University's outstanding indebtedness as of August 31 consists of traditional fixed rate debt, with no swap or derivative exposure, as follows:

	(In 000's)				
	2007	2008	2009	2010	2011
Long -Term Debt	\$ 164,628	\$ 159,908	\$ 153,207	\$ 141,527	\$ 136,051

Details of outstanding debt are provided for the last two years:

	2011	2010
Town of Hempstead Industrial Development Agency Series 2007 bonds, original amount of \$25,000,000, <i>Maturing through 2036 with interest ranging from 4.38% To 5% (a)</i>	\$ 25,000,000	\$ 25,000,000
Unamortized Bond Premium	440,123	457,906
Town of Hempstead Industrial Development Agency Series 2003 bonds, original amount of \$41,080,000, <i>Maturing through 2021 with interest ranging from 4% To 5.25% (b)</i>	41,080,000	41,080,000
Unamortized Bond Premium	283,572	296,761
Nassau County Industrial Development Agency Series 1998 bonds, original amount of \$107,407,129, <i>maturing through 2028 with interest ranging from 4.75% to 5.25% (c)</i>	66,982,129	71,667,129
Capital Lease Obligation, <i>maturing through 2014 with imputed interest at an average rate of 4.9%</i>	2,265,012	3,025,279
Total Long-Term Debt	\$ 136,050,836	\$ 141,527,075

(a) Town of Hempstead Industrial Development Agency, Series 2007

In 2007, the University issued \$25 million of tax-exempt bonds through the Town of Hempstead Industrial Development Agency. The proceeds were to finance the costs of (i) the construction, equipping and furnishing of a 5-story graduate residence hall; (ii) the renovation and modernization of academic facilities and (iii) other general campus maintenance.

(b) Town of Hempstead Industrial Development Agency, Series 2003

In 2003, the University issued \$41,080,000 of tax-exempt bonds through the Town of Hempstead Industrial Development Agency. The proceeds were used to finance the costs of the (i) construction, equipping and furnishing of a new academic facility to house faculty and a 230 seat "blackbox" theater, and the renovation and modernization of several academic facilities throughout the campus; (ii) renovation of the former federal court house building to create a new modern center for the School of Education; (iii) construction of a new west bridge across Hempstead Turnpike, and (iv) various other capital improvements throughout the campus.

(c) Nassau County Industrial Development Agency, Series 1998

In 1998, the University issued \$107,407,129 of tax-exempt bonds through the Nassau County Industrial Development Agency. The proceeds were used to finance the construction, renovation, and equipping of various campus projects in the amount of \$55 million. In addition, the University advance refunded all outstanding Series 1991 Bonds, and a portion of the outstanding Series 1995 and 1996 Bonds. The total amount refunded was \$48.9 million.

Included in the original bond offering were \$8,187,129 of capital appreciation bonds, which require no interest or principal payments until 2014. Interest accrues at an annual rate of 5.10% to 5.15% through 2019, at which time the capital appreciation bonds shall be fully paid. Interest was accrued in the amount of \$787,485 and \$748,534 for the fiscal years ended August 31, 2011 and 2010, respectively.

Labor Relations

The University has collective bargaining agreements covering faculty, maintenance staff, custodial staff, security staff, bus drivers, and clerical staff. The University has successfully negotiated agreements with each of the unions as indicated below.

<u>Union</u>	<u>Represented by</u>
Faculty (1)	American Association of University Professors (AAUP) (<i>expires 2016</i>)
Office & Professional Employees	Office and Professional Employees International Union (Local 153) (<i>expires 2015</i>)
Plant Employees (Trade)	International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America (Local 282) (<i>expires 2013</i>)
Custodians/Grounds/Bus Drivers	RWDSU, UFCW (Local 1102) (<i>expires 2014</i>)
Public Safety Employees	International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America (Local 550) (<i>expires 2013</i>)

(1) Excludes School of Law and Medicine faculties

Amendments to Healthcare Benefits

Commencing on January 1, 2004 the University adopted changes to its healthcare benefit plans for active employees and retirees for all administrative employees. Since then the changes have been extended to include all union members as well. Active employees began making contributions toward their healthcare benefits, ranging from 10%-25% depending on the selected plan. Employees hired after September 1, 2003 (*or other effective date depending on union*) make a 25% contribution regardless of plan, and are not eligible for retiree medical benefits. For current active employees, contributions to retiree benefits will range from 25% to 100%, depending on years of service. In addition increases in co-pays and deductibles have been adopted.

In addition, the University eliminated postretirement medical coverage for administrators starting on or after September 1, 2003 and for all other employee groups with various effective dates.

Pension Benefit Amendments

The University amended its 403(b) retirement plan, reducing the University's contribution for new employees, which will result in a reduction in benefit costs over time. The effective date varies by employee group.

Litigation

We are not aware of any litigation pending or threatened against the University which would have any material adverse consequences on the financial condition of the University.

NEGOTIABILITY

Under the Act, the Bonds have all the qualities of negotiable instruments under the laws of the State relating to negotiable instruments.

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 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 Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Compliance Agreement, the Issuer and the Organization have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer and the Organization have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Compliance Agreement. Bond Counsel will also rely on the opinion of counsel to the Organization as to all matters concerning the status of the Organization as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer and the Organization described above, interest on the 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 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 further of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than New York.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Bonds maturing in 2026 (4% coupon), 2027 (4.125% coupon), 2028 (4.125% coupon), 2029-2031 and 2036 (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 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 Bonds maturing in 2020-2025, 2026 (5% coupon), 2027 (5% coupon), 2028 (5% coupon) and 2041 (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 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the 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 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 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 Bonds for Federal or state income tax purposes, and thus on the value or marketability of the 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 Bonds from gross income for Federal or state income tax purposes, or otherwise. For example, in September, 2011, the President released legislative proposals that would, among other things, subject interest on tax-exempt bonds (including the Bonds) to a federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. 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 Bonds may occur.

Prospective purchasers of the Bonds should consult their own tax advisers regarding the impact of any change in law on the Bonds.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be passed upon by Nixon Peabody LLP, Jericho, 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 Issuer by its counsel, Ryan, Brennan & Donnelly, LLP, Floral Park, New York. Certain legal matters will be passed upon for the University by its counsel, Farrell Fritz P.C., Uniondale, New York, and for the Underwriter by its counsel, Moritt Hock & Hamroff LLP, Garden City, New York.

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 Bonds, or in any way contesting or affecting the validity of the 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 Bonds, or the existence or powers of the Issuer, or the use and operation of the 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.

RATINGS

Standard & Poor's has assigned the University the rating of "A". Any desired explanation of the significance of such ratings should be obtained from Standard & Poor's. Moody's has assigned the University the rating of "A3". Any desired explanation of the significance of such ratings should be obtained from Moody'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 the agency, circumstances so warrant. Any downward revision or withdrawal of any such rating could have an adverse effect on the market price of the Bonds. Neither the Underwriter, the Issuer, nor the University has undertaken any responsibility either to bring to the attention of the Owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

UNDERWRITING

Barclays Capital Inc., as agent for the underwriters (the "Underwriter") has agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds at an aggregate underwriter's discount of \$299,258.94 from the initial public offering prices set forth on the cover of this Official Statement. The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including depositing the 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 underwriters and their 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 activities. Certain of the underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the Issuer and/or the University, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) 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 Issuer and/or the University.

INDEPENDENT ACCOUNTANT

The financial statements as of August 31, 2011 and 2010 and for the years then ended, included in this Official Statement, have been audited by KPMG LLP, independent accountants, as stated in their report appearing herein. KPMG LLP, the University's independent accountants has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

LEGALITY FOR INVESTMENT

The Bonds are securities in which all public officers and bodies of the State of New York 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 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 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 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 Bonds, pursuant to the requirements of Section (b) (5) (I) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, 240.15c2-12). A copy of the proposed form of Continuing Disclosure Agreement is contained in Appendix D.

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 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 Facility, the Estimated Uses of Bond Proceeds 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 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 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.

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION

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

HOFSTRA UNIVERSITY

By: /s/ Stuart Rabinowitz
Name: Stuart Rabinowitz
Title: President

By: /s/ Catherine Hennessy
Name: Catherine Hennessy
Title: Vice President for Financial Affairs and Treasurer

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APPENDIX A
FINANCIAL STATEMENTS OF THE
UNIVERSITY FOR THE YEARS ENDING AUGUST 31, 2011 AND 2010

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HOFSTRA UNIVERSITY

Financial Statements

August 31, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Hofstra University:

We have audited the accompanying statements of financial position of Hofstra University (the University) as of August 31, 2011 and 2010, and the related 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Hofstra University as of August 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

November 30, 2011

HOFSTRA UNIVERSITY

STATEMENTS OF FINANCIAL POSITION AUGUST 31, 2011 AND 2010

	Notes	2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents		\$112,741,430	\$78,734,129
Short-Term Investments	3, 20	74,283,741	73,463,580
Accounts Receivable, net	4	7,410,156	8,082,260
Grants Receivable, net	5	1,877,935	12,494,445
Other Receivables, net	5	3,530,074	3,976,594
Prepaid Expenses and Other Assets		3,846,020	3,840,493
Contributions Receivable, net	6	26,137,450	16,545,131
Loans Receivable, net	7	4,811,681	5,517,169
Long-Term Investments:			
Endowment	8, 20	267,162,751	237,406,746
Other	9, 20	28,396,590	25,215,232
Land, Buildings, and Equipment, net	10	262,531,982	263,379,146
TOTAL ASSETS		\$792,729,810	\$728,654,925
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses		\$19,715,829	\$17,076,744
Other Liabilities		12,299,766	11,368,735
Deferred Revenue		107,096,462	91,630,250
U.S. Government Grants Refundable		2,925,115	2,973,575
Accrued Interest on Capital Appreciation Bonds	17	7,733,640	6,946,155
Asset Retirement Obligation	15	4,066,208	3,845,028
Liability for Postretirement Benefits	16	65,059,203	65,517,102
Long-Term Debt	17	136,050,836	141,527,075
TOTAL LIABILITIES		354,947,059	340,884,664
<u>NET ASSETS</u>			
Unrestricted	18, 19	266,941,862	276,117,092
Temporarily Restricted	18, 19	72,194,174	15,944,866
Permanently Restricted	18, 19	98,646,715	95,708,303
TOTAL NET ASSETS		437,782,751	387,770,261
TOTAL LIABILITIES AND NET ASSETS		\$792,729,810	\$728,654,925

See notes to financial statements

HOFSTRA UNIVERSITY

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

		2011				2010			
	Notes	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<u>REVENUES</u>									
Tuition and Fees		\$337,965,610	\$0	\$0	\$337,965,610	\$335,617,147	\$0	\$0	\$335,617,147
Less: Scholarships and Fellowships		(74,439,806)	0	0	(74,439,806)	(70,197,645)	0	0	(70,197,645)
Net Tuition and Fees		263,525,804	0	0	263,525,804	265,419,502	0	0	265,419,502
Investment Return - Endowment	19	17,898,658	14,505,232	0	32,403,890	17,297,467	138,217	0	17,435,684
Investment Return - Other		4,722,507	1,711	5,053	4,729,271	4,187,368	1,719	5,290	4,194,377
Contributions		5,926,616	18,381,565	2,013,564	26,321,745	3,108,083	3,934,217	3,950,739	10,993,039
Government Grants and Contracts		9,097,696	0	0	9,097,696	19,267,968	0	0	19,267,968
Sales and Services of Educational Departments		2,485,835	0	0	2,485,835	2,691,396	0	0	2,691,396
Sales and Services of Auxiliary Enterprises, net		38,356,674	0	0	38,356,674	39,565,631	0	0	39,565,631
Reimbursement of Shared Services		5,852,282	0	0	5,852,282	3,329,503	0	0	3,329,503
Other Sources		7,072,421	142,197	0	7,214,618	7,465,650	76,379	0	7,542,029
		354,938,493	33,030,705	2,018,617	389,987,815	362,332,568	4,150,532	3,956,029	370,439,129
Net Assets Released from Restrictions		10,384,023	(10,364,009)	(20,014)	0	4,229,216	(4,196,453)	(32,763)	0
TOTAL REVENUES		365,322,516	22,666,696	1,998,603	389,987,815	366,561,784	(45,921)	3,923,266	370,439,129
<u>EXPENSES</u>									
	21, 22								
Instruction		160,375,187	0	0	160,375,187	156,209,627	0	0	156,209,627
Research		2,822,326	0	0	2,822,326	2,951,104	0	0	2,951,104
Public Service		8,698,750	0	0	8,698,750	8,519,435	0	0	8,519,435
Academic Support		22,025,786	0	0	22,025,786	22,864,383	0	0	22,864,383
Student Services		43,488,453	0	0	43,488,453	42,654,236	0	0	42,654,236
Institutional Support		62,181,625	0	0	62,181,625	62,029,597	0	0	62,029,597
Auxiliary Enterprises		39,966,470	0	0	39,966,470	37,850,824	0	0	37,850,824
TOTAL EXPENSES		339,558,597	0	0	339,558,597	333,079,206	0	0	333,079,206
CHANGE IN NET ASSETS, before reclassifications, and postretirement changes		25,763,919	22,666,696	1,998,603	50,429,218	33,482,578	(45,921)	3,923,266	37,359,923
RECLASSIFICATIONS AND OTHER ADJUSTMENTS		(939,809)	(141,058)	939,809	(141,058)	(902,258)	(2,065,765)	902,258	(2,065,765)
CHANGE IN NET ASSETS, before postretirement changes and ASC 958-205 reclassification		24,824,110	22,525,638	2,938,412	50,288,160	32,580,320	(2,111,686)	4,825,524	35,294,158
POSTRETIREMENT CHANGES OTHER THAN NET PERIODIC BENEFIT COSTS	16	(275,670)	0	0	(275,670)	334,806	0	0	334,806
NET ASSETS RECLASSIFIED BASED ON ADOPTION OF ASC 958-205	19	(33,723,670)	33,723,670	0	0	0	0	0	0
CHANGE IN NET ASSETS		(9,175,230)	56,249,308	2,938,412	50,012,490	32,915,126	(2,111,686)	4,825,524	35,628,964
NET ASSETS, BEGINNING OF YEAR		276,117,092	15,944,866	95,708,303	387,770,261	243,201,966	18,056,552	90,882,779	352,141,297
NET ASSETS, END OF YEAR		\$266,941,862	\$72,194,174	\$98,646,715	\$437,782,751	\$276,117,092	\$15,944,866	\$95,708,303	\$387,770,261

See notes to financial statements

HOFSTRA UNIVERSITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

	2011	2010
<i>Cash Flows from Operating Activities:</i>		
Change in Net Assets	\$50,012,490	\$35,628,964
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided by Operating Activities:		
Net Appreciation in Fair Value of Investments	(31,080,114)	(16,289,910)
Depreciation and Accretion	17,583,709	17,569,361
Amortization of Debt Premium	(30,972)	(30,971)
Amortization of Bond Issuance Costs	47,626	47,625
Provision for Bad Debt	2,200,000	2,500,000
Adjustment of Contributions Receivable	141,058	2,065,765
Accrued Interest on Capital Appreciation Bonds	787,485	748,534
Other Postretirement Changes Other Than Net Periodic Benefit Costs	275,670	(334,806)
Contributions, Grants and Income Restricted to Long-Term Investment & Capital	(2,895,164)	(4,615,750)
Changes in Operating Assets and Liabilities:		
Accounts Receivable, net	(1,527,896)	(3,626,933)
Grants Receivable, net	116,510	(10,432,903)
Temporarily Restricted Contributions Receivable, net	(10,769,535)	1,191,255
Other Receivables, net	446,520	156,664
Prepaid Expenses and Other Assets	(53,153)	69,763
Accounts Payable, Accrued Expenses and Other Liabilities	3,521,656	(2,206,584)
Deferred Revenue	15,466,212	(4,829,403)
Liability for Postretirement Benefits Relating to Net Periodic Costs	(733,569)	(164,477)
<i>Net Cash Flows Provided by Operating Activities</i>	43,508,533	17,446,194
<i>Cash Flows from Investing Activities:</i>		
Purchase of Land, Buildings and Equipment	(16,040,320)	(22,091,014)
Purchase of Investments	(79,027,250)	(139,461,051)
Proceeds from the Sale of Investments	76,348,343	117,374,100
Sales of Common Fund for Short Term Investment	0	9,713,479
Student Loans:		
New Loans Made	(759,961)	(784,882)
Principal Collected and Loans Canceled or Assigned	1,465,449	1,464,739
<i>Net Cash Flows Used for Investing Activities</i>	(18,013,739)	(33,784,629)
<i>Cash Flows from Financing Activities:</i>		
Decrease in Assets Held by Bond Trustees	0	508,184
Principal Payments on Indebtedness	(5,918,815)	(12,988,119)
Contributions, Grants and Income Restricted to Long-Term Investment & Capital	2,895,164	4,615,750
Collection of New York State Grant Receivable	10,500,000	0
Change in Permanently Restricted Contributions Receivable, net	1,036,158	1,385,398
<i>Net Cash Flows Provided by / (Used for) Financing Activities</i>	8,512,507	(6,478,787)
<i>Net Change in Cash and Cash Equivalents</i>	34,007,301	(22,817,222)
<i>Cash and Cash Equivalents:</i>		
Beginning of Year	78,734,129	101,551,351
End of Year	<u>\$112,741,430</u>	<u>\$78,734,129</u>
<i>Supplemental Disclosures:</i>		
Interest Paid	\$6,434,853	\$7,144,046
Assets Acquired by Capital Leases	\$473,548	\$1,339,084

See notes to financial statements

(1) Organization

Hofstra University (the “University”), founded in 1935, is an independent non-sectarian, co-educational institution of higher learning located on an approximately 240 acre campus in Hempstead, New York. The University provides educational services, primarily for students at the undergraduate and graduate levels, and performs research, training and related services.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for not-for-profit organizations. Accordingly, the University’s resources are classified and reported based on the existence or absence of donor-imposed restrictions. A description of the net asset classifications follows:

Unrestricted – Net assets that are used to carry out the educational mission of the University and are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the University.

Temporarily Restricted – Net assets that are subject to donor-imposed or legal restrictions that will be met either by actions of the University and/or the passage of time. These net assets include gifts donated for specific purposes, certain pledges, and the capital appreciation on permanent endowment.

Permanently Restricted – Net assets that are subject to donor-imposed restrictions that require the original contribution be maintained in perpetuity by the University, but permits the use of the investment earnings for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on prior year net assets are reported as net assets released from restrictions between the applicable classes of net assets. Grants and contracts are reported as revenue when expenses are incurred in accordance with the terms of the agreement.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received. Contributions of investment securities are recorded at their fair value at the date of the gift. Pledges are reported at their net present value, reduced by an allowance for uncollectible pledges. Contributions subject to donor-imposed restrictions that are met in the same reporting period are reported as unrestricted revenues.

Cash Equivalents

Cash equivalents consist principally of demand deposits, money market accounts, U.S. treasury obligations, and certificates of deposit which are readily convertible to cash and have maturities of less than three months, except any such instruments held as part of Long-Term Investments.

(2) Summary of Significant Accounting Policies (*continued*)

Investments

Investments in equity and debt securities with readily determinable fair values are measured at fair value, based on quoted market prices.

Hedge fund and private equity investments are carried at estimated fair value based on, as a practical expedient, net asset value provided by the fund managers. The University, and its independent investment advisor, believe that the carrying amounts of the hedge fund and private equity investments are a reasonable estimate of fair value as of August 31, 2011 and 2010.

The University's investment managers may employ derivative strategies in their funds from time to time. Derivatives, if any, are reported at fair value.

Realized and unrealized gains and losses resulting from changes in the fair values of investments are recognized in the Statement of Activities.

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost at the date of acquisition or, if acquired by gift, at the fair market value on the date of the gift.

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

Buildings	50 years
Building and land improvements	20 years
Equipment and library books	10 years
Computers and software	3 years

Depreciation expense amounted to \$17.4 million for each of the years ended August 31, 2011 and 2010.

The University has a \$5,000 capitalization policy for all equipment. The cost of assets retired and the related amounts of accumulated depreciation are eliminated in the year of disposal. Gains and losses, if any, are included in the Statement of Activities. Capitalized interest, if any, is reduced by any interest income earned on the temporary investment of the bond proceeds.

Art Collection

The University maintains an art collection, which consists of works of art, including prints, painting, photographs, and sculptures that are held for the purpose of public exhibition, education, and research. Each item is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed by the Museum Director. The art collection is not recognized as an asset on the statement of financial position.

(2) Summary of Significant Accounting Policies (*continued*)

Split Interest Agreements

The University's split interest agreements with donors consist primarily of charitable gift annuities and irrevocable charitable remainder trusts for which the University serves as trustee. Assets are invested and payments are made to donors and/or beneficiaries in accordance with the respective agreements.

Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or beneficiaries. The liability approximated \$1.9 million at August 31, 2011 and 2010.

Gains and losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset category in the Statement of Activities as Other Sources of Revenue, and amounted to increases of approximately \$142,000 in 2011 and \$76,000 in 2010.

Tuition and Fees

The University maintains a policy of offering qualified applicants admission to the University without regard to financial circumstance. The University provides institutional financial aid to those admitted on 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 grants in the amount of approximately \$74.4 million in 2011 and \$70.2 million in 2010.

Sponsored Programs

Revenues associated with contracts and grants are recognized as the related costs or capital expenditures are incurred. Indirect cost recovery by the University on federal grants is based upon a negotiated rate and is recorded as unrestricted revenue.

Reimbursement of Shared Services

In 2007, the University announced its partnership with North Shore-Long Island Jewish Health System (NSLIJ) to develop a school of medicine. The two institutions have worked in close collaboration since that time, and in June 2010, the Liaison Committee on Medical Education (LCME) granted preliminary accreditation for the School of Medicine. The School welcomed its inaugural class in the summer of 2011.

Reimbursement of Shared Services represents amounts received from NSLIJ pursuant to a Joint Academic Agreement entered into in March 2008, in connection with the development and operation of the new medical school.

Sales and Services of Auxiliary Enterprises

Sales and Services of Auxiliary Enterprises consists primarily of revenues from student housing and those received under agreements with the University's food service and bookstore providers and from conference and facility rentals. Sales and Services of Auxiliary enterprises have been reduced by approximately \$2.4 million in 2011 and \$2.1 million in 2010 for institutional financial aid grants applied to room charges.

(2) Summary of Significant Accounting Policies (continued)***Deferred Revenue***

Deferred revenue principally represents amounts collected from students through August 31 and relates to student registrations for the upcoming fall semester. Such amounts are reported as revenues in the subsequent fiscal year.

Income Tax Status

The University is organized as an educational organization under the laws of New York State. The University is exempt from federal, state, and local income taxes as a 501(c)(3) organization under the Internal Revenue Code.

Income generated that is unrelated to the University's exempt purpose is subject to tax. The University believes it did not have any material tax liability nor any significant uncertain tax positions for the years ended August 31, 2011 and 2010. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

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 relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates include fair values of certain investments, actuarial assumptions relating to postretirement benefits, allowances for doubtful accounts, asset retirement obligations, and the useful lives of fixed assets.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

(3) Short-Term Investments

Short-term investments are reported at fair value (See Note 20) at August 31, 2011 and 2010 and consist of the following:

	<u>2011</u>	<u>2010</u>
Short-term fixed income funds	\$ 73,676,087	\$ 72,560,640
Other	607,654	902,940
	<u>\$ 74,283,741</u>	<u>\$ 73,463,580</u>

(4) Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts at August 31, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Student receivables	\$ 23,960,013	\$ 24,401,346
Allowance for doubtful accounts	(16,549,857)	(16,319,086)
	<u>\$ 7,410,156</u>	<u>\$ 8,082,260</u>

(5) Grants and Other Receivables

Grants receivable are reported net of an allowance for doubtful accounts of \$100,000 at August 31, 2011 and 2010. In 2010, grants receivable included \$10.5 million from New York State in connection with the renovation of the School of Medicine facility, which was completed in August 2010.

Other receivables are reported net of an allowance for doubtful accounts of \$50,000 at August 31, 2011 and 2010.

(6) Contributions Receivable

Contributions receivable, net of an allowance for doubtful accounts, are reported at the present value of future payments discounted at a risk adjusted rate determined at the time of the gift, which approximates fair value, and consists of the following at August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Contributions receivable	\$ 28,601,351	\$ 19,252,475
Less:		
Allowance for doubtful accounts	(568,689)	(792,745)
Discount to present value	<u>(1,895,212)</u>	<u>(1,914,599)</u>
	<u>\$ 26,137,450</u>	<u>\$ 16,545,131</u>

Contributions receivable at August 31, 2011 and 2010 are expected to be collected as follows:

	<u>2011</u>	<u>2010</u>
Within 1 year	\$ 8,303,038	\$ 3,429,946
Within 2 to 5 years	16,306,128	11,559,642
Thereafter	<u>3,992,185</u>	<u>4,262,887</u>
	<u>\$ 28,601,351</u>	<u>\$ 19,252,475</u>

At August 31, 2011, 83% of the contributions receivable are due from five donors.

(7) Loans Receivable

Loans receivable are reported net of an allowance for doubtful accounts at August 31, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Federal Perkins loans	\$ 5,772,729	\$ 6,213,426
Law School loans	1,647,742	2,223,788
Other	471,210	439,955
	<u>7,891,681</u>	<u>8,877,169</u>
Allowance for doubtful accounts	<u>(3,080,000)</u>	<u>(3,360,000)</u>
	<u>\$ 4,811,681</u>	<u>\$ 5,517,169</u>

(8) Long-Term Investments – Endowment

Endowment investments are reported at estimated fair value (See Note 20). A summary of endowment investments as of August 31, 2011 and 2010 is as follows:

	<u>Cost</u>		<u>Fair value</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Equity	\$ 146,991,935	\$ 138,702,832	\$ 149,013,150	\$ 129,802,529
Fixed Income	54,887,096	51,544,868	60,870,058	57,069,132
Hedge Funds	28,025,381	27,323,188	30,369,541	28,141,268
Private Equity & Distressed Debt	11,164,856	11,043,262	11,506,307	10,966,343
Real Estate	6,170,420	4,706,190	8,150,562	6,761,140
Commodities	3,000,000	1,000,000	3,449,283	981,757
Split Interest Agreements:				
Equity	1,490,309	1,672,156	1,785,128	1,744,753
Fixed Income	1,878,958	1,743,642	1,953,914	1,840,398
Cash & Cash Equivalents	64,808	99,426	64,808	99,426
Total Split Interest Agreements	<u>3,434,075</u>	<u>3,515,224</u>	<u>3,803,850</u>	<u>3,684,577</u>
Total	<u>\$ 253,673,763</u>	<u>\$ 237,835,564</u>	<u>\$ 267,162,751</u>	<u>\$ 237,406,746</u>

The University maintains an investment pool for its endowment investments, except for those investments made pursuant to split interest agreements. Endowment investments relating to split interest agreements are summarized above.

(8) Long-Term Investments – Endowment (continued)

Investment Objectives

The Investment Policy for endowment assets is the responsibility of the Endowment and Investment Committee of the Board of Trustees which is supported by an independent investment advisor. Substantially all endowment assets are managed by outside investment managers. The policy has been designed to preserve the value of the investments in real terms, after inflation, and to provide a predictable flow of funds to support operations. The University diversifies its investments among various asset classes incorporating multiple strategies and managers in accordance with established guidelines. The University invests its endowment to achieve a prudent long-term total return, and has an endowment spending policy which authorizes annual distributions to support current operations.

The spending policy provides for annual distributions not to exceed 5% of a 3-year moving average for all endowed scholarships and professorships, and 4% of a 3-year moving average for all other true endowments. The amounts distributed may include interest, dividends and a portion of accumulated investment gains.

Investment Strategies

In addition to traditional stocks and fixed-income securities, the University holds shares or units in investment funds involving hedged strategies, private equity, commodities and real estate.

Equity includes direct holding of stocks or mutual funds traded on exchanges and commingled funds that invest in non-US and small cap market securities for which estimated fair value is based upon reported NAV. Redemption terms range from daily to quarterly with 0 to 30 days notice.

Fixed Income includes direct holding of mutual funds (Total Return and Treasury Inflation Protected Securities) traded on exchanges and commingled funds that invest in high yield and emerging market debt securities for which estimated fair value is based upon reported NAV. Redemption terms range from daily to quarterly with 0 to 15 days notice.

Hedged strategies involve fund of funds whose managers have the authority to invest in various asset classes at their discretion, including the following strategies: multi-strategy, long/short equities and credit, interest rate driven, event driven, global macro, commodities, managed futures, etc. These funds generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments. Redemptions are permitted quarterly or semi-annually with 65 to 95 days notice.

Private equity funds generally employ buyout, venture capital and debt related strategies. Distributions are made to investors through the liquidation of the underlying assets. It is expected to take up to fourteen years to fully distribute those assets. As of August 31, 2011, the University had total outstanding capital commitments to private equity and debt related strategies of \$6.8 million.

Since hedged strategies and private equity investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market for such investment existed.

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS****(8) Long-Term Investments – Endowment (continued)**

The University holds investments in real estate which consist of commercial and residential properties subject to lease agreements. The investment in real estate includes rental properties owned by the University, as well as property held for sale in 2010 which was sold at a gain of \$5.3 million in 2011. The investments in real estate are valued on the basis of periodic independent appraisals, adjusted annually for market fluctuations. The most recent appraisals were obtained in 2009 and 2010. As of August 31, 2011, the University had total outstanding capital commitments to real estate managers of \$3 million.

The following provides a summary of the changes in value of the endowment investments for the years ended August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Investments, beginning of year	\$ 237,406,746	\$ 206,571,265
Gifts and other additions:		
Contributions, excluding pledges	2,411,883	3,474,631
Pledge Receipts	1,387,460	1,861,447
Transfers	4,188,411	17,595,115
Investment Return:		
Interest and Dividends, net	3,870,054	3,184,271
Net Appreciation on Investments	<u>28,871,312</u>	<u>14,491,911</u>
Total Investment Return	<u>32,741,366</u>	<u>17,676,182</u>
<i>(including \$339,444 and \$240,806 related to split interest agreements for 2011 and 2010, respectively)</i>		
Investment Return Designated for Operations	(10,973,115)	(9,771,894)
<i>(in accordance with spending policy and split interest agreements)</i>		
Investments, end of year	<u>\$ 267,162,751</u>	<u>\$ 237,406,746</u>

Total investment management and advisory fees incurred in connection with endowment assets were approximately \$2.1 million and \$2 million for the years ended August 31, 2011 and 2010, respectively.

(9) Long-Term Investments - Other

Other long-term investments, reported at fair value (See Note 20), are comprised of assets internally earmarked in connection with the University's postretirement benefits obligation in accordance with a policy approved by the Board. The Investment Policy is the responsibility of the Endowment and Investment Committee of the Board of Trustees which is supported by an independent investment advisor. A summary of other long-term investments as of August 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Equity	\$ 20,219,666	\$ 17,309,088
Fixed Income	8,176,908	7,898,229
Cash and Cash Equivalents	16	7,915
	<u>\$ 28,396,590</u>	<u>\$ 25,215,232</u>

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS**

(10) Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following:

	Cost	Accumulated Depreciation	Net carrying value
At August 31, 2011:			
Land and Land Improvements	\$ 39,820,183	\$ 17,708,673	\$ 22,111,510
Buildings and Improvements	385,231,588	165,650,336	219,581,252
Equipment, Software, Library Books	94,256,195	75,376,842	18,879,353
Asset Retirement Costs	522,703	364,682	158,021
Construction in Progress	1,801,846		1,801,846
	<u>\$ 521,632,515</u>	<u>\$ 259,100,533</u>	<u>\$ 262,531,982</u>
At August 31, 2010:			
Land and Land Improvements	\$ 38,519,211	\$ 16,609,951	\$ 21,909,260
Buildings and Improvements	372,411,110	155,072,513	217,338,597
Equipment, Software, Library Books	93,598,074	73,318,194	20,279,880
Asset Retirement Costs	522,703	357,618	165,085
Construction in Progress	3,686,324		3,686,324
	<u>\$ 508,737,422</u>	<u>\$ 245,358,276</u>	<u>\$ 263,379,146</u>

Included in Land and Land Improvements in 2011 and 2010 is land of \$13,307,750.

(11) Retirement Plans

The University has a defined contribution retirement plan which covers substantially all full-time academic and certain other salaried employees as well as plant and security department employees. The University's policy is to fund pension costs accrued. Total pension expense for the years ended August 31, 2011 and 2010 amounted to \$15.3 million and \$14.7 million, respectively.

The University also contributes to a union multi-employer defined benefit plan, which covers all Local 153 clerical employees. Contributions under this plan amounted to approximately \$209,000 and \$188,000 for the years ended August 31, 2011 and 2010, respectively.

In addition, the University contributes to the Local 1102 retirement savings fund for custodial employees covered by a collective bargaining agreement who have selected the 1102 plan in lieu of the University's defined contribution plan. Contributions for the employees making such elections were approximately \$8,500 and \$15,900 for the years ended August 31, 2011 and 2010, respectively.

(12) Bookstore Agreement

Under an agreement with the University, Barnes and Noble College Bookstores, Inc. conducts all business of the University's bookstores in return for the greater of a guaranteed payment or a set percentage of gross sales. The current agreement extends through 2013.

(13) Postemployment Benefits

The University provides various benefits on a discretionary basis, which primarily includes salary and medical benefit continuations and unemployment insurance, and accrues the cost when awarded. The University incurred postemployment benefit expense of approximately \$18,000 and \$194,000 during 2011 and 2010, respectively.

The University reserves the right to offer retirement incentives on such terms and conditions as it may deem appropriate.

The present value of benefits granted is included in accounts payable and accrued expenses.

(14) Self Insurance

The University is self insured for certain employee medical, prescription, and dental programs. Included in Other Liabilities are costs for claims incurred of \$2.7 million and \$2.6 million at August 31, 2011 and 2010, respectively. The University purchases individual stop loss insurance to cover exposure above certain limits.

The University is self insured to cover a deductible of \$50,000-\$100,000 per occurrence related to its general liability policy. As of August 31, 2011 and 2010, the University has accrued in Other Liabilities approximately \$135,000 and \$65,000, respectively, to fund any self-insured retentions related to its general liability policy.

(15) Asset Retirement Obligation

The University recognizes the fair value of a liability for legal obligations associated with asset retirements, principally asbestos abatement related costs, in the period in which the obligation is incurred.

The following provides a summary of the changes in the aggregate carrying amount of asset retirement obligations for the years ended August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Asset Retirement Obligation, beginning balance	\$ 3,845,028	\$ 3,636,022
Accretion Expense	<u>221,180</u>	<u>209,006</u>
Asset Retirement Obligation, ending balance	\$ <u>4,066,208</u>	\$ <u>3,845,028</u>

(16) Postretirement Benefits

In addition to the University's defined contribution retirement plan, the University sponsors a defined benefit plan that provides postretirement medical and life insurance benefits to full-time employees who meet minimum age and service requirements. Benefits and eligibility may be modified from time to time.

The University implemented several amendments including (i) plan design changes and cost sharing for administrators and members of certain unions, commencing on January 1, 2004, (ii) changes in deductibles, prescription co-pays and other changes for all retirees, commencing on January 1, 2004, and further modified as of January 1, 2012, (iii) the elimination of postretirement medical coverage for all employees starting on or after September 1, 2003 or as set forth in the various collective bargaining agreements. The administrative plan design changes and cost sharing now cover all employees.

The following table presents the unfunded plan's status recognized in the University's Statement of Financial Position as of August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Changes in accumulated postretirement benefit obligation (APBO):		
APBO, beginning of year	\$ 65,517,102	\$ 66,016,385
Service cost	1,141,919	1,244,300
Interest cost	3,353,606	3,937,221
Retiree Drug Subsidy receipts (<i>estimated</i>)	420,000	360,000
Benefit payments (paid by University)	(3,376,163)	(3,687,298)
Plan Participants' Contribution	186,973	168,586
Net Gain from Plan Changes	(2,348,935)	
Net Actuarial Loss/(Gain) on Assumptions	<u>164,701</u>	<u>(2,522,092)</u>
Liability for postretirement benefits (APBO, end of year)	<u>\$ 65,059,203</u>	<u>\$ 65,517,102</u>

Cumulative gains and losses in excess of 10% of the accumulated postretirement benefit obligation are amortized in net periodic benefit costs over the average years of remaining future service to the expected retirement age of current employees.

Net periodic postretirement benefit cost recognized as expenses in the Statement of Activities includes the following components:

	<u>2011</u>	<u>2010</u>
Service cost - benefits attributed to service during the period	\$ 1,141,919	\$ 1,244,300
Interest cost on accumulated postretirement benefit obligation	3,353,606	3,937,221
Amortization, <i>previously unrecognized as a component of net periodic benefit cost</i> :		
Prior service credit	(3,561,215)	(3,561,215)
Net loss	<u>1,101,311</u>	<u>1,373,929</u>
Net periodic postretirement benefit cost	<u>\$ 2,035,621</u>	<u>\$ 2,994,235</u>

(16) Postretirement Benefits (continued)

The items not yet recognized as a component of net periodic benefit cost are as follows:

	<u>2011</u>	<u>2010</u>
Prior Service Credit	\$ 11,671,338	\$ 12,883,618
Net Loss	<u>(20,042,269)</u>	<u>(20,978,879)</u>
	<u>\$ (8,370,931)</u>	<u>\$ (8,095,261)</u>

The University's actuaries have estimated the net periodic benefit cost for the fiscal year ending in 2012, reflecting all plan amendment/settlements, at approximately \$1.9 million, compared with \$2 million in 2011.

The components of projected net periodic cost for fiscal 2012 are as follows:

Service cost	\$ 1,332,443
Interest cost	3,361,915
Amortization, <i>previously unrecognized as a component of net periodic benefit cost:</i>	
Prior service credit	(3,948,189)
Net loss	<u>1,105,008</u>
	<u>(2,843,181)</u>
Net periodic postretirement benefit cost	<u>\$ 1,851,177</u>

In addition to any gains and losses arising in 2012, the University will record a charge of \$2,843,181 in Postretirement Changes Other Than Net Periodic Benefit Costs.

The following assumptions were used in calculating the actuarial liability:

	<u>2011</u>	<u>2010</u>
Discount rate - Benefit Obligation	5.30%	5.25%
Discount rate - Net Periodic Benefit Cost	5.25%	6.11%
Healthcare trend rates	7.5%	8.00%
	Decreasing to 4.5% in 2022	Decreasing to 4.5% in 2022

As of August 31, 2011, the University has not identified any provision of healthcare reform that would be expected to have a significant impact on the benefit obligation.

(16) Postretirement Benefits (continued)

Changing the assumed healthcare trend rates by one percentage point each year would change the accumulated postretirement benefit obligation at August 31, 2011 and the aggregate service and interest cost components of postretirement benefit cost for 2011 as follows:

	<u>1% Increase</u>	<u>1% Decrease</u>
Accumulated postretirement benefit obligation	\$ 9,063,083	(7,408,663)
Aggregate service and interest cost components	\$ 716,865	(577,884)

Estimated Future Benefit Payments (*in millions*):

2012	\$ 3.3
2013	3.4
2014	3.6
2015	3.8
2016	4.0
2017-2021	22.3

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was reflected as of August 31, 2011 and 2010 assuming that the University will continue to provide a prescription drug benefit to retirees that is at least actuarially equivalent to Medicare Part D and that the University will receive the federal subsidy.

Estimated Gross Amount of Subsidy Receipts (*in millions*):

2012	\$ 0.4
2013	0.5
2014	0.5
2015	0.6
2016	0.6
2017-2021	3.6

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS**

(17) Long-Term Debt

The University's long-term debt at August 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Town of Hempstead Industrial Development Agency Series 2007 bonds, original amount of \$25,000,000, <i>maturing through 2036 with interest ranging from 4.38% to 5% (a)</i>	\$ 25,000,000	\$ 25,000,000
Unamortized Bond Premium	440,123	457,906
Town of Hempstead Industrial Development Agency Series 2003 bonds, original amount of \$41,080,000, <i>maturing through 2021 with interest ranging from 4% to 5.25% (b)</i>	41,080,000	41,080,000
Unamortized Bond Premium	283,572	296,761
Nassau County Industrial Development Agency Series 1998 bonds, original amount of \$107,407,129, <i>maturing through 2028 with interest ranging from 4.75% to 5.25% (c)</i>	66,982,129	71,667,129
Capital Lease Obligations, <i>maturing through 2015 with imputed interest at an average rate of 4.9% (d)</i>	<u>2,265,012</u>	<u>3,025,279</u>
Total Long-Term Debt	<u>\$ 136,050,836</u>	<u>\$ 141,527,075</u>

(a) Town of Hempstead Industrial Development Agency, Series 2007

In 2007, the University issued \$25 million of tax-exempt bonds through the Town of Hempstead Industrial Development Agency. The proceeds were used to finance the costs of (i) the construction, equipping and furnishing of a 5-story graduate residence hall; (ii) the renovation and modernization of academic facilities, and (iii) other general campus maintenance.

(b) Town of Hempstead Industrial Development Agency, Series 2003

In 2003, the University issued \$41,080,000 of tax-exempt bonds through the Town of Hempstead Industrial Development Agency. The proceeds were used to finance the costs of the (i) construction, equipping and furnishing of a new academic facility to house faculty and a 230 seat "blackbox" theater, and the renovation and modernization of several academic facilities throughout the campus; (ii) renovation of the former federal court house building to create a new modern center for the School of Education; (iii) construction of a new west bridge across Hempstead Turnpike, and (iv) various other capital improvements throughout the campus.

(c) Nassau County Industrial Development Agency, Series 1998

In 1998, the University issued \$107,407,129 of tax-exempt bonds through the Nassau County Industrial Development Agency. The proceeds were used to finance the construction, renovation, and equipping of various campus projects in the amount of \$55 million. In addition, the University advance refunded all outstanding Series 1991 Bonds, and a portion of the outstanding Series 1995 and 1996 Bonds. The total amount refunded was \$48.9 million.

(17) Long-Term Debt (continued)*(c) Nassau County Industrial Development Agency, Series 1998(continued)*

Included in the original bond offering were \$8,187,129 of capital appreciation bonds, which require no interest or principal payments until 2014. Interest accrues at an annual rate of 5.10% to 5.15% through 2019, at which time the capital appreciation bonds shall be fully paid. Interest was accrued in the amount of \$787,485 and \$748,534 for the fiscal years ended August 31, 2011 and 2010, respectively.

(d) Capital Lease Obligations

The University has entered into several capital lease agreements which are still outstanding for computers, copiers and various network equipment costing \$5,176,826. The leases are being repaid with monthly payments, including imputed interest ranging from 4% to 6.19%, and will mature through August 2015.

The following provides a summary of the future debt payments for the bonds and capital lease obligations:

	Bonds Payable	Capital Lease Obligations	Total
2011-12	\$ 10,806,431	\$ 1,352,733	\$ 12,159,164
2012-13	10,859,606	637,187	11,496,793
2013-14	10,901,406	311,378	11,212,784
2014-15	11,470,919	54,968	11,525,887
2015-16	13,917,644		13,917,644
2016-2036	158,882,873		158,882,873
	216,838,879	2,356,266	219,195,145
Less: Interest	(83,776,750)	(91,254)	(83,868,004)
Plus: Unamortized Bond Premium	723,695		723,695
	<u>\$ 133,785,824</u>	<u>\$ 2,265,012</u>	<u>\$ 136,050,836</u>

The University recorded interest expense (*including accrued interest for capital appreciation bonds*) of \$7.2 and \$7.9 million for the years ended August 31, 2011 and 2010, respectively.

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS**

(18) Net Assets

Unrestricted net assets were comprised of the following components at August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Designated for Operations	\$ 19,492,553	\$ 20,776,871
Postretirement Benefits	(36,662,613)	(40,301,870)
Long-Term Investment:		
Quasi-Endowment	126,835,485	110,208,523
Accumulated appreciation on permanently restricted endowment net assets		33,723,670
Accumulated loss on Underwater funds	(10,796)	(922,566)
Designated for student loans	4,992,676	4,970,232
Plant:		
Designated for Plant Improvements	31,777,739	31,553,309
Designated for Debt Service	5,835,520	5,048,035
Property, plant, and equipment, including assets held in trust by trustees under debt agreements, net of debt	<u>114,681,298</u>	<u>111,060,888</u>
	<u>\$ 266,941,862</u>	<u>\$ 276,117,092</u>

Temporarily restricted net assets were available for the following purposes at August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Annuity trust agreements	\$ 1,649,275	\$ 1,507,078
Accumulated appreciation on permanently restricted endowment net assets, subject to purpose restrictions:		
Professorships and awards	875,148	760,624
Scholarships and other:		
Current	8,496,291	
ASC 958-205 Reclassification	33,723,670	
Loan Forgiveness Program	659,377	692,820
Education and general gifts subject to restriction	4,942,763	1,765,171
Contributions Receivable	<u>21,847,650</u>	<u>11,219,173</u>
	<u>\$ 72,194,174</u>	<u>\$ 15,944,866</u>

Permanently restricted net assets consist of the following as of August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Perpetual endowment funds	\$ 93,452,235	\$ 89,962,704
Contributions Receivable	4,289,800	5,325,958
Annuity trust agreements	233,433	233,433
Perpetual loan funds	<u>671,247</u>	<u>186,208</u>
	<u>\$ 98,646,715</u>	<u>\$ 95,708,303</u>

Perpetual endowment funds provide investment income principally for scholarships.

(18) Net Assets (continued)

The change in net assets reflects the following results:

	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets:		
Operating Margin	\$ 8,451,345	25,797,037
Non-Operating Activities:		
Other Postretirement Changes	(275,670)	334,806
Transfers to Endowment	(1,188,411)	(17,395,116)
Long-Term Investment:		
ASC 958-205 Reclassification	(33,723,670)	
Other	17,561,176	24,178,399
Unrestricted Net Assets	(9,175,230)	32,915,126
Temporarily Restricted Net Assets	56,249,308	(2,111,686)
Permanently Restricted Net Assets	2,938,412	4,825,524
	<u>\$ 50,012,490</u>	<u>35,628,964</u>

(19) Endowment Net Assets

The University's endowment consists of approximately 700 individual funds established for scholarships, and other academic activities. The endowment includes donor-restricted funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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. As of August 31, 2011, endowment funds with a fair value of \$285,000 had fallen below their book value of \$296,000, compared with \$21.5 million and \$22.4 million, respectively for 2010. The University limits the spending of such endowments to income yield.

In September 2010, New York State enacted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The financial reporting and disclosure requirements stemming from the enactment of this law, and as provided by ASC 958-205, *Not-for-Profit Entities*, are reflected in the University's 2011 financial statements. The University has interpreted NYPMIFA as allowing the University to appropriate for expenditure so much of a donor-restricted endowment fund as the University deems prudent, subject to the intent of the donor as expressed in the gift instrument. Nevertheless, at this time, the University has elected to continue restricting endowment spending on underwater funds to income yield only.

The University has not changed the way permanently restricted net assets are classified. However, the accumulated earnings on the gift, which were previously recorded as unrestricted net assets, have been classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA. As a result, the University reclassified net assets of \$33.7 million from unrestricted net assets to temporarily restricted net assets in the 2011 statement of activities.

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS****(19) Endowment Net Assets (continued)**

Endowment net assets, which consist principally of endowment investments and pledges, are classified at August 31, 2011 and 2010 as follows:

	2011			2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Funds	(10,796)	44,744,384	97,975,468	142,709,056
Board Designated Funds	126,835,485			126,835,485
Total Endowment Funds	<u>126,824,689</u>	<u>44,744,384</u>	<u>97,975,468</u>	<u>269,544,541</u>
Total 2010	<u>143,009,627</u>	<u>2,267,702</u>	<u>95,522,095</u>	<u>240,799,424</u>

The changes in endowment net assets for the years ended August 31, 2011 and 2010 are as follows:

	2011			2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, beginning of year	\$ 143,009,627	2,267,702	95,522,095	240,799,424
Net Assets Reclassified based on adoption of ASC 958-205	(33,723,670)	33,723,670		
Investment Return:				
Investment income, net	1,585,367	2,074,909		3,660,276
Net appreciation	16,313,291	12,430,323		28,743,614
Total Investment Return	<u>17,898,658</u>	<u>14,505,232</u>		<u>32,403,890</u>
Gifts, net			1,513,564	1,513,564
Investment Return Appropriated	(5,283,495)	(5,469,450)		(10,752,945)
Other Changes and Transfers	<u>4,923,569</u>	<u>(282,770)</u>	<u>939,809</u>	<u>5,580,608</u>
Endowment Net Assets, end of year	<u>\$ 126,824,689</u>	<u>44,744,384</u>	<u>97,975,468</u>	<u>\$ 269,544,541</u>
				<u>\$ 240,799,424</u>

The University's endowment investment return reported in the Statement of Activities reflects the following:

	2011	2010
Unrestricted Operating Revenue	\$ 10,752,945	\$ 9,483,409
Unrestricted Nonoperating Revenue	7,145,713	7,814,058
Temporarily Restricted Revenue	<u>14,505,232</u>	<u>138,217</u>
Total	<u>\$ 32,403,890</u>	<u>\$ 17,435,684</u>

(20) Fair Value of Financial Instruments

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 6.

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 the University's long-term debt approximates \$146 million at August 31, 2011 and \$156 million at August 31, 2010. The fair value was computed by discounting the future cash flows associated with such debt by current market rates for loans with similar maturities and credit quality.

Investments

Investments are reported at estimated fair value. If an investment is held directly by the University and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The University's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the University's interest, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of August 31, 2011 and 2010, the University had no plans or intentions to sell investments at amounts different from NAV.

The three-level valuation hierarchy for disclosure of fair value measurements is defined as follows:

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

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

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

With respect to those investments reported at estimated fair value based upon NAVs provided by investment managers, classification in Level 2 or 3 is based on the University's ability to redeem its interest at or near August 31. If the interest can be redeemed in the near term, the investment is classified as Level 2.

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

The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the fair value of each fund's underlying assets and liabilities.

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS****(20) Fair Value of Financial Instruments (continued)**

The University's assets at August 31, 2011 and August 31, 2010 that are reported at fair value are summarized in the following tables by their fair value hierarchy:

August 31, 2011				
	Level 1	Level 2	Level 3	Total
Assets:				
Short Term Investments	\$ 73,676,087		\$ 607,654	\$ 74,283,741
Long Term Investments -Endowment:				
U.S. Equity	74,517,420	\$ 8,229,706		82,747,126
Non-U.S. Equity	351,243	67,699,909		68,051,152
Fixed Income	45,738,170	17,150,610		62,888,780
Hedge Funds		30,369,541		30,369,541
Private Equity and Distressed Debt			11,506,307	11,506,307
Real Estate		1,335,000	6,815,562	8,150,562
Commodities		3,449,283		3,449,283
	<u>120,606,833</u>	<u>128,234,049</u>	<u>18,321,869</u>	<u>267,162,751</u>
Long Term Investments - Other				
U.S. Equity	14,491,721			14,491,721
Non-U.S. Equity	5,727,945			5,727,945
Fixed Income	8,176,924			8,176,924
	<u>28,396,590</u>			<u>28,396,590</u>
Total Assets at Fair Value	\$ <u>222,679,510</u>	\$ <u>128,234,049</u>	\$ <u>18,929,523</u>	\$ <u>369,843,082</u>

August 31, 2010				
	Level 1	Level 2	Level 3	Total
Assets:				
Short Term Investments	\$ 72,560,640		\$ 902,940	\$ 73,463,580
Long Term Investments -Endowment:				
U.S. Equity	64,699,142	\$ 7,033,695		71,732,837
Non-U.S. Equity	346,260	59,468,185		59,814,445
Fixed Income	42,815,045	16,193,911		59,008,956
Hedge Funds		28,141,268		28,141,268
Private Equity and Distressed Debt			10,966,343	10,966,343
Real Estate		4,245,512	2,515,628	6,761,140
Commodities		981,757		981,757
	<u>107,860,447</u>	<u>116,064,328</u>	<u>13,481,971</u>	<u>237,406,746</u>
Long Term Investments - Other				
U.S. Equity	12,122,472			12,122,472
Non-U.S. Equity	5,186,616			5,186,616
Fixed Income	7,906,144			7,906,144
	<u>25,215,232</u>			<u>25,215,232</u>
Total Assets at Fair Value	\$ <u>205,636,319</u>	<u>116,064,328</u>	<u>14,384,911</u>	<u>336,085,558</u>

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS****(20) Fair Value of Financial Instruments (continued)**

The following tables present the activity for the fiscal years ended August 31, 2011 and 2010 for University assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

2011					
Level 3 Roll Forward	Short Term Investments	Private Equity	Distressed Debt	Real Estate	Total
Fair value, beginning of year	\$ 902,940	\$ 4,409,288	\$ 6,557,055	\$ 2,515,628	\$ 14,384,911
Purchase of Investments		189,376	721,155	4,060,000	4,970,531
Net Investment Gain		676,923	471,471	239,934	1,388,328
Proceeds from Sale/Distribution of Investments	(295,286)	(322,768)	(1,196,193)		(1,814,247)
Fair Value, end of year	<u>\$ 607,654</u>	<u>\$ 4,952,819</u>	<u>\$ 6,553,488</u>	<u>\$ 6,815,562</u>	<u>\$ 18,929,523</u>

2010					
Level 3 Roll Forward	Short Term Investments	Private Equity	Distressed Debt	Real Estate	Total
Fair value, beginning of year	\$ 11,122,083	\$ 3,988,732	\$ 6,635,398	\$ 1,504,701	\$ 23,250,914
Purchase of Investments		100,000	139,246	444,787	684,033
Net Investment Gain	231,573	435,553	1,744,793	566,140	2,978,059
Proceeds from Sale/Distribution of Investments	(10,450,716)	(114,997)	(1,962,382)		(12,528,095)
Fair Value, end of year	<u>\$ 902,940</u>	<u>\$ 4,409,288</u>	<u>\$ 6,557,055</u>	<u>\$ 2,515,628</u>	<u>\$ 14,384,911</u>

Investment liquidity as of August 31, 2011 is aggregated below based on redemption or sale period:

Investment redemption or sale period:	Investment Fair Values
Daily	\$ 240,569,049
Semi-monthly	24,570,301
Monthly	37,552,279
Quarterly	27,706,329
Semi-annually	20,515,601
Illiquid	18,929,523
Total	<u>369,843,082</u>

HOFSTRA UNIVERSITY**NOTES TO FINANCIAL STATEMENTS**

(21) Program and Supporting Expenses

Expenses are reported in the University's Statement of Activities in functional categories recommended by the National Association of College and University Business Officers and are classified among program and supporting services as follows:

	2011	2010
Program - student instruction and services	\$ 277,376,972	271,049,609
Management and general	57,727,633	57,926,291
Fundraising	4,453,992	4,103,306
	<u>\$ 339,558,597</u>	<u>333,079,206</u>

(22) Allocation of Certain Expenses

The University allocates certain expenses to specific program and support service activities on the basis of utilization of the underlying assets and estimates of building square footage. Interest expense is allocated to the functional classification that directly benefited from the proceeds of the debt. Expenses included in these allocations are operation and maintenance of plant, depreciation and accretion, and interest on indebtedness.

The allocated expenses for the year ended August 31, 2011 and 2010 are presented below:

	Operation and Maintenance of Plant	Depreciation and Accretion	Interest	2011 Total	2010 Total
Instruction	\$ 13,049,742	\$ 5,047,738	\$ 3,433,841	\$ 21,531,321	\$ 20,830,271
Public Service	477,677	34,285	133,132	645,094	637,913
Academic Support	2,240,550	923,888	624,456	3,788,894	4,444,846
Student Services	3,017,670	575,289	503,312	4,096,271	3,942,524
Institutional Support	1,534,602	5,067,735	427,704	7,030,041	7,429,845
Auxiliary Enterprises	18,385,410	5,934,774	2,096,361	26,416,545	25,583,977
2011 Total	<u>\$ 38,705,651</u>	<u>\$ 17,583,709</u>	<u>\$ 7,218,806</u>	<u>\$ 63,508,166</u>	
2010 Total	<u>\$ 37,408,683</u>	<u>\$ 17,569,361</u>	<u>\$ 7,891,332</u>		<u>\$ 62,869,376</u>

(23) Commitments and Contingencies***Lease Commitments***

The University is obligated under several operating lease agreements for the rental of copier machines, computers and vehicles. Minimum annual rental commitments under the leases are as follows:

<u>Year Ending August 31,</u>		<u>Total</u>
2012	\$	423,393
2013		173,714
2014		9,593
	\$	<u>606,700</u>

Total rent expense for the years ended August 31, 2011 and 2010 was \$0.7 million and \$0.8 million, respectively.

Litigation

The University is presently a defendant in several lawsuits arising from the normal conduct of its affairs. Management of the University, based upon the advice of counsel, is of the opinion that settlement, if any, of the aforementioned litigation will not have a material adverse impact on the financial position of the University.

Other Contingencies

Under the terms of federal and state grants, periodic audits are required. In the opinion of management, such audits will not result in any material adverse impact on the financial position of the University.

State Grants

The University was awarded a New York State Economic Development Assistance Grant in the amount of \$12.5 million for the costs of capital construction for the new medical school, including \$10.5 million which was used to renovate facilities for the medical school. The payment of \$10.5 million was received in November 2010 and recognized as revenue as of August 31, 2010, and \$2 million of the grant remains available for additional medical school construction now in the planning stages.

The University was also awarded and has now received a signed contract confirming an additional New York State Communities Enhancement Grant in the amount of \$12.5 million to be used toward the capital costs of the additional planned medical school facility. Revenue will be recognized when all qualifying expenditures have been approved by the State.

(24) Subsequent Events

The University evaluated events subsequent to August 31, 2011 and through November 30, 2011 the date on which the financial statements were issued and has concluded that there are no additional disclosures required.

APPENDIX B
SCHEDULE OF DEFINITIONS AND SUMMARY OF DOCUMENTS

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APPENDIX B

SCHEDULE OF DEFINITIONS AND SUMMARY OF DOCUMENTS

As used in the Official Statement, the following terms shall have the respective meanings set forth below, except as the context otherwise requires:

“1998 Project” means the facilities and projects financed or refinanced in whole or in part with the proceeds of the Series 1998 Bonds which were refinanced with the proceeds of the Series 2011 Bonds.

“2011 Project” and “Series 2011 Project” means the Series 2011 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 2011 Bonds loaned by the Issuer to the University under the Loan Agreement.

“2011 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. Said funds include The Common Fund for Short Term Investments (the “Short Term Fund”) organized by the Commonfund Group located in Wilton, Connecticut.
- 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 2011 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 December 7, 2011, 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 2011 Bonds.

“Bond Rate” means the tax-exempt rate of interest from time to time payable on any of the Series 2011 Bonds as defined therein.

“Bond Registrar” means the Trustee as bond registrar with respect to the Series 2011 Bonds and its successors and assigns in such capacity.

“Bond Year” means with respect to the Series 2011 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 2011 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 2011 Bonds issued under the Indenture.

“Closing Date” means the date of sale and delivery of the Series 2011 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 2011 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 2011 Project, the period (i) beginning on the date of commencement of renovation, construction, equipping and furnishing of the 2011 Project, which date shall not be prior to October 19, 2007 and (ii) ending on the Completion Date with respect to the 2011 Project.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of December 1, 2011, between the University and the Trustee.

“Cost of the 2011 Project” or “Costs of the 2011 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 2011 Bonds.

“Debt Service Payment Date” means any date on which each Debt Service Payment shall be payable on any of the Series 2011 Bonds so long as the Series 2011 Bonds shall be outstanding.

“Default Rate” shall have the meaning assigned thereto in the Series 2011 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 2011 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 2011 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 2011 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.

“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 December 1, 2011, by and between the Issuer and the Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 2011 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 2011 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 2011 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 December 1, 2011, by and between the Issuer and the University with respect to the 2011 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.

“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.

“Note” or “Promissory Note” means the Promissory Note dated the Closing Date, from the University to the Issuer, substantially in the form of Exhibit C 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 December 7, 2011, distributed by the Underwriter and the University in connection with the sale of the Series 2011 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 2011 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 2011 Bond shall be considered Outstanding until the maturity date thereof only for the purposes of being exchanged or registered; and (iii) any Series 2011 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 2011 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 2011 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 2011 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 (x) approved in writing by the Issuer or (y) less than \$500,000, (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 2011 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, (viii) Liens which are in existence as of the Closing Date or described in the audited consolidated financial statements of the University, and (ix) temporary lease of a portion of the project to the Commission on Presidential Debates or similar organization for the purposes of conducting a presidential debate.

“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.

“Preliminary Official Statement” means the Preliminary Official Statement, dated November 22, 2011, distributed by the Underwriter and the University in connection with the sale of the Series 2011 Bonds.

“Project” means collectively the Series 2011 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 State’s objective to create industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and to empower such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for civic, manufacturing, warehousing, research, commercial, recreation or industrial facilities, including industrial pollution control facilities, in order to advance job

opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living.

“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 2011 Bonds.

“Rating Agency Letter” means the rating letter from each Rating Agency assigning a rating on the Series 2011 Bonds.

“Rebate Amount” means, with respect to the Series 2011 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 the Final Authorizing Resolution duly adopted by the Issuer on November 16, 2011 authorizing the issuance, execution, sale and delivery of the Series 2011 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 the 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 1998 Bonds” means the Civic Facility Revenue Bonds, Series 1998 (Hofstra University Civic Facility) issued on July 22, 1998 by the Nassau County Industrial Development Agency in the original aggregate principal amount of \$107,407,128.60.

“Series 1998 Bonds Indenture” means the Indenture of Trust, dated as of July 1, 1998, by and between the Nassau County Industrial Development Agency and the Series 1998 Bonds Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 1998 Bonds.

“Series 1998 Bonds Redemption Account” means the account within the Project Fund which is established by the Indenture.

“Series 1998 Bonds Trustee” means (i) U.S. Bank, National Association, as successor to State Street Bank and Trust Company, and (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 thereunder.

“Series 2011 Bonds” means the Issuer’s Revenue Bonds, Series 2011 (Hofstra University Project) issued pursuant to the terms of the Indenture on December 20, 2011 in the aggregate principal amount of \$70,420,000 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 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 2011 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 525 William Penn Place, 38th Floor, Pittsburgh, Pennsylvania 15259, (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) Barclays Capital Inc., Senior Manager Underwriter, having an office at 745 Seventh Avenue, 19th Floor, New York, New York 10019, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Co-Manager Underwriter, having an office at 113 West 42nd Street, 12th Floor, New York, New York 10036, or (ii) their successors and assigns.

“University” means Hofstra 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.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a brief summary of certain provisions of the Indenture and should not be considered a full statement thereof. Reference is made to the Indenture for complete details of the terms thereof.

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 2011 Bond a Certificate of Authentication, duly executed by the Trustee, substantially in the form set forth in the Form of Bonds included in the Indenture as Exhibit A. Such executed Certificate of Authentication by the Trustee upon any such Series 2011 Bond shall be conclusive evidence that such Series 2011 Bond has been authenticated and delivered under the Indenture. The Trustee's Certificate of Authentication on any Series 2011 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 2011 Bonds issued under the Indenture.

Mutilated, Lost, Stolen or Destroyed Bonds

(a) In the event any Series 2011 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 2011 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 2011 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 2011 Bond and of the ownership thereof.

(b) Every new Bond issued pursuant to the provisions of the Indenture 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 the Indenture 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 – Hofstra University (the “**Bond Fund**”), and within such Series 2011 Bond Fund, an “Interest Account” and a “Principal Account”.

(b) Town of Hempstead Local Development Corporation Project Fund – Hofstra University (the “**Project Fund**”), and within such Project Fund, a “Series 1998 Bonds Redemption Account”, a “2011 Project Construction Account” and a “Series 2011 Bonds Capitalized Interest Account”.

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

(d) Town of Hempstead Local Development Corporation Renewal Fund – Hofstra 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 2011 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 2011 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 2011 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 the Indenture and the Loan Agreement.

(b) The Trustee is hereby authorized and, on the date of Closing, directed to transfer amounts on deposit in the Series 1998 Bonds Redemption Account to the Series 1998 Bonds Trustee to redeem the Series 1998 Bonds. On each Debt Service Payment Date during the construction period, the Trustee is hereby authorized and directed to transfer from the Series 2011 Capitalized Interest Account to the Interest Account of the Bond Fund an amount necessary to pay interest on the Series 2011 Bonds on each Debt Service Payment Date. Except as otherwise provided in paragraph (a) immediately above or in the two preceding sentences of this paragraph (b), the Trustee is hereby directed to issue its checks for each disbursement from the 2011 Project 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 of Exhibit B annexed hereto to pay the Costs of the 2011 Project. The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom.

(c) The completion of the Series 2011 Project and payment or provision for payment of all Costs of the Series 2011 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 Series 2011 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 the Series 2011 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 2011 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.

Payments into Bond Fund

There shall be deposited in the Bond Fund, as and when received (a) all payments received by the Trustee under the Loan Agreement; (b) amounts transferred from the Series 2011 Capitalized Interest Account to the Interest Account pursuant to the Indenture; (c) the balance in the Project Fund and the Renewal Fund to the extent specified in the Indenture; (d) 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; and (e) 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 2011 Bonds or for the purchase or redemption of Bonds as hereinafter provided. Moneys deposited in the Bond Fund in accordance with the provisions of the Indenture, however, may not be used for the payment of interest on Bonds.

(b) The Trustee shall, on or before each Debt Service Payment Date of the Series 2011 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 2011 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 or Sinking Fund 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 the Indenture or from the Renewal Fund pursuant to the Indenture 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 the Series 2011 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 2011 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 2011 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 2011 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.

(g) In connection with the purchase of Bonds with moneys on deposit in the Bond Fund as provided in the Indenture, 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 2011 Bonds, forty-five (45) days prior to any date on which Series 2011 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 2011 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 Projects 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 2011 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 Projects pursuant to 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 the Series 2011 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 Projects 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 Projects. 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 Series 2011 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 2011 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 Series 2011 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 Series 2011 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 2011 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 Series 2011 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 2011 Bonds as of the date of such payment, and (ii) notwithstanding the provisions 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 (except the Series 1998 Bonds Redemption Account of the Project Fund) 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 the Indenture through its own bond department. The Trustee shall not be liable for any depreciation in the value of any investment made pursuant to the Indenture or for any loss arising from any such investment.

(c) Any investment authorized under the Indenture is subject to the condition that no use of the proceeds of any Series 2011 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 2011 Bonds, would cause such Series 2011 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 2011 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 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 2011 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 2011 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 2011 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 2011 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 2011 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 2011 Bond shall not be presented for payment within the period of two (2) years following the date when such Series 2011 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 2011 Bond, and such Series 2011 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 2011 Bond for payment that any moneys held for the payment of any such Series 2011 Bond will be returned as provided in the Indenture 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 the Indenture.

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 2011 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 2011 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. The Trustee hereby covenants and agrees with the holders from time to time of the Series 2011 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 thereof, redemption premium, if any, 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 2011 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 2011 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 the Indenture, the Indenture and the rights granted and duties imposed hereby, 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 2011 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 2011 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, the Indenture if: (i) there shall have been deposited with the Trustee sufficient cash and/or Government Obligations, in accordance with the Indenture, 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 2011 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 2011 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 the Indenture, 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 2011 Bond, or (ii) the first date following the date of computation on which such Series 2011 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 and redemption premium, if any, due on such Series 2011 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 of, interest on, and redemption premium, if any, of 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 2011 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 2011 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, Sinking Fund Payments, or Redemption Price of any Series 2011 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 2011 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 2011 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 2011 Bonds shall become and be immediately due and payable, anything in the Series 2011 Bonds or in the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Series 2011 Bonds an amount equal to the total principal amount of all such Series 2011 Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment. If all of the Series 2011 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 2011 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 2011 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, Sinking Fund Payments, 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 2011 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 2011 Bonds shall bear interest at the Default Rate from the date of the occurrence of such Event of Default until the Series 2011 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 2011 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 2011 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 2011 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 2011 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 2011 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 2011 Bonds, at the rate or rates expressed thereon, from the respective dates upon which such Series 2011 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 2011 Bonds as the same become due and payable; and

(ii) If the principal of all Series 2011 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 2011 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 2011 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 2011 Bonds shall have been declared due and payable and if such declaration shall thereafter have been annulled pursuant to provisions the Indenture, the moneys shall be applied in accordance with the provisions of paragraph (i) of this summarized section.

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, 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 2011 Bonds may be enforced by the Trustee without possession of any of the Series 2011 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 2011 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.

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 for the Series 2011 Bonds from the University to the Issuer and assigned 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 2011 Bonds.

The following is a brief summary of certain provisions of the Loan Agreement and should not be considered a full statement thereof. Reference is made to the Loan Agreement for complete details of the terms thereof.

Loan of Series 2011 Bond Proceeds

The Issuer hereby agrees to loan the Series 2011 Bond Proceeds to the University in accordance with the provisions of the Loan Agreement. Such Series 2011 Bond Proceeds shall be disbursed to the University in accordance with the provisions of the Loan Agreement and the Indenture.

Renovation, Construction, Equipping and Furnishing of Series 2011 Facility

(a) The University agrees, and covenants and warrants to the Issuer, it has or will renovate, construct, equip and furnish the Series 2011 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 Issuer hereby appoints the University its true and lawful agent, and the University hereby accepts such agency to use the proceeds of the Series 2011 Bonds (i) to redeem the Series 1998 Bonds, (ii) to renovate, construct, equip and furnish the Series 2011 Facility in accordance with the Plans and Specifications, (iii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be requisite or proper, all for constructing the Improvements and acquiring and installing the Equipment with the same powers and with the same validity as the Issuer could do if acting on its own behalf, (iv) to pay interest on the Series 2011 Bonds during the construction period of the Series 2011 Project, and (v) to pay a portion of the costs of issuance of the Series 2011 Bonds. 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 Series 2011 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 Exhibit B attached 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 2011 Bonds; Disbursement of Bond Proceeds

In order to provide funds for payment of the Costs of the Series 2011 Project, together with other payments and incidental expenses in connection therewith, the Issuer agrees that it will authorize, issue, sell and cause the Series 2011 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 the Loan Agreement.

Application of Bond Proceeds

A portion of the Series 2011 Bond Proceeds shall be deposited in the Series 1998 Bond Redemption Account of the Project Fund and used to redeem the Series 1998 Bonds. Except as provided in the Loan Agreement, the Series 2011 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 October 19, 2007, 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 Series 2011 Facility incurred prior to that date:

- (i) the cost of preparing the Plans and Specifications (including any preliminary study or planning of the Series 2011 Facility or any aspect thereof),
- (ii) all costs of renovating, constructing, equipping and furnishing the Series 2011 Facility (including environmental audits and architectural, engineering and supervisory services with respect to the Series 2011 Facility),
- (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) interest payable on the Series 2011 Bonds during the 2011 Facility Construction Period and interest payable during the Construction Period on such interim financing as the University may have secured with respect to the Series 2011 Project in contemplation of the issuance of the Series 2011 Bonds,
- (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 2011 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) the Redemption Price of the Series 1998 Bonds,

- (viii) 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 Series 2011 Facility to be paid for with Series 2011 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 Series 2011 Facility 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 Series 2011 Facility on or before December 31, 2014 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 2011 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 2011 Bonds are not sufficient to pay in full the redemption of the Series 1998 Bonds and costs of renovating, constructing, equipping and furnishing the Series 2011 Facility 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 2011 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 2011 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 \$171,331.25. (At the time the University submitted its application, it paid \$1,500 to the Issuer). In addition, the University shall pay to the Issuer an Initial Compliance Fee of \$2,500 on the Closing Date, and thereafter 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, 2012 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 as Exhibit C.

(b) In addition to the Loan Payments pursuant to the Loan Agreement, 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 Series 2011 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 the Loan Agreement, 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 the summarized subsection (a) above, the University shall pay the same together with all late payment penalties specified in the Series 2011 Bonds. In the event the University shall fail timely to make any payment required in the summarized subsection (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 Hereunder Unconditional

The obligations of the University to make the payments required in the Loan Agreement, 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 2011 Bonds, including premium, if any, and interest thereon, have been paid or provided for.

Payment of Additional Moneys in Prepayment of Series 2011 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 2011 Bonds at such time or times and on such terms and conditions as is provided in such Series 2011 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 2011 Bonds

In the event the Series 2011 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 Series 2011 Project or under the Indenture.

Maintenance and Modifications of Series 2011 Project by University

(a) The University shall not abandon the Series 2011 Project or cause or permit any waste to the Improvements. During the Loan Term, the University shall not remove any part of the Series 2011 Project outside of the jurisdiction of the Issuer and shall (i) keep the Series 2011 Project in as reasonably safe condition as its operations shall permit; (ii) make all necessary repairs and replacements to the Series 2011 Project (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate the Series 2011 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 Series 2011 Project or any part thereof, provided (i) such actions do not adversely affect the structural integrity of the Series 2011 Project, and (ii) such actions do not materially impair the use of the Series 2011 Project or materially decrease their value. All such additions, modifications or improvements made by the University shall become a part of the Series 2011 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 Series 2011 Project (which may be attached or affixed to the Series 2011 Project), and such machinery, equipment or other personal property shall not become, or be deemed to become, a part of the Series 2011 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 Series 2011 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 Series 2011 Project or impair the overall operating efficiency of the Series 2011 Project for the purposes for which it is intended, and provided further that, if any damage is occasioned to the Series 2011 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 Series 2011 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 2011 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 Series 2011 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 Series 2011 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, as applicable, 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, as applicable, 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, as applicable, 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 by the Loan Agreement 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) in the immediately preceding section 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) in the immediately preceding section 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 by the Loan Agreement 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) in the immediately preceding section shall name the Issuer and the Trustee as additional named insureds. All policies evidencing the insurance required by summarized subsection (d)(ii) and (iv) in the immediately preceding section shall name the Issuer and the University as additional named insureds. Upon request of the Trustee, the University will assign and deliver to the Trustee the policies of insurance required under summarized subsection (a) in the immediately preceding section, 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 2011 Bonds, have and hold said policies and the Net Proceeds thereof as collateral for the payment of the Series 2011 Bonds. The policies under summarized subsection (a) in the immediately preceding section shall contain appropriate waivers of subrogation.

(b) The policies (or certificates and binders) of insurance required by summarized subsection (a) in the preceding section 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) in the preceding section 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 subsection (d)(ii) and (iv) in the preceding section 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 by the Loan Agreement and complying with the additional requirements of subsection (a) 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) above shall be applied as provided in Section 7.1 of the Loan Agreement, and (ii) the Net Proceeds of the insurance required by summarized subsections (b), (c) and (d) above 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 Series 2011 Project

(a) If any portion of the Series 2011 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 Series 2011 Project or any project thereof comprising a portion of the Series 2011 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 such project comprising a portion of the Series 2011 Project 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, the University shall at its option either (A) replace, repair, rebuild, restore or relocate such project comprising a portion of the Series 2011 Project, or (B) direct the Trustee to apply such Net Proceeds to the payment of the principal of the Series 2011 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 Series 2011 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) such project comprising a portion of the Series 2011 Project shall be in substantially the same condition and value as an operating entity as existed prior to the damage or destruction;

(ii) such project comprising a portion of the Series 2011 Project shall continue to constitute a “project” as such term is defined in the Indenture, and the exclusion of the interest on the Series 2011 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) such project comprising a portion of the Series 2011 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 such project comprising a portion of the Series 2011 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 Series 2011 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 the Loan Agreement, whether or not requiring the expenditure of the University’s own money, shall automatically become a part of the Series 2011 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 its terms, 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 2011 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 the Loan Agreement on behalf of the Issuer and on its own behalf.

Condemnation

(a) If title to or use of the Series 2011 Project or any portion thereof comprising a portion of the Series 2011 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 such project comprising a portion of the Series 2011 Project or acquire, by construction or otherwise, facilities of substantially the same nature as the Series 2011 Project (“**Substitute Projects**”); and

(ii) there shall be no abatement or reduction in the amounts payable by the University under the Loan Agreement (whether or not such project comprising a portion of the Series 2011 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, the University shall either:

(A) replace, repair, rebuild, restore or relocate such project comprising a portion of the Series 2011 Project or acquire Substitute Projects, 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 such project comprising a portion of the Series 2011 Project or acquires Substitute Projects, 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, relocation or acquisition of Substitute Projects.

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

(i) such project comprising a portion of the Series 2011 Project or the Substitute Projects shall be in substantially the same condition and value as an operating entity as existed prior to the condemnation;

(ii) such project comprising a portion of the Series 2011 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 2011 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) such project comprising a portion of the Series 2011 Project or the Substitute Projects 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 such project comprising a portion of the Series 2011 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, relocation or acquisition of Substitute Projects, 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 Substitute Projects made pursuant to the Loan Agreement, whether or not requiring the expenditure of the University’s own money, shall automatically become a part of the Series 2011 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 Projects 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 2011 Bonds as provided in the Indenture.

(g) If the University shall exercise its option to terminate the Loan Agreement pursuant to the 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 2011 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 Series 2011 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 Series 2011 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 Series 2011 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, the exercise by the University of the authority conferred upon it pursuant to 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 described in the Loan Agreement may be brought and payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters described in the Loan Agreement 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 Projects

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 Series 2011 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 the Series 2011 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 Series 2011 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 2011 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 Series 2011 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, other than de minimus activities, 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 2011 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 Projects 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 Series 2011 Project or any part thereof or to the renovation, construction and equipping thereof, or to any use, manner of use or condition of the Series 2011 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 Series 2011 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 Series 2011 Project or any part thereof and of all companies or associations insuring the premises.

(b) The University shall keep or cause the Series 2011 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 Series 2011 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 Series 2011 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 Series 2011 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 by the Loan Agreement.

(c) Notwithstanding the provisions of summarized subsections (a) and (b) of this section, 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) of this section 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 Series 2011 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 Series 2011 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 the Loan Agreement, if, because of a breach or violation of the provisions of summarized subsections (a) or (b) of this section (without giving effect to summarized subsection (c)), 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 Series 2011 Project or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Series 2011 Project or any part thereof.

(b) Notwithstanding the provisions of summarized subsection (a) of this section, 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 Series 2011 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 Series 2011 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 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" 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 the Loan Agreement, 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 2011 Bonds. The University hereby covenants and agrees with the holders from time to time of the Series 2011 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 the Loan Agreement.

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 2011 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 Series 2011 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 2011 Bonds or any Bond Document shall be adversely affected thereby;
- (v) the exclusion of the interest on the Series 2011 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 Series 2011 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) of this section, 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 summarized subsections (v) and (vi) of this section, and (ii) of Independent Counsel as to summarized subsections (i), (ii) and (iv) of this section.

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 Series 2011 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 Series 2011 Project shall be transferred; and

(ii) the exclusion of the interest on the Series 2011 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 subsection (a)(i) of this section, and (ii) a favorable opinion of Bond Counsel opining as to compliance with the provisions of summarized subsection (a)(ii) of this section. 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 the Loan Agreement;

(ii) the failure by the University to observe and perform any covenant contained 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 affect upon the University, the Series 2011 Project, the qualification of the Series 2011 Project as a "project" under the Act or the exclusion of interest on the Series 2011 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 subsections (a)(i) or (ii) of this section) 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 undismissed 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” as used in this summarized 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 in the Loan Agreement with respect to environmental matters.

(b) Notwithstanding the provisions of summarized subsection (a) of this section, 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 summarized sections (a), (b) or (d) of the section titled “Loan Payments and Other Amounts Payable”) 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 in the Loan Agreement 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 the Loan Agreement 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 Section 10.1(a)(v) of the Loan Agreement 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 2011 Bonds and premium, if any, and accrued and unpaid interest on the Series 2011 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 2011 Bonds.

(d) No action taken pursuant to this summarized section shall relieve the University from its obligation to make all payments required by the Loan Agreement 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 in the Loan Agreement conferred 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 2011 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 Loan Agreement.

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 2011 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.

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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

50 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 832-7500
Fax: (516) 832-7555

December 20, 2011

Town of Hempstead Local Development Corporation
Hempstead, New York

Barclays Capital Inc.
New York, New York

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

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

Re: Town of Hempstead Local Development Corporation
\$70,420,000 Revenue Bonds, Series 2011
(Hofstra 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 2011 (Hofstra University Project) in the aggregate principal amount of \$70,420,000 (the “**Bonds**”). The 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 initial Resolution duly adopted by the Issuer on October

26, 2011, and final authorizing Resolution duly adopted by the Issuer on November 16, 2011 (collectively, the “**Resolution**”), and (iii) an Indenture of Trust, dated as of December 1, 2011 (the “**Indenture**”), by and between the Issuer and The Bank of New York Mellon, as trustee for the benefit of the Owners of the Bonds (the “**Trustee**”). The Bonds were issued for the purpose of providing funds for: (A) the refinancing of the Nassau County Industrial Development Agency’s (the “**Nassau IDA**”) outstanding approximately \$50,000,000 Civic Facility Revenue Bonds (Hofstra University Facility), Series 1998 issued on July 22, 1998 by the Nassau IDA in the aggregate principal amount of \$107,407,128.60 (the “**Series 1998 Bonds**”), the proceeds of which Series 1998 Bonds were used for the following purposes: (i) the construction, renovation, equipping and furnishing of a civic facility to be located at the University's campus at Fulton Avenue, Hempstead, New York, consisting of the construction of a new science building, a new high-technology classroom building, two pedestrian footbridges, a basketball arena and auxiliary facilities including offices and weight rooms; the renovation of an existing courthouse into a fine arts and performing arts and cultural center and support structures and the renovation of several existing buildings including structural additions to the School of Communications Building, and construction of new academic and administrative buildings; the upgrading of computer and communications technology; the acquiring of equipment and modifying roadways and grounds where necessary; and the reimbursement to the University for the financing of certain of the projects listed above which were previously funded by the University's internal resources in anticipation of the issuance of the Bonds; and (ii) the refunding of certain projects of the University financed by a portion of the proceeds from: (a) the Series 1991 Bonds issued by the Nassau IDA for the purpose of financing a portion of the costs of the upgrading of campus computers and telephone systems, the modernization of television communication equipment and the radio station, improvements to the campus transportation system and related support facilities; the purchase of furniture and equipment for various purposes; and the acquisition, renovation, and construction of various buildings and facilities including renovations to the athletic stadium as well as improvements to and construction of campus grounds, roadways and parking facilities, (b) the Series 1995 Bonds issued by the Nassau IDA for the purpose of financing the upgrading and enlargement of the University's athletic facility, including the expansion of seating capacity and the renovation of all facilities in the existing structure, and (c) the Series 1996 Bonds issued by the University for the purpose of financing the construction and equipping of a new freshman dormitory and advance refunding the University’s Taxable Bonds, Series 1988, the proceeds of which were used for the construction of two six-story dormitory buildings known as Nassau Hall and Suffolk Hall, respectively, located all on the University's campus (collectively, the “**Series 1998 Facility**”); (B) (i) the renovation and modernization of academic facilities and buildings (classrooms and other instructional space and faculty offices – including, but not limited to, upgrading of the campus fire main piping, high voltage electrical supply, windows, roofing and various deferred maintenance projects and renovations to the Fitness Center, Bernon Hall International Recruitment Center, Gittleson Hall, Monroe Lecture Center Façade, University College Hall, Margiotta Hall, Calkins Hall, McEwen Hall, Public Safety; (ii) the renovation and equipping to Academic Buildings on the University’s campus including Weed Hall, Davison Hall, Axinn Library Student Lounge and Hammer Lab, and Student Center Multipurpose Room; (iii) the

Town of Hempstead Local Development Corporation
Barclays Capital Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
The Bank of New York Mellon, as Trustee
December 20, 2011
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installation of Field Lighting, the construction, renovation and equipping of Scientific/Engineering Equipment/Labs; (iv) general campus maintenance to include the repair and replacement of roofing, masonry, electrical power plant chiller, roadways, grounds improvements, landscape, sidewalks, fire alarm and sprinklers (collectively, the “**Series 2011 Facility**”); (C) paying capitalized interest, if any, on the Series 2011 Bonds during the construction period; and (D) paying certain costs of issuance of the Series 2011 Bonds (sections (A), (B), and (C) are collectively, the “**Series 2011 Project**”).

The Issuer will loan the proceeds of the Bonds to the University pursuant to the terms of a Loan Agreement, dated as of December 1, 2011 (the “**Loan Agreement**”), between the Issuer and the University. The Issuer has assigned to the Trustee as security for the Bonds, for the benefit of the Owners of the 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 Internal Revenue Code of 1986, as amended (the “**Code**”). Barclays Capital Inc., Senior Manager Underwriter and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Co-Manager Underwriter (collectively, the “**Underwriter**”) have agreed to sell the Bonds to one or more purchasers pursuant to the terms of a Bond Purchase Agreement, dated December 7, 2011 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter and the University.

The Bonds are dated December 20, 2011, and bear interest from the date thereof at the rate and pursuant to the respective terms of the Bonds. The 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 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 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 Bonds in order for the interest on the 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, Carter Ledyard & Millburn LLP 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 Bonds, for the purpose of paying the costs described above.
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 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 respective terms.
6. The 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 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 Bonds to be included in gross income for Federal income tax purposes.

retroactive to the date of issue of the 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 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 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 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 Bonds maturing on July 1, 2026 (4% coupon), July 1, 2027 (4.125% coupon), July 1, 2028 (4.125% coupon), July 1, 2029-2031, inclusive, and July 1, 2036 (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 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 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 numbered paragraphs 7 through 9 above, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

Town of Hempstead Local Development Corporation
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The foregoing opinions are qualified to the extent that the enforceability of the 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 Bonds, the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Compliance Agreement, the Official Statement, the Continuing Disclosure Agreement or the 2011 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 November 22, 2011, or the Official Statement, dated December 14, 2011, with respect to the 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 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 Series 2011 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,

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

_____, 2011

The Bank of New York Mellon
525 William Penn Place, 38th Floor,
Pittsburgh, Pennsylvania 15259

Re: \$70,420,000 Town Of Hempstead Local Development Corporation Revenue Bonds, Series 2011 (Hofstra University Civic Facility) (the “Bonds”), issued under an Indenture of Trust dated as of December 1, 2011 (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 issuance of the Bonds and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934 (the “1934 Act”), as amended effective July 3, 1995 (the “Rule”), Hofstra University (the “University”) shall engage in the undertaking described in Paragraphs 1, 2, 3 and 4 herein for the benefit of the registered owners of the Bonds (the “Bondowners”) and the beneficial owners of the 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, 2012, the University will provide (i) each nationally recognized municipal securities information repository (“NRMSIR”) and (ii) appropriate state information depository (“SID”), if any:
 - (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 _____, 2011, relating to the issuance of the Bonds under the subheadings “Faculty”, “Applications and Admissions”, “Enrollment”, “Student Fees and Competition”, “Student Financial Aid”, “Degrees Conferred”, “Revenues and Expenses of the University”, “State Aid”, “Private Gifts”, “Outstanding Indebtedness of the University”, and “Plant Values” under the heading “THE UNIVERSITY”, to the extent necessary and appropriate to disclose material changes in such information, which changes would have a material adverse affect on either the financial condition of the University or on the operations of the University and 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 report 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 each NRMSIR, the Municipal Securities Rulemaking Board (the “MSRB”) and the SID, if any, 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 affect upon the taxability of the Bonds.

2. The University promptly, but in no event later than 10 business days after any specified event, will provide to each NRMSIR or the MSRB and the SID, if any and the Initial Beneficial Owner (for so long as it holds any of the Bonds), written notice of the occurrence of any of the following events with respect to the Bonds:
 - (a) Principal or interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (c) Unscheduled draws on debt service reserves;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or events affecting the tax-exempt status of the Bonds including the issuance by the IRS of proposed or final determinations of

taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the security;

- (g) Modifications to rights of Bondowners;
- (h) Bond calls (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 Bonds; or
- (k) Tender offers;
- (l) Bankruptcy, insolvency, receivership or similar event of the issuer or obligor;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of their assets other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee, or name change of trustee, if material; or
- (o) Ratings changes.

3. [Intentionally Omitted.]

4. The Trustee shall, promptly, upon obtaining actual knowledge of the alleged or actual occurrence of any of the events listed in Paragraph 2 contact the person specified pursuant to Paragraph 6, 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. Whenever the University obtains knowledge of the occurrence of any event listed in Paragraph 2, because of a notice from the Trustee pursuant to the preceding sentence above, or otherwise, the University shall as soon as possible determine if such event would constitute material information for the Bondowners and provide appropriate notice to the Trustee, provided, that any event under Paragraph 2(k) will always be deemed to be material, and shall require notice pursuant to Paragraph 2.

5. 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.
6. 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 Catherine Hennessy, Vice President for Financial Affairs and Treasurer, Hofstra University, 128 Hofstra University, Hempstead, New York 11549-1280; (516) 463-6820.
7. The University's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If the University's obligations under the Lease 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 original University shall have no further responsibility hereunder.
8. 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 Lease 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.
9. 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 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.

10. 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 10 shall survive termination of this Continuing Disclosure Agreement.

Very truly yours,

HOFSTRA UNIVERSITY

By: _____
Name:
Title:

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: Civic Facility Revenue Bonds, Series 2011 (Hofstra University Civic Facility)
Date of Issuance: December __, 2011

NOTICE IS HEREBY GIVEN that Hofstra University (the "Obligated Person") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of _____, 2011 between the Obligated Person and The Bank of New York Mellon, as Trustee.

Dated: _____

THE BANK OF NEW YORK MELLON, as Trustee, on behalf of
Hofstra University

By: _____
Name: _____
Title: _____

cc: Hofstra University



HOFSTRA UNIVERSITY®

