NEW ISSUE **RATINGS**
(Book-Entry Only) **Moody's: A2**
Standard & Poor's: A

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

HOFSTRA
UNIVERSITY.

$54,520,000
TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, Series 2017
(Hofstra University Project)

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

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 May 1, 2017 (the "Loan Agreement"), 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.

Interest on the Bonds will be payable semi-annually on January 1 and July 1 of each year, commencing on January 1, 2018. The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and interest will be paid by the Issuer to the Trustee which will remit such principal and interest to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will bear interest at the rates shown on the inside cover of this Official Statement. The Bonds are subject to optional redemption, mandatory redemption and extraordinary redemption prior to maturity as described herein under "THE BONDS – Redemption Prior to Maturity".

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, REVENUES AND OTHER PAYMENTS BY THE UNIVERSITY 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, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the University by its counsel, Farrell Fritz P.C., Uniondale, New York, for the Issuer by its counsel, Ryan, Brennan & Donnelly, LLP, Floral Park, New York, and for the Underwriter by its counsel, 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 May 17, 2017, in New York, New York, against payment therefor.

BARCLAYS

May 9, 2017

MATURITIES, AMOUNTS, INTEREST RATES, AND YIELDS

$19,140,000 Serial Bonds consisting of:

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
2018	$915,000	3.000%	0.97%	2028	$925,000	5.000%	2.71% *
2019	$985,000	4.000%	1.08%	2029	$925,000	5.000%	2.83% *
2020	$975,000	4.000%	1.24%	2030	$930,000	5.000%	2.95% *
2021	$965,000	5.000%	1.42%	2031	$930,000	5.000%	3.04% *
2022	$960,000	2.000%	1.63%	2032	$930,000	5.000%	3.11% *
2023	$930,000	5.000%	1.81%	2033	$935,000	3.375%	3.48%
2024	$935,000	5.000%	2.02%	2034	$970,000	3.500%	3.59%
2025	$935,000	5.000%	2.23%	2035	$1,000,000	3.625%	3.67%
2026	$940,000	5.000%	2.41%	2036	$1,035,000	4.000%	3.64% *
2027	$940,000	3.000%	2.56%	2037	$1,080,000	4.000%	3.68% *

$7,870,000 5.000% Term Bonds due July 1, 2042 priced to yield 3.42%*
$27,510,000 5.000% Term Bonds due July 1, 2047 priced to yield 3.50%*

*Yield to first optional redemption date of July 1, 2027

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 2017 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

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

UNDERWRITER
Barclays Capital Inc.
New York, New York

* Resigning Effective May 15, 2017

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OFFICIAL STATEMENT

$54,520,000

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION

(State of New York)

Revenue Bonds, Series 2017
(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 2017 (Hofstra University Project) (the "Bonds" or the "Series 2017 Bonds") in the aggregate principal amount of $54,520,000. The Bonds are being issued pursuant to a certain Indenture of Trust, dated as of May 1, 2017 (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 the New York Membership Corporation Law, as in effect in 1966, as superceded by Section 1411 of the New York Not-for-Profit Corporation Law (collectively, the "Act"), and a resolution of the Issuer duly adopted on April 27, 2017.

The Bonds are being issued to finance or refinance the costs of certain facilities located on portions of the University's approximately 244 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 Oak Street and the east by Uniondale Avenue/Earle Ovington Boulevard, consisting of: (A) the refunding of certain maturities of the Town of Hempstead Industrial Development Agency's (the "Hempstead IDA") $25,000,000 Civic Facility Revenue Bonds, Series 2007 (Hofstra University Civic Facility), of which $20,000,000 is currently outstanding (the "Series 2007 Bonds"), and the proceeds of which were used for: (i) (a) the acquisition, construction, equipping and furnishing of an approximately 79,950 square foot 5-story residential facility located on the North Campus of the University, between Constitution and Alliance Halls, known as the Graduate Residence Hall, including, but not limited to, accommodations for approximately 225 graduate students in the form of 58 furnished residential units consisting of 4 bedroom units, 3 bedroom units and 2 bedroom units, each with shared common spaces and a kitchenette, the ground floor to contain an apartment for the Graduate Assistant and administrative offices, each of the floors to have 2 study rooms, along with laundry and recycling spaces, the new building to have energy efficient air-conditioning and heating units, sprinkler systems, an emergency generator, fire pump, 2 hydraulic elevators and 3 egress stairways; (b) the renovation and modernization of academic facilities and buildings (classrooms and other instructional space and faculty offices – including HVAC, ADA elevators and modernization for the School of Law, and the English, Media Services, Fine Arts, Drama and Dance Departments and other departments of the College of Arts & Sciences located in the Calkins, Lowe, Roosevelt and Breslin Buildings); and (c) general campus maintenance to include the repair and replacement of roofing, masonry, electrical, plumbing, HVAC systems replacements, fire and safety and security systems, paving, grounds improvements and campus-wide signage (collectively, the "Series 2007 Facility"); (ii) paying capitalized interest on the Series 2007 Bonds during the construction period; and (iii) paying certain costs of issuance of the Series 2007 Bonds; (B) the financing of: (i) the construction, equipping and furnishing of an approximately 52,500 square foot building connected to the current CV Starr classroom facility, for the School of Business; (ii) the renovation of the CV Starr classroom facility and improvements to the surrounding parking areas and landscape of the two buildings; and (iii) deferred maintenance and improvements throughout the Campus, including roofing, windows, exterior facades, structural, parking, roadways, grounds, sidewalks, HVAC, security, masonry, fire alarms/sprinklers and other improvements (the "Series 2017 Facility" and together with the Series 2007 Facility, the "Facility"); (C) the payment of capitalized interest, if any, on the Series 2017 Bonds during the Construction Period; and (D) the payment of certain costs of issuance of the Series 2017 Bonds to finance and refinance the above listed projects (collectively, paragraphs (A), (B), (C) and (D) shall be referred to as the "Project"). Proceeds from the sale of the Bonds ("Bond Proceeds") will be used to fund the above referenced costs related to the Project, including 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 fifteenth day of the month immediately preceding the applicable Debt Service Payment Date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Debt Service Payment Date (1) by check or draft mailed to the registered address of the Person entitled thereto, or (2) by wire transfer to any 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. 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 (the "Tax Compliance Agreement"), between the University and the Issuer, the University has made various covenants (i) in connection with 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 Project, 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, 2016 and 2015. Appendix B contains a Schedule of Definitions used herein and summaries of each of the Indenture and the Loan Agreement. Appendix C contains a form of the opinion of Bond Counsel which Nixon Peabody LLP, New York, New York, proposes to render upon the delivery of the 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 101 Barclay Street, 7W, New York, NY 10286 (the "Office of the Trustee").

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

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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 University pursuant to the Loan Agreement; to issue, execute and deliver the Series 2017 Bonds; to secure the Series 2017 Bonds by a pledge of the moneys payable by the University under the Loan Agreement; and to enter into the Bond Documents.

By an inducement resolution adopted on March 30, 2017, and a resolution adopted on April 27, 2017, the Issuer has taken official action relating to the issuance of the Series 2017 Bonds. The Issuer has held the required public hearings, in compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the issuance of the Series 2017 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 2017 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:

Position	Name
Chairman	Arthur J. Nastre, Esq.
Vice Chairman	William Hendrick, Esq.
Treasurer	Florestano Girardi
Secretary	Rev. Dr. Eric C. Mallette
Member	John R. Ferretti, Esq.
Member	Steven M. Raiser, Esq.*
Member	Gerilyn Smith

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.

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* Resigning Effective May 15, 2017

THE PROJECT

The Bonds are being issued to finance or refinance the costs of certain facilities located on portions of the University's approximately 244 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 Oak Street and the east by Uniondale Avenue/Earle Ovington Boulevard, consisting of: (A) the refunding of certain maturities of the Town of Hempstead Industrial Development Agency's (the "Hempstead IDA") $25,000,000 Civic Facility Revenue Bonds, Series 2007 (Hofstra University Civic Facility), of which $20,000,000 is currently outstanding (the "Series 2007 Bonds"), and the proceeds of which were used for: (i) (a) the acquisition, construction, equipping and furnishing of an approximately 79,950 square foot 5-story residential facility located on the North Campus of the University, between Constitution and Alliance Halls, known as the Graduate Residence Hall, including, but not limited to, accommodations for approximately 225 graduate students in the form of 58 furnished residential units consisting of 4 bedroom units, 3 bedroom units and 2 bedroom units, each with shared common spaces and a kitchenette, the ground floor to contain an apartment for the Graduate Assistant and administrative offices, each of the floors to have 2 study rooms, along with laundry and recycling spaces, the new building to have energy efficient air-conditioning and heating units, sprinkler systems, an emergency generator, fire pump, 2 hydraulic elevators and 3 egress stairways; (b) the renovation and modernization of academic facilities and buildings (classrooms and other instructional space and faculty offices – including HVAC, ADA elevators and modernization for the School of Law, and the English, Media Services, Fine Arts, Drama and Dance Departments and other departments of the College of Arts & Sciences located in the Calkins, Lowe, Roosevelt and Breslin Buildings); and (c) general campus maintenance to include the repair and replacement of roofing, masonry, electrical, plumbing, HVAC systems replacements, fire and safety and security systems, paving, grounds improvements and campus-wide signage (the "Series 2007 Facility"); (ii) paying capitalized interest on the Series 2007 Bonds during the construction period; and (iii) paying certain costs of issuance of the Series 2007 Bonds; (B) the financing of: (i) the construction, equipping and furnishing of an approximately 52,500 square foot building connected to the current CV Starr classroom facility, for the School of Business; (ii) the renovation of the CV Starr classroom facility and improvements to the surrounding parking areas and landscape of the two buildings; and (iii) deferred maintenance and improvements throughout the Campus, including roofing, windows, exterior facades, structural, parking, roadways, grounds, sidewalks, HVAC, security, masonry, fire alarms/sprinklers and other improvements (the "Series 2017 Facility" and together with the Series 2007 Facility, the "Facility"); (C) the payment of capitalized interest, if any, on the Series 2017 Bonds during the Construction Period; and (D) the payment of certain costs of issuance of the Series 2017 Bonds to finance and refinance the above listed projects (collectively, paragraphs (A), (B), (C) and (D) shall be referred to as the "Project"). Proceeds from the sale of the Bonds ("Bond Proceeds") will be used to fund the above referenced costs related to the Project.

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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 Project or with respect to the issuance of the Bonds will be paid from the University's own funds.

Sources of Funds	
Bond Proceeds:	
Par Amount	$54,520,000.00
Premium	6,514,261.85
	61,034,261.85
Other Funds:	
University Contribution*	$1,025,000.00
Total Sources	$62,059,261.85

Uses of Funds	
Deposit to Project Account	$38,792,671.51
Deposit to Series 2007 Bond Redemption Account	20,461,875.00
Deposit to Series 2017 Capitalized Interest Account	1,983,344.73
Costs of Issuance**	821,370.61
Total Uses	$62,059,261.85

* Concurrently with the issuance of the Bonds, the University will contribute internal funds to defease the Series 2007 Bonds maturing July 1, 2017.

** Including, but not limited to, fees of the Issuer, attorneys' fees, rating agency fees, underwriter's fees and trustee fees. Any 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 inside 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 January and July of each year (each a "Debt Service Payment Date"), commencing on January 1, 2018.

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, 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 will be made by (1) check mailed to the registered address of the Person entitled thereto, 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.

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 redemption prior to their stated maturity as described below.

Mandatory Redemption. The Bonds are subject to mandatory redemption without premium or penalty, in whole or in part, and shall be prepaid or redeemed prior to maturity with moneys deposited into the Bond Fund as a result of the unused balance of the Project Fund and Renewal Fund deposited in the Bond Fund pursuant to the Indenture.

Optional Redemption. The Bonds maturing after July 1, 2027, are subject to redemption by the Issuer, at the option of the University, on or after July 1, 2027, in whole or in part at any time at 100% of the principal amount of the Bonds to be prepaid plus accrued interest to the Redemption Date. The University may direct such prepayments only if it shall prepay an amount under the Loan Agreement equal to the amount of the prepayment described above.

Sinking Fund Installment Redemption. The Bonds maturing on July 1, 2042 are subject to mandatory redemption in part commencing on July 1, 2038 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:

Sinking Fund Payment Date	Amount
July 1, 2038	$1,125,000
July 1, 2039	$1,180,000
July 1, 2040	$1,240,000
July 1, 2041	$1,300,000
July 1, 2042*	$3,025,000

*Final Maturity

Sinking Fund Installment Redemption. The Bonds maturing on July 1, 2047 are subject to mandatory redemption in part commencing on July 1, 2043 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:

Sinking Fund Payment Date	Amount
July 1, 2043	$3,180,000
July 1, 2044	$5,645,000
July 1, 2045	$5,925,000
July 1, 2046	$6,225,000
July 1, 2047*	$6,535,000

*Final Maturity

Extraordinary Redemption. The Bonds are subject to redemption 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 to be prepaid, 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, in the opinion of an Authorized Representative of the University (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after such damage or destruction), (A) the Facility or any such portion of the Facility cannot be reasonably restored within a period of eighteen (18) consecutive months after such damage or destruction to the condition thereof immediately preceding such damage or destruction, or (B) 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 (C) 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, plus any other funds of the University used to pay the costs of the restoration of the Facility pursuant to the Loan Agreement; or

(ii) Title to, or the use of, all or any material part of the Facility shall have been taken by Condemnation such that, in the opinion of an Authorized Representative of the University (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after the date of such taking), 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 from any Owner or the University of the occurrence of an Event of Taxability (but in no event later than one hundred twenty (120) days following such notice to the Trustee of the Event of Taxability), 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 either by mail or Electronic Means 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 or the electronic address on file with the Trustee in the instance where the Registered Holder shall be Cede & Co.; provided, however, that the failure to give such notice by either means, 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.

Subject to the terms of the Indenture, Bonds shall be transferable only on the books of the Issuer, and 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 University, the Underwriter 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 US. 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 affect 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 2017 Bond Principal	Series 2017 Bond Interest	Other Debt Service*	Total Debt Service**
2017	$ -	$ -	$ 14,836,619	$ 14,836,619
2018	915,000	2,890,683	14,569,244	18,374,927
2019	985,000	2,548,406	14,840,494	18,373,900
2020	975,000	2,509,006	12,328,744	15,812,750
2021	965,000	2,470,006	12,335,494	15,770,500
2022	960,000	2,421,756	12,345,494	15,727,250
2023	930,000	2,402,556	12,352,744	15,685,300
2024	935,000	2,356,056	11,926,494	15,217,550
2025	935,000	2,309,306	11,922,494	15,166,800
2026	940,000	2,262,556	11,928,094	15,130,650
2027	940,000	2,215,556	11,920,344	15,075,900
2028	925,000	2,187,356	11,929,813	15,042,169
2029	925,000	2,141,106	6,438,813	9,504,919
2030	930,000	2,094,856	6,442,888	9,467,744
2031	930,000	2,048,356	6,444,925	9,423,281
2032	930,000	2,001,856	6,438,350	9,370,206
2033	935,000	1,955,356	6,443,081	9,333,438
2034	970,000	1,923,800	3,969,500	6,863,300
2035	1,000,000	1,889,850	3,972,619	6,862,469
2036	1,035,000	1,853,600	3,970,431	6,859,031
2037	1,080,000	1,812,200	3,967,938	6,860,138
2038	1,125,000	1,769,000	3,965,050	6,859,050
2039	1,180,000	1,712,750	3,970,938	6,863,688
2040	1,240,000	1,653,750	3,967,594	6,861,344
2041	1,300,000	1,591,750	3,967,250	6,859,000
2042	3,025,000	1,526,750	2,309,438	6,861,188
2043	3,180,000	1,375,500	2,306,688	6,862,188
2044	5,645,000	1,216,500	-	6,861,500
2045	5,925,000	934,250	-	6,859,250
2046	6,225,000	638,000	-	6,863,000
2047	6,535,000	326,750	-	6,861,750
TOTAL	**$ 54,520,000**	**$ 57,039,227**	**$ 221,811,569**	**$ 333,370,796**

* Excludes Capital Leases and Series 2007 Bonds to be defeased

** Totals may not add due to rounding

BONDHOLDERS' RISKS

Purchase of the Bonds involves a degree of risk. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment. The following section is intended only as a summary of certain risk factors attendant to an investment in the Bonds. Such summary is not intended to be definitive, dispositive or comprehensive, but rather informational only.

Economic Factors Beyond the University's Control

The financial condition of the University as well as the market for the Bonds could be adversely affected by a variety of factors beyond the University's control including general local, state, national and international economic conditions (i.e., inflation, unemployment, and demographics). There can be no assurance that an adverse event will not occur which might affect the market price of and the market for the Bonds. If a significant event should occur in the affairs of the University, the market for the Bonds and their market value could be adversely affected.

No Security Pledged for Repayment

No specific revenues or assets of the University are pledged as security for the repayment of the Bonds. Therefore, Bondholders do not have a lien on or claim to any specific revenues or assets of the University.

State and Federal Legislation

In recent years, the activities of non-profit, tax-exempt corporations have been subjected to increasing scrutiny by federal, state and local legislative and administrative agencies, including the United States Congress, the Internal Revenue Service, New York State and local taxing authorities. Various proposals are presently being considered and may be considered in the future at the federal, state and local levels which may restrict the definitions of tax-exempt or non-profit status, impose new restrictions on the activities of tax-exempt, non-profit corporations, or tax or otherwise burden the activities of such corporations, including proposals to (i) broaden or strengthen federal and local tax law provisions respecting unrelated business income of non-profit corporations, or (ii) reduce or eliminate real estate tax exemptions available to charitable organizations. There can be no assurance that future changes in the laws, rules, regulations, interpretations and policies relating to the definition, activities or taxation of non-profit, tax-exempt corporations will not have material adverse impacts on the future operations or costs of the University.

New York State recently adopted the Excelsior Scholarship Program. The program is expected to afford free tuition to in-state public colleges and universities for families meeting certain income tests. It is possible that this program will negatively impact demand and or enrollment at private colleges and universities in New York State. As the program has only been first adopted as part of the fiscal year 2018 New York State budget, it is unknown what if any impact the Excelsior Scholarship Program will have on the University.

Future Results May Differ from Historical Results

Certain financial information regarding the University is set forth under the heading "THE UNIVERSITY" and audited financial statements of the University are included in Appendix A. There can be no assurance that the financial results achieved in the future will be similar to historical results. Such future results will vary from historical results and the variations may be material. Therefore, the historical financial results cannot be taken as a representation that the University will be able to generate sufficient revenues in the future to fulfill its obligations under the Loan Agreement.

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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.

Pursuant to the Indenture, the Issuer will pledge and assign to the Trustee a security interest in any moneys due or to become due, and any and all other rights and remedies of the Issuer, under or arising out of the Loan Agreement (except for "Unassigned Rights," as such quoted term is defined in the Indenture).

Special Obligations; Limited Resources

The Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments paid by the University under the Loan Agreement, and as otherwise provided in 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 NOR 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.

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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 nonsectarian, coeducational institution of higher learning located on an approximately 244-acre campus in 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 coeducational 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 is accredited by the following major accrediting entities:

Middle States Commission on Higher Education
AACSB International - The Association to Advance Collegiate Schools of Business
Accrediting Council on Education in Journalism and Mass Communications
Accreditation Review Commission on Education for the Physician Assistant, Inc.
American Art Therapy Association
American Bar Association
American Chemical Society
American Psychological Association
Commission on Accreditation of Athletic Training Education
Commission on Accreditation of Medical Physics Educational Programs
Council on Academic Accreditation in Audiology and Speech-Language Pathology
Council for Accreditation of Counseling and Related Educational Programs
Council on Rehabilitation Education, Inc.
Engineering Accreditation Commission of ABET
Liaison Committee on Medical Education
National Association of School Psychologists
Teacher Education Accreditation Council
American Bar Association Standing Committee on Paralegals Approval Commission
American Alliance of Museums
National Association for the Education of Young Children /National Academy of Early Childhood

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*.

The Hofstra Northwell School of Medicine graduated its first class in 2015 and is fully accredited by the Liaison Committee on Medical Education. In 2011, the University launched a new School of Engineering and Applied Science; in 2012, a new School of Health Professions and Human Services was established; and in 2015 the new Hofstra Northwell School of Graduate Nursing and Physician Assistant Studies and the Peter Kalikow School of Government, Public Policy and International Affairs were both established.

The University history of hosting presidential debates in 2008, 2012, and 2016, 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 12th presidential conference on George W. Bush, held in the spring 2015.

The 2016 Presidential debate hosted by Hofstra was the most watched debate in history and provided national and international recognition for Hofstra.

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 and Alumni Affairs Committee, the Endowment and Investment Committee, the Finance Committee, the Medical School Committee, and the Physical Plant 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 as of December 2016. The Officers of the Board are listed in the parenthetical next to their names:

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.

The Board of Trustees has extended President Rabinowitz's contract through 2021.

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-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.

Gail M. Simmons, Provost and Senior Vice President for Academic Affairs

Dr. Gail M. Simmons became Provost and Senior Vice President for Academic Affairs at Hofstra in July 2015. As chief academic officer of the University, Dr. Simmons is responsible for overseeing the full range of administrative responsibilities for the operation of the academic units of the University including all of the University's Schools and Colleges as well as the libraries of the University.

Prior to joining Hofstra, Dr. Simmons served as provost and vice president of academic affairs as well as a professor of biology at Manhattanville College. Prior to Manhattanville, she served as the Dean of the Division of Science and Technology at the College of Staten Island of the City University of New York (CUNY), founding Dean of the School of Science at The College of New Jersey, and Associate Dean of the Division of Science at The City College of CUNY.

Dr. Simmons has also served as a board member of the YWCA of White Plains and Central Westchester, Bet Am Shalom Synagogue in White Plains, the Philomusica Chorus in East Brunswick, N.J., and the New Jersey Marine Sciences Consortium as well as associate editor of the Journal of Molecular Evolution and a panelist for the National Science Foundation. She recently joined the board of the Cradle of Aviation Museum in Garden City, New York.

Dr. Simmons is a geneticist and biologist. She received her PhD from the Department of Genetics at the University of California, Davis, and a BS in Biological Sciences from the University of Pittsburgh.

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, Senior 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. 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 as a reviewer for the Middle States Association since 1996 and for a variety of not-for-profit boards and board committees.

Dolores Fredrich, Esq., Senior 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.

She has served on numerous not-for-profit boards and is a member of the Nassau County, New York and American Bar Associations.

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

As Vice President for Development and Alumni Affairs since 2005, Alan Kelly is responsible for all aspects of University fundraising, development and alumni involvement at Hofstra University. He is a Certified Fundraising Executive (CFRE).

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 Board of The Viscardi School, is the Chair of the Finance Council and Trustee for Our Lady of Peace Parish, serves on the 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 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 Public Safety, conference 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.

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.

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. She reports to the Senior Vice President for Planning and Administration.

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 has served on the Girls Scouts of Nassau County, 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.

Mark J. Lesko, Vice President for Economic Development

Mark J. Lesko, J.D., is the Vice President of Economic Development for Hofstra University, where he oversees the School of Continuing Education and the Scott Skodnek Business Development Center, and serves as Executive Dean of Hofstra's Center for Entrepreneurship and of the Wilbur F. Breslin Center for Real Estate Studies. He is the former Executive Director of Accelerate Long Island, a regional collaboration among Long Island's research institutions to accelerate the formation of an innovation-based economy. Prior to joining Accelerate Long Island, Mark Lesko was the Supervisor of the Town of Brookhaven, and before that, a federal prosecutor in the U.S. Department of Justice and Deputy Chief of the Long Island Criminal Division of the U.S. Attorney's Office for the Eastern District of New York. Vice President Lesko is a graduate of Yale University and received his law degree from Georgetown University Law School.

W. Houston Dougharty, Vice President for Student Affairs

W. Houston Dougharty is the Vice President for Student Affairs and is responsible for all aspects of student affairs. He reports to the Senior Vice President for Planning and Administration.

Mr. Dougharty served previously as senior student affairs officer at Grinnell and Lewis & Clark Colleges and the University of Puget Sound. He received the Outstanding Senior Student Affairs Officer award from NASPA Region IVE. He has 33 years of experience in higher education student affairs and is active regionally and nationally in NASPA (Student Affairs Administrators in Higher Education) and ACPA (College Student Educators International). He is frequently cited in numerous publications and is published in a number of books. He earned degrees at Puget Sound, Western Washington University, and UC-Santa Barbara.

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 and reports to the Senior Vice President for Planning and Administration.

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 the following schools and colleges. 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.

The Hofstra College of Liberal Arts and Sciences – the largest unit of the University – offers a comprehensive range of baccalaureate degrees including the Bachelor of Arts, Bachelor of Fine Arts and Bachelor of Science, as well as Master of Arts, Master of Science, Master of Fine Arts and the Ph.D. and Psy.D degrees in Psychology, and doctoral degrees in Literacy Studies, Educational and Policy Leadership, and Learning and Teaching. It contains four schools: the Peter S. Kalikow School of Government, Public Policy and International Affairs; the School of Humanities, Fine and Performing Arts; the School of Natural Sciences and Mathematics and the School of Education.

Honors College of Hofstra University provides an additional intellectually stimulating experience for the University's most academically qualified undergraduates. The fall 2016 freshmen have SAT scores in the 1260-1380 range *(20th and 80 th percentiles)* and had an average 3.92 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 and grants Bachelor of Business Administration, Master of Business Administration and Master of Science degrees, a joint MBA/JD degree in conjunction with the Maurice A. Deane School of Law, a dual BBA/MSEd degree offered in conjunction with the School of Education, and various dual degree programs (BBA/MS; BBA/MBA) and graduate advanced certificates. The Zarb School of Business as well as the Accounting Program are nationally accredited by the Association to Advance Collegiate Schools of Business. In September 2011, the Zarb School began offering a completely online MBA program.

The Lawrence Herbert School of Communication contains two departments and offers Bachelor of Arts degrees, Bachelor of Science degrees, a Master of Arts degree, a Master of Fine Arts degree, and a dual BA/MA in Journalism. The undergraduate program in the Department of Journalism, Media Studies and Public Relations is nationally accredited by the Accreditation Council on Education in Journalism and Mass Communication (ACEJMC).

The Maurice A. Deane 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 Bar Association and is a member of the Association of American Law Schools. The Law School also offers specialized LLM degrees, an MA degree, as well as dual JD/MBA and JD/MPH degrees.

In 2015, the Hofstra Northwell School of Medicine was awarded full accreditation by the Liaison Committee of Medical Education and graduated its first class. 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.

Established in 2011, the Fred DeMatteis School of Engineering and Applied Science combined and expanded the University's existing engineering and computer science departments to develop a curriculum that emphasizes high-tech research, practical work experience and inter-disciplinary study. The School offers majors in Computer Engineering, Computer Science, dual degree programs in Computer Science, a master's degree in Computer Science and ABET-accredited degree programs in Engineering Science, Mechanical Engineering, and Electrical Engineering, as well as offering a major in Industrial Engineering. With the establishment of a School of Engineering and Applied Science, Hofstra became one of only three universities in the New York metropolitan area with schools of law, medicine, and engineering.

The School of Health Professions and Human Services was established in 2012, and contains three departments and offers programs in the fields of rehabilitation, counseling and therapy, speech-language pathology, audiology, public health and health management. The School offers a Bachelor of Arts degree and Bachelor of Science degrees as well as several dual degree programs, a Master of Health Administration and a Master of Public Health program. Master's degrees programs are also available in Creative Arts Therapy, Marriage and Family Therapy, Mental Health Counseling and Rehabilitation Counseling, Occupational Therapy, and Health Infomatics. The School also offers a professional doctorate in audiology (AuD).

In 2015, Hofstra and the Northwell Health announced the launch of the Hofstra Northwell School of Graduate Nursing and Physician Assistant Studies, expanding their successful medical school partnership to meet the increasing need for nurse practitioners and physician assistants to deliver community-based health care. The School offers an MS in Family Nurse Practitioner and an MS in Adult-Gerontology Acute Care Nurse Practitioner, and an MS in Psychiatric-Mental Health Nurse Practitioner, as well as a master's degree and a dual BA/MA degree program in Physician Assistant Studies, which is accredited by the Accreditation Review Commission on Education for the Physician Assistant (ARC-PA).

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

Faculty

As of the fall 2016 semester, the University's full-time faculty numbered 489, 71% of whom were tenured. Approximately 93% 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 692. The student/faculty ratio for the 2015-16 academic year was approximately 13.6:1. Average compensation for 2015-16 for full-time faculty teaching load was as follows:

Full-time Faculty
Average Compensation
For Academic Year 2015-16

	Number	*Average Base*	*Average Fringe Benefits*	*Average Total Compensation*
Professors	203	$ 147,589	$ 56,853	$ 204,441
Associate Professors	199	102,577	41,118	143,696
Assistant Professors	93	89,133	25,581	114,714
Instructors	3	75,700	26,435	102,135
Total/Average	498	$ 118,253	$ 44,542	$ 162,795

The faculty include 2 Guggenheim Fellows, 17 Fulbright Scholars, 3 National Endowment for the Arts (NEA) Fellows, 8 National Endowment for the Humanities (NEH) Fellows, and 2 Emmy winners.

In addition to the above, there are 19 full-time faculty appointed to the School of Medicine and over 2,000 faculty employed by Northwell Health and appointed as faculty at the School of Medicine.

Other Employees

As of the fall 2016 semester, the University had 1,264 full-time and 103 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:

	Fall Semester				
	2012-13	2013-14	2014-15	2015-16	2016-17
Full-Time Equivalents (FTEs)					
Undergraduate, Full-Time	6,374	6,378	6,474	6,417	6,497
Undergraduate, Part-Time	216	174	172	172	169
	6,590	6,552	6,646	6,589	6,666
Graduate	3,888	3,946	3,898	3,791	4,042
Total, Full-Time Equivalents (FTEs)	10,478	10,498	10,544	10,380	10,708
Total, Headcount	11,023	10,928	10,953	10,814	11,145

In addition the University has three summer sessions, as well as a January session. Enrollment for the summer of 2016 was approximately 4,500 students.

In the fall 2016, approximately 3,400 undergraduate and graduate students resided in University housing.

Application and Admissions

The following table sets forth freshman 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:

	2012-13	2013-14	2014-15	2015-16	2016-17
Applications	22,733	27,700	26,388	27,991	28,617
Acceptances	13,346	16,354	16,258	17,090	17,806
Enrollments	1,488	1,616	1,714	1,651	1,647
Mean SAT	1169	1150	1151	1178	1166
High School GPA	3.48	3.52	3.55	3.62	3.61

In addition, the University enrolled 357 full-time equivalent new transfer students in fall 2016.

Graduate Programs

Hofstra University offers a variety of graduate programs, including specialized Master's degrees in business, fine arts, the sciences, communications, education, nursing 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 offers a full-time day MBA program and a fully online MBA, as well as part-time programs.

Hofstra Northwell School of Medicine

In 2015, the Hofstra Northwell School of Medicine was awarded full accreditation by the Liaison Committee of Medical Education and graduated its first class. During 2016, the School received approximately 6,200 applications and enrolled 101 students for the sixth class, bringing total enrollment to approximately 400. Enrollment is projected to remain at 100 new students per year for 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.

In 2015, the University completed construction of a new School of Medicine facility, which together with the prior renovated facility provides 113,000 square ft. The new facility and prior renovation were partially funded by New York State grants.

Pursuant to an agreement, Northwell 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 celebrated its 40th anniversary in 2011, receiving the largest gift in the University's history in connection with the naming of the school. The gift is endowed for the benefit of the School of Law.

The School of Law enrolled 791 students in the fall 2016.

Freshman Geographic Profile

The following table sets forth the geographic origin of the University entering freshman class expressed as a percentage of total freshman enrollments. The "In Region" category indicated below is defined as freshman 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%
2010	52%	31%	16%
2011	55%	30%	15%
2012	52%	30%	18%
2013	52%	28%	20%
2014	52%	24%	24%
2015	51%	27%	22%
2016	51%	28%	21%

**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				
	2012-13	2013-14	2014-15	2015-16	2016-17
Tuition and Fees	$ 35,950	$ 37,400	$ 38,900	$ 40,460	$ 42,160
Room and Board:					
Room Charge *(Avg. Dbl)*	8,450	8,750	9,050	9,350	9,700
Board Charge *(Base)*	3,620	3,740	3,860	3,980	4,100
	12,070	12,490	12,910	13,330	13,800
Total	$ 48,020	$ 49,890	$ 51,810	$ 53,790	$ 55,960

Freshman resident students must select from three meal plans, which cost $4,100-4,760 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, along with neighboring schools, are the institutions included in the table below:

Institution	Tuition and Fees 2016-17
Boston University	$ 50,240
Villanova University	49,280
New York University	49,062
Fordham University	48,688
Lehigh University	48,320
Northeastern University	47,589
Syracuse University	45,022
Quinnipiac University	43,940
Pace University	42,722
Hofstra University	**42,160**
St. John's University	39,460
C.W. Post College – LIU	36,156
Adelphi University	35,740

Student Financial Aid

During the 2015-16 academic year, approximately 90% of full-time undergraduate 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:

	(In 000's)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Grants:					
University	$ 88,131	$ 93,882	$ 104,768	$ 117,992	$ 128,559
State	4,945	4,816	4,721	4,962	4,489
Federal	11,630	9,950	11,452	11,812	11,763
Grants from External Sources	3,812	4,050	4,286	4,866	6,083
Tuition Waivers	10,099	10,446	11,002	10,737	10,719
Total Grants	$ 118,617	$ 123,144	$ 136,229	$ 150,369	$ 161,613
Loans:					
University	$ 600	$ 962	$ 1,911	$ 2,562	$ 2,491
Federal *(Stafford Loans)*	67,765	63,521	61,424	61,639	62,026
Federally Guaranteed *(Perkins)*	1,045	1,062	905	762	869
Federal Plus Loans	60,113	58,826	57,664	57,229	58,394
Alternative Loans	22,210	21,473	22,045	23,700	26,001
Total Loans	$ 151,733	$ 145,844	$ 143,949	$ 145,892	$ 149,781
Total Grants and Loans	$ 270,350	$ 268,988	$ 280,178	$ 296,261	$ 311,394

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

University-wide Discount Rate	*24.5%*	*25.6%*	*27.3%*	*29.6%*	*31.3%*

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
2011-12	1,707	1,177	372	3,256
2012-13	1,548	1,213	328	3,089
2013-14	1,410	1,221	328	2,959
2014-15	1,534	1,245	320	3,099
2015-16	1,382	1,245	208	2,835

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 $183 million while long-term debt increased $31 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 approximately $117 million, funded with operating margins, gifts and grants. The University's liquidity remains strong with approximately 495 days cash on hand.

HOFSTRA UNIVERSITY

Condensed Statement of Financial Position

The following table presents a Condensed Statement of Financial Position for the five years ended August 31, 2016 which was derived from the Statement of Financial Position for the years then ended:

	(In 000's)				
	2012	2013	2014	2015	2016
Assets					
Cash and Short-Term Investments	$ 177,165	$ 177,444	$ 191,726	$ 199,747	$ 203,383
Receivables	34,578	36,914	37,093	43,053	42,269
Long-Term Investments	355,710	403,424	458,738	448,532	478,418
Assets Held by Bond Trustees and Other Assets	17,961	43,437	17,428	5,988	3,386
Land, Buildings, and Equipment, net	256,882	261,985	290,125	292,835	295,699
	$ 842,296	$ 923,204	$ 995,110	$ 990,154	$ 1,023,155
Liabilities					
Accounts Payable, Accrued Expenses	18,222	20,525	28,377	20,756	20,489
Deferred Revenue	108,417	107,766	111,413	110,635	115,651
Other	17,509	19,857	16,847	17,749	19,309
Accrued Interest on Capital Appreciation Bonds	8,562	9,434	10,350	9,568	7,623
Liability for Postretirement Benefits	72,234	49,986	47,038	38,210	33,397
Long-Term Debt	154,642	183,060	177,584	171,545	166,745
	$ 379,586	$ 390,628	$ 391,609	$ 368,464	$ 363,214
Net Assets					
Unrestricted	286,504	342,169	385,230	399,294	425,856
Temporarily Restricted	66,954	76,006	91,648	89,899	93,446
Permanently Restricted	109,252	114,401	126,623	132,497	140,639
	$ 462,710	$ 532,576	$ 603,501	$ 621,690	$ 659,941
Total Liabilities and Net Assets	$ 842,296	$ 923,204	$ 995,110	$ 990,154	$ 1,023,155

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, 2016 which was derived from the Statement of Activities for the years then ended:

	(In 000's)				
	2012	2013	2014	2015	2016
Revenue					
Tuition and Fees	$ 355,798	$ 362,400	$ 377,564	$ 392,482	$ 404,495
Less: Scholarships and Fellowships	(87,256)	(92,892)	(103,263)	(116,195)	(126,652)
Net Tuition and Fees	268,542	269,508	274,301	276,287	277,843
Investment Income	5,563	4,443	8,473	(167)	3,940
Investment Income – Endowment	22,021	34,309	49,984	(4,158)	27,165
Contributions	19,423	22,592	20,945	23,841	27,172
Government Grants and Contracts	9,238	9,789	9,847	22,736	10,743
Sales and Services of Educational Departments	2,570	2,462	2,675	2,451	2,690
Sales and Services of Auxiliary Enterprises	40,304	40,317	41,510	42,805	44,215
Reimbursement of Shared Services	6,302	6,010	5,835	4,883	5,998
Other Sources	7,717	8,009	7,271	8,645	8,216
Total Revenues	$ 381,680	$ 397,439	$ 420,841	$ 377,323	$ 407,982
Expense					
Instruction	165,045	165,859	170,172	177,140	180,861
Research and Public Service	14,414	15,168	12,106	12,279	14,986
Academic Support	22,178	21,826	22,101	23,926	23,732
Student Services	44,120	43,818	46,285	49,439	50,555
Institutional Support	61,705	59,263	58,997	57,434	55,641
Auxiliary Enterprises	41,279	39,760	40,704	43,545	42,964
Expense	$ 348,741	$ 345,694	$ 350,365	$ 363,762	$ 368,739
Change in Net Assets	32,939	51,745	70,476	13,561	39,243
Nonrecurring Items, net:					
Other Postretirement Changes	(7,884)	20,208	497	4,690	(996)
Other Adjustments	(128)	(2,087)	(48)	(62)	4
Change in Net Assets, After Nonrecurring Items	24,927	69,866	70,925	18,189	38,251
Net Assets, Beginning of Year	$ 437,783	$ 462,710	$ 532,576	$ 603,501	$ 621,690
Net Assets, End of Year	$ 462,710	$ 532,576	$ 603,501	$ 621,690	$ 659,941

Endowment Funds

Investments

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

	(In 000's)				
	2012	2013	2014	2015	2016
Long-Term Investments:					
Endowment Investments	$ 318,448	$ 360,482	$ 411,699	$ 410,322	$ 444,920
Other	37,262	42,942	47,039	38,210	33,498
Total Long-Term Investments	$ 355,710	$ 403,424	$ 458,738	$ 448,532	$ 478,418

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:

	(In 000's)				
	2012	2013	2014	2015	2016
Unrestricted	$ 163,174	$ 189,182	$ 215,890	$ 217,669	$ 240,128
Temporarily Restricted	49,947	61,167	79,090	70,356	75,770
Permanently Restricted	107,583	111,151	121,175	124,792	130,669
Total Endowment	$ 320,704	$ 361,500	$ 416,155	$ 412,817	$ 446,567

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.

Private Gifts

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

	(In 000's)				
	2012	2013	2014	2015	2016
Unrestricted	$ 2,206	$ 2,644	$ 2,471	$ 5,455	$ 13,459
Temporarily Restricted	8,753	13,200	6,774	13,102	5,939
Permanently Restricted	8,464	6,748	11,700	5,284	7,774
Total	$ 19,423	$ 22,592	$ 20,945	$ 23,841	$ 27,172

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. To date, more than $109 million has been raised.

Facilities

The Hofstra University campus, which has a total of 116 buildings totaling more than 3 million square feet of campus buildings on 244 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 35 residence halls accommodating approximately 3,500 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, 2016, the University invested approximately $117 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:

	(In 000's)				
	2012	2013	2014	2015	2016
Land and Land Improvements	$ 39,815	$ 41,020	$ 43,795	$ 44,626	$ 46,851
Buildings and Improvements	393,436	401,428	412,218	455,831	469,550
Equipment, Software, Furniture, Library Books	91,135	93,876	90,328	88,037	86,784
Construction in Progress	1,775	6,436	33,102		1,542
Asset Retirement Costs	523	523	523	523	523
	526,684	543,283	579,966	589,017	605,250
Accumulated Depreciation	(269,802)	(281,298)	(289,841)	(296,182)	(309,551)
Total	$ 256,882	$ 261,985	$ 290,125	$ 292,835	$ 295,699

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)				
	2012	2013	2014	2015	2016
Long-Term Debt	$ 154,642	$ 183,060	$ 177,584	$ 171,545	$ 166,745

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

	2016	2015
Town of Hempstead Local Development Corporation Series 2013 bonds, original amount of $66,495,000, *maturing through 2043 with yields ranging from 1.32% to 4.5% (a)*	$ 63,045,000	$ 64,495,000
Unamortized Bond Premium	2,825,902	3,102,693
Unamortized Bond Issuance Costs	(713,324)	(739,938)
Town of Hempstead Local Development Corporation Series 2011 bonds, original amount of $70,420,000, *maturing through 2041 with yields ranging from 2.99% to 4.8% (b)*	70,420,000	70,420,000
Unamortized Bond Premium	3,645,405	3,994,045
Unamortized Bond Issuance Costs	(644,211)	(669,979)
Town of Hempstead Industrial Development Agency Series 2007 bonds, original amount of $25,000,000, *maturing through 2036 with yields ranging from 4% to 4.625% (c)*	20,000,000	21,000,000
Unamortized Bond Premium	351,210	368,992
Unamortized Bond Issuance Costs	(419,917)	(440,409)
Nassau County Industrial Development Agency Series 1998 bonds, original amount of $107,407,129, *maturing through 2019 with yields of 5.15% (d)*	5,043,089	6,908,979
Capital Lease Obligations, *maturing through 2023 with imputed interest at an average rate of 2.7% (e)*	3,191,553	3,105,880
Total Long-Term Debt	$ 166,744,707	$ 171,545,263

(a) Town of Hempstead Local Development Corp. Series 2013

In 2013, the University issued $66,495,000 of tax-exempt bonds through the Town of Hempstead Local Development Corporation. The proceeds were used to refinance $39,040,000 of the 2003 Town of Hempstead Industrial Development Agency's outstanding Civic Facility Revenue Bonds and to finance the costs of: (*i*) constructing and equipping of a new facility for the School of Medicine, (*ii*) renovating and equipping Adams Hall and Barnard Hall; and (*iii*) other general maintenance.

Outstanding Indebtedness of the University (continued)

(b) *Town of Hempstead Local Development Corp. Series 2011*

In 2011, the University issued $70,420,000 of tax-exempt bonds through the Town of Hempstead Local Development Corporation. The proceeds were used to refinance $50,870,000 of the 1998 Nassau County Industrial Development Agency's outstanding Civic Facility Revenue Bonds and to finance the costs of: (*i*) renovation and modernization of several academic facilities, (*ii*) the installation of field lighting, the construction, renovation and equipping of Scientific/Engineering Equipment labs; and (*iii*) other general maintenance.

(c) *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.

(d) *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.

In 2011, the University refinanced $50,870,000 of the bonds through the Town of Hempstead Local Development Corporation. The remaining balance represents the outstanding principal on capital appreciation bonds.

Included in the original bond offering were $8,187,129 of capital appreciation bonds, which required no interest or principal payments until 2015. In 2016, payments of $4.6 million were made, including principal of $1,865,890 and interest of $2,764,110. Interest accrues at an annual rate of 5.15% through 2019, at which time the capital appreciation bonds shall be fully paid. Interest was accrued in the amount of $818,911 and $939,064 for the years ended August 31, 2016 and 2015, respectively.

(e) *Capital Lease Obligations*

The University has entered into several capital lease agreements which are still outstanding for computers, copiers, and various network equipment costing $6,641,876. The leases are being repaid with monthly payments, including imputed interest ranging from 1.4% to 3.8%, and will mature through August 2023.

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) *(expires 2021)*
Office & Professional Employees	Office and Professional Employees International Union (Local 153) *(expires 2020)*
Plant Employees (Trade)	International Brotherhood of Teamsters, (Local 282) *(expires 2018)*
Custodians/Grounds/Bus Drivers	RWDSU, UFCW (Local 1102) *(expires 2019)*
Public Safety Employees	International Brotherhood of Teamsters, (Local 553) *(expires 2018)*

(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. Most active employees now contribute 25% of the cost of their healthcare benefits. Employees hired after September 1, 2003 *(or other effective date depending on union)* are not eligible for retiree medical benefits. For active employees who retained eligibility for retiree benefits, contributions are required. As of 2016, all employees retiring after specified dates (*varies by employee group*) are no longer eligible for postretirement medical benefits upon becoming Medicare eligible.

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

The University is 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 University 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 University 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 Farrell Fritz, P.C., counsel to the University as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer and the University described above, interest on the 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 by the Code on such corporations.

State Taxes

Bond Counsel is also 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 thereof, including The City of New York, assuming compliance with the tax covenants and the accuracy of the representations and certifications described above under the heading "Federal Income Taxes". Bond Counsel expresses no opinion as to other New York 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 jurisdiction other than New York.

Original Issue Discount

The excess of the principal amount of a maturity of the Bonds over the price at which a substantial amount of such maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each a "Discount Bond," and collectively, the "Discount Bonds") 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

Bonds sold at prices in excess of their principal amounts are "Premium Bonds." 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, and individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

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 to this Official Statement. 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. In this regard, there have been various proposals in recent years that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors 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.

VERIFICATION OF COMPUTATIONS

Causey Demgen & Moore P.C. will deliver a report, dated the date of issuance of the Bonds, verifying the accuracy of: (i) the mathematical computations of the adequacy of the escrowed funds to pay when due the principal of and interest on the applicable Series 2007 Bonds; and (ii) the mathematical computations supporting the conclusions of Bond Counsel that the applicable Series 2007 Bonds have been defeased.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be passed upon by Nixon Peabody LLP, New York, New York, Bond Counsel for the Issuer, which opinion will be substantially in the form attached hereto as Appendix C. Certain legal matters will be passed upon for the 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

The Issuer knows of 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 to execute and deliver the Indenture or the Loan Agreement.

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

Moody's has assigned the University the rating of "A2". Any desired explanation of the significance of such rating should be obtained from Moody's. Standard & Poor's has assigned the University the rating of "A". Any desired explanation of the significance of such rating should be obtained from Standard & Poor's. There is no assurance that a particular rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of 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. (the "Underwriter") has agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds at an aggregate Underwriter's discount of $228,494.28 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.

INDEPENDENT ACCOUNTANT

The financial statements as of August 31, 2016 and 2015 and for the years then ended, included in this (Preliminary) Official Statement, have been audited by KPMG LLP, independent accountants. 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 Preliminary 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 Project, 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

AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEARS ENDING AUGUST 31, 2016 AND 2015

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HOFSTRA UNIVERSITY

Financial Statements

August 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

HOFSTRA UNIVERSITY

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

Independent Auditors' Report

The Board of Trustees
Hofstra University:

We have audited the accompanying financial statements of Hofstra University, which comprise of the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

December 9, 2016

HOFSTRA UNIVERSITY

STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2016 AND 2015

	Notes	2016	2015
ASSETS			
Cash and Cash Equivalents		$ 125,096,904	$ 122,476,612
Short-Term Investments	*17*	78,286,259	77,270,019
Accounts Receivable, net	*3*	7,344,295	7,293,624
Grants Receivable, net		1,993,834	3,386,835
Other Receivables, net		4,489,418	4,059,361
Prepaid Expenses and Other Assets		3,386,474	3,402,685
Contributions Receivable, net	*4*	16,418,282	18,395,157
Loans Receivable, net	*5*	12,022,939	9,918,266
Long-Term Investments:			
Endowment	*6, 17*	444,920,395	410,321,604
Other	*7, 17*	33,497,418	38,210,241
Total Long-Term Investments		478,417,813	448,531,845
Assets Held by Bond Trustees	*17*	0	2,584,963
Land, Buildings, and Equipment, net	*8*	295,698,913	292,834,623
TOTAL ASSETS		$ 1,023,155,131	$ 990,153,990
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses		$ 20,489,160	$ 20,755,927
Other Liabilities		11,565,371	10,240,438
Deferred Revenue		115,650,528	110,635,045
U.S. Government Grants Refundable		2,823,583	2,833,973
Asset Retirement Obligation	*12*	4,920,811	4,675,370
Liability for Postretirement Benefits	*13*	33,397,418	38,210,241
Accrued Interest on Capital Appreciation Bonds	*14*	7,622,620	9,567,819
Long-Term Debt	*14*	166,744,707	171,545,263
TOTAL LIABILITIES		363,214,198	368,464,076
COMMITMENTS AND CONTINGENCIES	*21*		
NET ASSETS			
Unrestricted	*15, 16*	425,856,541	399,294,184
Temporarily Restricted	*15, 16*	93,445,863	89,899,034
Permanently Restricted	*15, 16*	140,638,529	132,496,696
TOTAL NET ASSETS		659,940,933	621,689,914
TOTAL LIABILITIES AND NET ASSETS		$ 1,023,155,131	$ 990,153,990

See notes to financial statements

<u>**HOFSTRA UNIVERSITY**</u>

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

		2016				2015			
	Notes	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES									
Tuition and Fees		$ 404,495,167	-	-	$ 404,495,167	$ 392,481,999	-	-	$ 392,481,999
Less: Scholarships and Fellowships		(126,652,009)	-	-	(126,652,009)	(116,194,747)	-	-	(116,194,747)
Net Tuition and Fees		277,843,158	-	-	277,843,158	276,287,252	-	-	276,287,252
Investment Return - Endowment	*16*	21,798,813	$ 5,366,277	-	27,165,090	4,562,349	$ (8,720,229)	-	(4,157,880)
Investment Return - Other		3,929,350	5,017	$ 6,100	3,940,467	(178,764)	5,208	$ 6,258	(167,298)
Contributions		13,458,931	5,939,025	7,773,858	27,171,814	5,454,726	13,101,777	5,284,421	23,840,924
Government Grants and Contracts		10,742,304	-	-	10,742,304	22,736,297	-	-	22,736,297
Sales and Services of Educational Departments		2,689,568	-	-	2,689,568	2,451,326	-	-	2,451,326
Sales and Services of Auxiliary Enterprises, net		44,214,958	-	-	44,214,958	42,804,438	-	-	42,804,438
Reimbursement of Shared Services		5,998,632	-	-	5,998,632	4,883,459	-	-	4,883,459
Other Sources		8,148,816	67,421	-	8,216,237	8,677,369	(32,519)	-	8,644,850
		388,824,530	11,377,740	7,779,958	407,982,228	367,678,452	4,354,237	5,290,679	377,323,368
Net Assets Released from Restrictions		7,860,893	(7,835,051)	(25,842)	-	6,030,723	(6,041,855)	11,132	-
TOTAL REVENUES		396,685,423	3,542,689	7,754,116	407,982,228	373,709,175	(1,687,618)	5,301,811	377,323,368
EXPENSES	*18, 19*								
Instruction		180,860,580	-	-	180,860,580	177,139,652	-	-	177,139,652
Research		2,888,840	-	-	2,888,840	3,042,213	-	-	3,042,213
Public Service		12,097,121	-	-	12,097,121	9,237,278	-	-	9,237,278
Academic Support		23,732,341	-	-	23,732,341	23,925,881	-	-	23,925,881
Student Services		50,555,715	-	-	50,555,715	49,438,721	-	-	49,438,721
Institutional Support		55,640,597	-	-	55,640,597	57,433,711	-	-	57,433,711
Auxiliary Enterprises		42,963,677	-	-	42,963,677	43,544,671	-	-	43,544,671
TOTAL EXPENSES		368,738,871	-	-	368,738,871	363,762,127	-	-	363,762,127
CHANGE IN NET ASSETS, before reclassifications, and postretirement changes		27,946,552	3,542,689	7,754,116	39,243,357	9,947,048	(1,687,618)	5,301,811	13,561,241
RECLASSIFICATIONS AND OTHER ADJUSTMENTS		(387,717)	4,140	387,717	4,140	(572,581)	(61,720)	572,581	(61,720)
CHANGE IN NET ASSETS, before postretirement changes		27,558,835	3,546,829	8,141,833	39,247,497	9,374,467	(1,749,338)	5,874,392	13,499,521
POSTRETIREMENT CHANGES OTHER THAN NET PERIODIC BENEFIT COSTS	*13*	(996,478)	-	-	(996,478)	4,689,845	-	-	4,689,845
CHANGE IN NET ASSETS		26,562,357	3,546,829	8,141,833	38,251,019	14,064,312	(1,749,338)	5,874,392	18,189,366
NET ASSETS, BEGINNING OF YEAR		399,294,184	89,899,034	132,496,696	621,689,914	385,229,872	91,618,372	126,622,304	603,500,548
NET ASSETS, END OF YEAR		$ 425,856,541	$ 93,445,863	$ 140,638,529	$ 659,940,933	$ 399,294,184	$ 89,899,034	$ 132,496,696	$ 621,689,914

See notes to financial statements

HOFSTRA UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

		2016		2015
Cash Flows from Operating Activities:				
Net Tuition and Fees		280,549,051		273,688,173
Contributions		19,905,809		12,112,244
Government Grants & Contracts		10,898,928		8,149,477
Investment Return		6,317,048		6,577,966
Reimbursement of Shared Services		5,764,879		6,447,158
Sales and Services of Educational Departments		2,697,671		2,444,469
Sales and Services of Auxiliary Enterprises, net:				
Students		40,293,999		39,263,006
Others		3,744,570		3,836,225
Other Sources:				
Students		4,457,685		4,358,892
Others		4,724,759		4,361,164
Payment of Salaries and Wages		(196,919,167)		(193,114,856)
Payment of Benefits		(67,855,724)		(67,215,748)
Payment to Suppliers		(79,594,136)		(80,229,478)
Payment of Interest		(10,231,361)		(9,259,693)
Net Cash Flows Provided by Operating Activities		24,754,011		11,418,999
Cash Flows from Investing Activities:				
Purchase of Land, Buildings and Equipment		(21,576,559)		(20,491,518)
Change in Accounts Payable Incurred for Land, Buildings and Equipment		541,206		(6,202,277)
Purchase of Investments		(173,072,322)		(255,022,690)
Proceeds from the Sale of Investments		166,995,176		254,553,859
Student Loans:				
New Loans Made		(3,365,373)		(3,380,169)
Principal Collected and Loans Canceled or Assigned		1,260,700		1,306,134
Net Cash Flows Used for Investing Activities		(29,217,172)		(29,236,661)
Cash Flows from Financing Activities:				
Change in Assets Held by Bond Trustees		2,584,963		9,755,133
Principal Payments on Indebtedness		(6,004,632)		(4,755,438)
Contributions, Grants and Income Restricted to Long-Term Investment & Capital		9,629,958		19,140,679
Change in Permanently Restricted Contributions Receivable, net		873,164		2,109,659
Net Cash Flows Provided by Financing Activities		7,083,453		26,250,033
Net Change in Cash and Cash Equivalents		2,620,292		8,432,371
Cash and Cash Equivalents:				
Beginning of Year		122,476,612		114,044,241
End of Year	$	125,096,904	$	122,476,612
Supplemental Disclosures:				
Interest Paid	*$*	*10,231,361*	*$*	*9,271,591*
Assets Acquired by Capital Leases		*1,774,417*		*1,187,135*

See notes to financial statements

HOFSTRA UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

		2016		2015
Reconciliation of Change in Net Assets to Net Cash Flows Provided from Operating Activities:				
Change in Net Assets	$	38,251,019	$	18,189,366
Adjustments to Reconcile Change in Net Assets to Net Cash Flows				
Provided by Operating Activities:				
Net (Appreciation) / Depreciation in Fair Value of Investments		(24,825,063)		11,086,622
Depreciation and Accretion		20,746,091		19,215,070
Settlement of Asset Retirement Obligation		(13,965)		(31,218)
Amortization and Other Changes in Debt Premium		(643,213)		(619,821)
Amortization of Bond Issuance Costs		72,874		72,875
Provision for Bad Debt		2,131,100		2,100,000
Adjustment of Contributions Receivable		(3,822)		58,017
Accrued Interest on Capital Appreciation Bonds		818,911		939,064
Postretirement Changes Other Than Net Periodic Benefit Costs		996,478		(4,689,845)
Contributions, Grants and Income Restricted to Long-Term Investment & Capital		(9,629,958)		(19,140,679)
Changes in Operating Assets and Liabilities:				
Accounts Receivable, net		(2,181,771)		(2,460,359)
Grants Receivable, net		1,393,001		(834,592)
Temporarily Restricted Contributions Receivable, net		1,107,533		(6,340,556)
Other Receivables, net		(430,057)		1,481,476
Prepaid Expenses and Other Assets		16,211		(237,496)
Accounts Payable, Accrued Expenses and Other Liabilities		506,570		(730,785)
Deferred Revenue		5,015,483		(777,896)
Liability for Postretirement Benefits Relating to Net Periodic Costs & Claims Paid		(5,809,301)		(4,138,394)
Interest Payments on Capital Appreciation Bonds		(2,764,110)		(1,721,850)
Net Cash Flows Provided by Operating Activities	$	24,754,011	$	11,418,999

(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 and all conditions are met 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 funds, private equity, and certain other investments without readily determinable fair values 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, 2016 and 2015.

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 value 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 approximately \$20.5 million and \$19 million for the years ended August 31, 2016 and 2015, respectively.

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, paintings, 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 $1.4 million at August 31, 2016 and August 31, 2015.

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 an increase of approximately $70,000 in 2016 and a decrease of $30,000 in 2015.

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 $126.7 million in 2016 and $116.2 million in 2015.

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 (currently Northwell Health) to develop a school of medicine. The two institutions have worked in close collaboration since that time, and in the spring of 2015, the School received full accreditation and graduated its inaugural class.

Reimbursement of Shared Services represents amounts received from Northwell Health 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 use agreements. Sales and Services of Auxiliary Enterprises have been reduced by approximately $2.7 million in 2016 and $2.8 million in 2015 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, 2016 and 2015. A provision for income taxes, which is considered immaterial, 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 2015 financial statements or notes to conform to the 2016 presentation.

(3) Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts at August 31, 2016 and 2015 as follows:

	2016	2015
Student receivables	$ 24,960,720	$ 24,787,384
Allowance for doubtful accounts	(17,616,425)	(17,493,760)
	$ 7,344,295	$ 7,293,624

(4) 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, 2016 and 2015:

	2016	2015
Contributions receivable	$ 17,132,348	$ 19,199,097
Less:		
Allowance for doubtful accounts	(203,366)	(207,188)
Discount to present value *(ranging from 0.2% to 5.1%)*	(510,700)	(596,752)
	$ 16,418,282	$ 18,395,157

Contributions receivable at August 31, 2016 and 2015 are expected to be collected as follows:

	2016	2015
Within 1 year	$ 5,064,940	$ 6,546,239
Within 2 to 5 years	11,130,110	10,948,572
Thereafter	937,298	1,704,286
	$ 17,132,348	$ 19,199,097

At August 31, 2016, 66% of the contributions receivable are due from five donors, compared with 73% at August 31, 2015.

(5) Loans Receivable

Loans receivable are reported net of an allowance for doubtful accounts and consist of the following at August 31, 2016 and 2015:

	2016	2015
Federal Perkins loans	$ 5,700,876	$ 5,848,501
Law School loans	941,710	1,294,244
Medical School loans	7,529,250	5,240,168
Other	665,103	643,403
	14,836,939	13,026,316
Allowance for doubtful accounts	(2,814,000)	(3,108,050)
	$ 12,022,939	$ 9,918,266

(6) Long-Term Investments – Endowment

Endowment investments are reported at estimated fair value (See Note 17). A summary of endowment investments as of August 31, 2016 and 2015 is as follows:

	Fair value	
	2016	2015
Equity	$ 250,214,929	$ 227,691,966
Fixed Income	89,110,530	79,637,934
Hedge Funds	58,953,407	59,231,331
Private Equity and Distressed Debt	28,113,066	25,505,705
Real Estate	16,164,818	15,933,206
Split Interest Agreements:		
Equity	1,520,487	1,445,508
Fixed Income	843,158	875,954
Total Split Interest Agreements	2,363,645	2,321,462
Total	$ 444,920,395	$ 410,321,604

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

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, distressed debt and real estate.

Equity includes direct holding of stocks or mutual funds traded on exchanges and commingled funds that invest in non-US securities for which estimated fair value is based upon reported NAV. Redemption terms range from daily to monthly with 0 to 8 days notice.

Fixed Income includes direct holding of mutual funds traded on exchanges and commingled funds that invest in treasury inflation protected securities, high yield and emerging market debt securities for which estimated fair value is based upon reported NAV. Redemption terms range from daily to monthly with 0 to 10 days notice.

(6) Long-Term Investments – Endowment *(continued)*

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, 2016, the University had total outstanding capital commitments to private equity and debt related strategies of $27.2 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.

The University holds investments in real estate which include commercial and residential properties subject to lease agreements, as well as real estate funds. The investments in directly held real estate are valued on the basis of periodic independent appraisals, adjusted annually for market fluctuations. The most recent appraisals were obtained in 2015. As of August 31, 2016, the University had total outstanding capital commitments to real estate fund managers of $8.2 million.

The following provides a summary of the changes in value of the endowment investments for the years ended August 31, 2016 and 2015:

	2016	2015
Investments, beginning of year	$ 410,321,604	$ 411,699,077
Gifts and other additions:		
Contributions, excluding pledges	11,506,535	3,271,391
Pledge Receipts:		
Permanently Restricted	3,405,806	2,967,796
Temporarily Restricted	4,407,826	2,705,492
Transfers	5,481,274	9,264,099
Investment Return:		
Interest and Dividends, net	4,241,497	4,789,663
Net Appreciation/(Depreciation) on Investments	23,129,781	(8,959,528)
Total Investment Return *(including $206,420 and ($11,671) related to split interest agreements for 2016 and 2015, respectively)*	27,371,278	(4,169,865)
Investment Return Designated for Operations *(in accordance with spending policy and split interest agreements)*	(17,573,928)	(15,416,386)
Investments, end of year	$ 444,920,395	$ 410,321,604

Total investment management and advisory fees incurred in connection with endowment assets were approximately $4 million and $3.7 million for the years ended August 31, 2016 and 2015, respectively, and were netted with investment returns.

(7) Long-Term Investments - Other

Other long-term investments, reported at fair value (See Note 17), are largely 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. 2016 also includes $100,000 invested in connection with a student managed investment fund in accordance with a policy approved by the Board.

A summary of other long-term investments as of August 31, 2016 and 2015 is as follows:

	2016	2015
Equity	$ 20,160,920	$ 20,743,174
Fixed Income	8,533,067	10,289,422
Hedge Funds	4,687,472	7,164,797
Cash	115,959	12,848
	$ 33,497,418	$ 38,210,241

Investment earnings of $2.5 million were earned in 2016, compared with a loss of $600,000 in 2015. Investment earnings of $1.9 million were transferred to operations to support postretirement benefit expenses. The remainder was transferred to the quasi-endowment along with $4.5 million of net gains from plan design changes, offset partially by changes in actuarial assumptions.

(8) Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following:

	Cost	Accumulated Depreciation	Net carrying value
At August 31, 2016:			
Land and Land Improvements	$ 46,851,404	$ 23,511,018	$ 23,340,386
Buildings and Improvements	469,550,298	222,235,929	247,314,369
Equipment, Software, Library Books	86,783,951	63,406,271	23,377,680
Asset Retirement Costs	522,703	398,013	124,690
Construction in Progress	1,541,788		1,541,788
	$ 605,250,144	$ 309,551,231	$ 295,698,913
At August 31, 2015:			
Land and Land Improvements	$ 44,626,270	$ 22,298,007	$ 22,328,263
Buildings and Improvements	455,831,334	209,372,081	246,459,253
Equipment, Software, Library Books	88,036,839	64,120,891	23,915,948
Asset Retirement Costs	522,703	391,544	131,159
Construction in Progress			
	$ 589,017,146	$ 296,182,523	$ 292,834,623

The University capitalized interest of approximately $12,000 in 2015. Included in Land and Land Improvements is land of approximately $15.5 million and $13.6 million as of August 31, 2016 and 2015, respectively.

(9) 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, 2016 and 2015 amounted to \$16.5 million and \$16.6 million, respectively.

Multi-employer Plan
The University also contributes to a union multi-employer defined benefit plan, which covers all Local 153 clerical employees. The most recent Pension Protection Act (PPA) zone status is red at August 31, 2016 and 2015, which are for plan years beginning on January 1, 2016 and 2015, respectively. The zone status is based on information that the University received from the plan sponsor and, as required by the PPA, states that it was certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

A Rehabilitation Plan, as required by PPA, was adopted by the plan's sponsor on November 10, 2011 following certifications by the plan's actuary.

The expiration date of the collective-bargaining agreement requiring contributions to the plan is August 31, 2020. Contributions under this plan amounted to approximately \$290,000 and \$265,000 for the years ended August 31, 2016 and 2015, respectively. There have been no significant changes that affect the comparability of 2016 and 2015 contributions. The collective bargaining agreement provides that plan contributions made by the University reduce the wages paid to the covered employees.

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 \$64,000 and \$24,000 for the years ended August 31, 2016 and 2015, respectively.

(10) Postemployment Benefits

The University provides various benefits on a discretionary basis, which primarily includes salary and medical benefit continuations, retirement incentives, and unemployment insurance, and accrues the cost when awarded. The University incurred postemployment benefit expense of approximately \$515,000 and \$990,000 during 2016 and 2015, 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.

(11) 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 \$3.4 million at August 31, 2016 and \$2.9 million at August 31, 2015. The University purchases individual stop loss insurance to cover exposure above certain limits.

(12) 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, 2016 and 2015:

	2016	2015
Asset Retirement Obligation, beginning balance	$ 4,675,370	$ 4,460,775
Liabilities Settled During the Year	(13,965)	(31,218)
Accretion Expense	259,406	245,813
Asset Retirement Obligation, ending balance	$ 4,920,811	$ 4,675,370

(13) 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 administrators and certain union employees starting on or after September 1, 2003, and (*iv*) commencing in 2013, further elimination of postretirement health care benefits for employees regardless of employment date upon their becoming Medicare-eligible. The 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, 2016 and 2015:

	2016	2015
Changes in accumulated postretirement benefit obligation (APBO):		
APBO, beginning of year	$ 38,210,241	$ 47,038,480
Service cost	368,133	631,533
Interest cost	1,551,723	1,828,111
Benefit payments (paid by University)	(2,557,584)	(2,412,093)
Plan Participants' Contribution	354,252	302,155
Net Gain from Plan Changes	(6,293,422)	(4,178,641)
Net Actuarial Loss/(Gain) on Assumptions	1,764,075	(4,999,304)
Liability for postretirement benefits (APBO, end of year)	$ 33,397,418	$ 38,210,241

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.

(13) Postretirement Benefits (*continued*)

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

		2016		2015
Service cost - benefits attributed to service during the period	$	368,133	$	631,533
Interest cost on accumulated postretirement benefit obligation		1,551,723		1,828,111
Amortization, *previously unrecognized as a component of net periodic benefit cost:*				
Prior service credit		(6,095,767)		(5,512,274)
Net loss		569,942		1,024,174
Net periodic postretirement benefit credit	$	(3,605,969)	$	(2,028,456)

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

		2016		2015
Prior Service Credit	$	19,672,493	$	19,474,838
Net Loss		(11,529,598)		(10,335,465)
	$	8,142,895	$	9,139,373

The University's actuaries have estimated the net periodic benefit credit for the fiscal year ending in 2017, reflecting all plan amendments/settlements, at approximately ($4.6) million, compared with ($3.6) million in 2016.

The components of projected net periodic cost/(credit) for fiscal 2017 are as follows:

Service cost	$	226,089
Interest cost		1,045,385
Amortization, *previously unrecognized as a component of net periodic benefit cost:*		
Prior service credit		(6,555,866)
Net loss		710,925
Net periodic postretirement benefit	$	(4,573,467)

In addition to any gains and losses arising in 2017, the University will record a charge of $5,844,941 in Postretirement Changes Other Than Net Periodic Benefit Costs.

(13) Postretirement Benefits *(continued)*

The following assumptions were used in calculating the actuarial liability and expense:

	2016	2015
Discount rate - Benefit Obligation	3.25%	4.20%
Discount rate - Net Periodic Benefit Cost	4.20%	4.00%
Healthcare trend rates – Pre 65	7.0% Decreasing to 4.5% in 2026	7.5% Decreasing to 4.5% in 2026
Healthcare trend rates – Post 64	5.50% Decreasing to 4.5% in 2020	5.75% Decreasing to 4.5% in 2020

As of August 31, 2016, the University has not identified any provision of healthcare reform that would be expected to have a significant impact on the benefit obligation.

Changing the assumed healthcare trend rates by one percentage point each year would change the accumulated postretirement benefit obligation at August 31, 2016 and the aggregate service and interest cost components of postretirement benefit cost for 2016 as follows:

		1% Increase	1% Decrease
Accumulated postretirement benefit obligation	$	3,733,155	(3,009,707)
Aggregate service and interest cost components	$	175,656	(142,831)

Estimated Future Benefit Payments *(in millions)*:

2017	$	2.5
2018		2.5
2019		2.5
2020		2.5
2021		2.5
2022-2026		11.4

Effective February 2012, the University contracts with its pharmacy provider's Employer Group Waiver Plan to process the Prescription Drug Plan payments from The Center for Medicare Services along with other rebates. These payments are reflected as a reduction of Benefit Payments paid by the University.

(14) Long-Term Debt

In 2016, the University early adopted Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* which requires debt issuance costs related to a recognized debt liability to be presented on the consolidated balance sheets as a direct deduction from the debt liability. The University applied the provisions of the update retrospectively to 2015.

The University's long-term debt at August 31, 2016 and 2015 consists of the following:

		2016		2015
Town of Hempstead Local Development Corporation Series 2013 bonds, original amount of $66,495,000, *maturing through 2043 with yields ranging from 1.32% to 4.5% (a)*	$	63,045,000	$	64,495,000
Unamortized Bond Premium		2,825,902		3,102,693
Unamortized Bond Issuance Costs		(713,324)		(739,938)
Town of Hempstead Local Development Corporation Series 2011 bonds, original amount of $70,420,000, *maturing through 2041 with yields ranging from 2.99% to 4.8% (b)*		70,420,000		70,420,000
Unamortized Bond Premium		3,645,405		3,994,045
Unamortized Bond Issuance Costs		(644,211)		(669,979)
Town of Hempstead Industrial Development Agency Series 2007 bonds, original amount of $25,000,000, *maturing through 2036 with yields ranging from 4% to 4.625% (c)*		20,000,000		21,000,000
Unamortized Bond Premium		351,210		368,992
Unamortized Bond Issuance Costs		(419,917)		(440,409)
Nassau County Industrial Development Agency Series 1998 bonds, original amount of $107,407,129, *maturing through 2019 with yields of 5.15% (d)*		5,043,089		6,908,979
Capital Lease Obligations, *maturing through 2023 with imputed interest at an average rate of 2.7% (e)*		3,191,553		3,105,880
Total Long-Term Debt	$	166,744,707	$	171,545,263

(a) Town of Hempstead Local Development Corp. Series 2013

In 2013, the University issued $66,495,000 of tax-exempt bonds through the Town of Hempstead Local Development Corporation. The proceeds were used to refinance $39,040,000 of the 2003 Town of Hempstead Industrial Development Agency's outstanding Civic Facility Revenue Bonds and to finance the costs of: (*i*) constructing and equipping of a new facility for the School of Medicine, (*ii*) renovating and equipping Adams Hall and Barnard Hall; and (*iii*) other general maintenance.

(14) Long-Term Debt *(continued)*

(b) Town of Hempstead Local Development Corp. Series 2011

In 2011, the University issued $70,420,000 of tax-exempt bonds through the Town of Hempstead Local Development Corporation. The proceeds were used to refinance $50,870,000 of the 1998 Nassau County Industrial Development Agency's outstanding Civic Facility Revenue Bonds and to finance the costs of: (*i*) renovation and modernization of several academic facilities, (*ii*) the installation of field lighting, the construction, renovation and equipping of Scientific/Engineering Equipment labs; and (*iii*) other general maintenance.

(c) 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.

(d) 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.

In 2011, the University refinanced $50,870,000 of the bonds through the Town of Hempstead Local Development Corporation. The remaining balance represents the outstanding principal on capital appreciation bonds.

Included in the original bond offering were $8,187,129 of capital appreciation bonds, which required no interest or principal payments until 2015. In 2016, payments of $4.6 million were made, including principal of $1,865,890 and interest of $2,764,110. Interest accrues at an annual rate of 5.15% through 2019, at which time the capital appreciation bonds shall be fully paid. Interest was accrued in the amount of $818,911 and $939,064 for the years ended August 31, 2016 and 2015, respectively.

(e) Capital Lease Obligations

The University has entered into several capital lease agreements which are still outstanding for computers, copiers, and various network equipment costing $6,641,876. The leases are being repaid with monthly payments, including imputed interest ranging from 1.4% to 3.8%, and will mature through August 2023.

(14) Long-Term Debt *(continued)*

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

	Bonds Payable	Capital Lease Obligations	Total
2016-17	$ 16,298,494	$ 1,550,057	$ 17,848,551
2017-18	16,442,994	932,532	17,375,526
2018-19	16,664,244	384,008	17,048,252
2019-20	14,102,494	184,172	14,286,666
2020-21	14,059,244	130,011	14,189,255
2022-43	173,280,974	158,333	173,439,307
	250,848,444	3,339,113	254,187,557
Less: Interest	(92,340,355)	(147,560)	(92,487,915)
Less: Unamortized Bond Issuance Costs	(1,777,452)		(1,777,452)
Plus: Unamortized Bond Premium	6,822,517		6,822,517
	$ 163,553,154	$ 3,191,553	$ 166,744,707

The University recorded interest expense (*including accrued interest for capital appreciation bonds*) of $7.7 million and $7.9 million for the years ended August 31, 2016 and 2015, respectively.

(15) Net Assets

Unrestricted net assets are comprised of the following components at August 31, 2016 and 2015:

	2016	2015
Designated for Operations	$ 17,271,790	$ 23,343,139
Long-Term Investment:		
Student Managed Fund	100,000	
Quasi-Endowment	240,127,994	217,687,667
Accumulated Loss on Underwater Funds		(19,284)
Designated for Student Loans	3,492,887	3,472,900
Plant:		
Designated for Plant Improvements	40,830,475	35,610,809
Designated for Debt Service	7,622,620	9,567,819
Net Investment in Plant	116,410,775	109,631,134
	$ 425,856,541	$ 399,294,184

(15) Net Assets *(continued)*

Temporarily restricted net assets are available for the following purposes at August 31, 2016 and 2015:

	2016	2015
Annuity trust agreements	$ 768,784	$ 701,442
Accumulated appreciation on permanently restricted endowment net assets, subject to purpose restrictions:		
Scholarships and awards	39,651,907	36,695,592
Chairs and Professorships	20,410,385	18,869,585
Other	14,939,334	14,089,457
Loan Forgiveness Program	383,752	438,734
Education and general gifts subject to restriction	3,875,291	4,584,421
Contributions Receivable	13,416,410	14,519,803
	$ 93,445,863	$ 89,899,034

Permanently restricted net assets consist of the following as of August 31, 2016 and 2015:

	2016	2015
Perpetual endowment funds	$ 127,433,609	$ 120,683,552
Contributions Receivable	3,001,872	3,875,354
Annuity trust agreements	233,433	233,433
Perpetual loan funds	9,969,615	7,704,357
	$ 140,638,529	$ 132,496,696

Perpetual endowment funds provide investment income principally for scholarships.

The change in net assets reflects the following results:

	2016	2015
Unrestricted Net Assets:		
Operations:		
Unrestricted Designated Funds	$ (6,071,349)	$ (970,822)
Plant	10,054,108	13,308,823
Operations	3,982,759	12,338,001
Long-Term Investment	22,579,598	1,726,311
Unrestricted Net Assets	26,562,357	14,064,312
Temporarily Restricted Net Assets	3,546,829	(1,749,338)
Permanently Restricted Net Assets	8,141,833	5,874,392
	$ 38,251,019	$ 18,189,366

(15) Net Assets (*continued*)

The University's operating margin reflects the following:

		2016		2015
Change in Unrestricted Operations Net Assets	$	3,982,759	$	12,338,001
Transfers		7,259,280		10,843,730
Operating Margin, including Other Postretirement Changes		11,242,039		23,181,731
Postretirement Gains, unspent		(4,529,347)		(9,177,945)
Operating Margin, net of Other Postretirement Changes		6,712,692		14,003,786
Postretirement Changes Other than Net Periodic Benefit Costs		5,525,825		4,488,100
Operating Margin, before Other Postretirement Changes	$	12,238,517	$	18,491,886

(16) Endowment Net Assets

The University's endowment consists of approximately 820 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, 2016, none of the endowment funds were below book value. As of August 31, 2015, 17 of the endowment funds with a fair value of $1,044,000 had fallen below their book value of $1,064,000. 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 University 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, the University has elected to continue restricting endowment spending on underwater funds to income yield only.

(16) Endowment Net Assets *(continued)*

Endowment net assets, which consist principally of endowment investments and pledges, are classified at August 31, 2016 and 2015 as follows:

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Donor-Restricted Funds		$ 75,770,410	$ 130,668,914	$ 206,439,324	$ 195,129,131
Board Designated Funds	$ 240,127,994			240,127,994	217,687,667
Total Endowment Funds	$ 240,127,994	$ 75,770,410	$ 130,668,914	$ 446,567,318	
Total 2015	$ 217,668,383	$ 70,356,076	$ 124,792,339		$ 412,816,798

The changes in endowment net assets for the years ended August 31, 2016 and 2015 are as follows:

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Endowment Net Assets, beginning of year	$ 217,668,383	$ 70,356,076	$ 124,792,339	$ 412,816,798	$ 416,154,976
Investment Return:					
Investment income, net	2,185,473	2,021,291		4,206,764	4,754,036
Net appreciation/(depreciation)	12,103,975	10,854,351		22,958,326	(8,911,916)
Release accumulated return to fund spending	7,509,365	(7,509,365)			
Total Investment Return	21,798,813	5,366,277		27,165,090	(4,157,880)
Gifts, net	8,550,000		5,489,176	14,039,176	4,133,231
Investment Return Appropriated	(17,409,870)			(17,409,870)	(15,250,601)
Other Changes and Transfers	9,520,668	48,057	387,399	9,956,124	11,937,072
Endowment Net Assets, end of year	$ 240,127,994	$ 75,770,410	$ 130,668,914	$ 446,567,318	$ 412,816,798

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

	2016	2015
Unrestricted Operating Revenue	$ 17,409,870	$ 15,250,601
Unrestricted Nonoperating Revenue	4,388,943	(10,688,252)
Temporarily Restricted Revenue	5,366,277	(8,720,229)
Total	$ 27,165,090	$ (4,157,880)

(17) 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. The estimated fair values of accounts receivable and accounts payable, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

Contributions receivable are reported at their net present value, which approximates fair value, and are disclosed in Note 4. Consideration is given to anticipated future cash receipts, net of allowance for uncollectible contributions, discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs are considered Level 3 in the fair value hierarchy. Subsequent to the period of receipt, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted as necessary. Amortization of the discounts is recorded as additional contribution revenue.

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 $198 million at August 31, 2016 and $184 million at August 31, 2015. 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. These inputs fall within Level 2 of the fair value hierarchy.

Investments
Investments in debt and equity securities with readily determinable fair values (RDFV) are reported at fair value based upon quoted market prices or a published NAV for investments in funds with characteristics similar to a mutual fund.

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

Level 1 Valuations using quoted prices or published NAV (unadjusted) in active markets for identical assets or liabilities, including investment in a mutual fund or in a structure similar to a mutual fund where fair value is readily determinable.

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

Level 3 Valuations using unobservable inputs for the assets or liabilities.

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.

(17) Fair Value of Financial Instruments *(continued)*

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, 2016 and 2015, the University had no plans or intentions to sell investments at amounts different from NAV.

In 2016, the University early adopted ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. The University applied the provisions of the update retrospectively to 2015.

The University's investment assets at August 31, 2016 and August 31, 2015 are summarized in the following tables by their fair value hierarchy. Certain investments that are measured at fair value using NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. These amounts are presented in this table in the total to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

	August 31, 2016			
	Investments Classified in the Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Assets:				
Short Term Investments	$ 78,286,259			$ 78,286,259
Long Term Investments -Endowment:				
U.S. Equity	154,107,961			154,107,961
Non-U.S. Equity	23,240,162			23,240,162
Fixed Income	65,135,283			65,135,283
Real Estate		$ 1,540,000	$ 2,010,000	3,550,000
Investments measured at NAV:				
Non-U.S. Equity				74,387,293
Fixed Income				24,818,405
Hedge Funds				58,953,407
Private Equity and Distressed Debt				28,113,066
Real Estate				12,614,818
Investments measured at NAV				198,886,989
Long Term Investments - Endowment	242,483,406	1,540,000	2,010,000	444,920,395
Long Term Investments – Other:				
U.S. Equity	13,154,339			13,154,339
Non-U.S. Equity	7,006,581			7,006,581
Fixed Income	4,963,532			4,963,532
Investments measured at NAV:				
Fixed Income				3,685,494
Hedge Funds				4,687,472
Investments measured at NAV				8,372,966
Long Term Investments – Other:	25,124,452			33,497,418
Total Assets at Fair Value	$ 345,894,117	$ 1,540,000	$ 2,010,000	$ 556,704,072

(17) Fair Value of Financial Instruments *(continued)*

In 2015, the Financial Accounting Standards Board issued ASU No. 2015-10, *Technical Corrections and Improvements*, which clarified the definition of an equity security to include an investment in a structure similar to a mutual fund. The fair value of an equity security is considered to be readily determinable if the fair value per share is determined and published, and is the basis for current transactions. Certain investments that meet this definition aggregating $11.9 million were previously disclosed as Level 2 in the fair value hierarchy. The 2015 disclosure has been modified to reflect these investments in Level 1 in the 2015 fair value hierarchy below.

	August 31, 2015			
	Investments Classified in the Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Assets:				
Short Term Investments	$ 77,270,019			$ 77,270,019
Long Term Investments -Endowment:				
U.S. Equity	139,660,677			139,660,677
Non-U.S. Equity	20,128,134			20,128,134
Fixed Income	57,930,239			57,930,239
Real Estate		$ 1,540,000	$ 2,010,000	3,550,000
Investments measured at NAV:				
Non-U.S. Equity				69,348,663
Fixed Income				22,583,649
Hedge Funds				59,231,331
Private Equity and Distressed Debt				25,505,705
Real Estate				12,383,206
Investments measured at NAV				189,052,554
Long Term Investments - Endowment	217,719,050	1,540,000	2,010,000	410,321,604
Long Term Investments – Other:				
U.S. Equity	13,203,763			13,203,763
Non-U.S. Equity	7,539,411			7,539,411
Fixed Income	5,733,378			5,733,378
Investments measured at NAV:				
Fixed Income				4,568,892
Hedge Funds				7,164,797
Investments measured at NAV				11,733,689
Long Term Investments – Other:	26,476,552			38,210,241
Assets Held by Bond Trustees	2,584,963			2,584,963
Total Assets at Fair Value	$ 324,050,584	$ 1,540,000	$ 2,010,000	$ 528,386,827

The following tables present the activity for the fiscal years ended August 31, 2016 and 2015 for University assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Level 3 Roll Forward	2016	2015
Fair value, beginning of year	$ 2,010,000	$ 1,830,000
Net Investment Gain		180,000
Fair Value, end of year	$ 2,010,000	$ 2,010,000

(17) Fair Value of Financial Instruments ***(continued)***

Investment liquidity as of August 31, 2016 and 2015 is aggregated below based on redemption or sale period:

Investment redemption or sale period:	Investment Fair Values 2016	2015
Daily	$ 345,894,117	$ 321,465,621
Semi-monthly	35,870,845	31,796,589
Monthly	67,020,346	64,704,615
Quarterly	22,447,572	22,965,477
Semi-annually	42,733,308	44,970,651
Illiquid	42,737,884	39,898,911
Total	$ 556,704,072	$ 525,801,864

(18) 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:

	2016	2015
Program - student instruction and services	$ 313,098,274	$ 306,328,416
Management and general	51,434,210	53,105,933
Fundraising	4,206,387	4,327,778
	$ 368,738,871	$ 363,762,127

(19) Natural Classification of Expense

Expenses are reported in functional classifications in the financial statements. Expenses in natural categories for the fiscal year 2016 and 2015 are presented below:

	2016	2015
Salaries and Benefits	$ 259,310,388	$ 256,467,355
Supplies and Services	64,217,814	62,345,065
Operation and Maintenance of Plant	16,801,229	17,860,151
Depreciation and Accretion	20,746,091	19,215,070
Interest	7,663,349	7,874,486
	$ 368,738,871	$ 363,762,127

(20) 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, 2016 and 2015 are presented below:

	Operation and Maintenance of Plant	Depreciation and Accretion	Interest	2016 Total	2015 Total
Instruction	$ 16,227,757	$ 7,599,569	$ 3,582,953	$ 27,410,279	$ 26,325,067
Public Service	539,027	34,722	120,417	694,166	704,657
Academic Support	2,381,832	552,538	564,816	3,499,186	3,458,357
Student Services	3,669,884	479,719	457,964	4,607,567	4,512,761
Institutional Support	1,846,293	4,861,593	386,855	7,094,741	6,919,614
Auxiliary Enterprises	23,676,601	7,217,950	2,550,344	33,444,895	33,500,064
2016 Total	$ 48,341,394	20,746,091	7,663,349	76,750,834	
2015 Total	$ 48,330,960	19,215,070	7,874,486		$ 75,420,520

(21) Commitments and Contingencies

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.

(22) Subsequent Events

The University evaluated events subsequent to August 31, 2016 and through December 9, 2016 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:

"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.

"Agency" or "Hempstead IDA" means (i) the Town of Hempstead Industrial Development Agency, 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.

"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 $1,500 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 Denomination" shall have the meaning assigned to such term in the Indenture.

"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. Resolution Funding Corp. (REFCORP) obligations
5. Farm Credit System
   Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements provided by banks and other institutions rated A by S&P and A by Moody's without regard to rating qualifier (+ or -).

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 or Moody's or
    b. Banks rated A or above by S&P, Fitch or 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.

All references in the definition of "Authorized Investments" to the ratings shall be the rating at the time such investment is made. Any downgrading or rating withdrawal shall not affect the status of an Authorized Investment.

"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" 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.

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

"Beneficial Owner" means the person in whose name a Bond is recorded as the Beneficial Owner of such Bond by the respective systems of DTC and each of the Participants of DTC.

"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 and created pursuant to the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated May 9, 2017, 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 2017 Bonds.

"Bond Rate" means the tax-exempt rate of interest from time to time payable on any of the Series 2017 Bonds as defined therein.

"Bond Registrar" means the Trustee as bond registrar with respect to the Series 2017 Bonds and its successors and assigns in such capacity.

"Bond Year" has the meaning ascribed to such term in the Tax Compliance Agreement.

"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.

"Campus" means the University's approximately 244 acre campus partially situated in the northeast corner of the Village of Hempstead and predominantly located in the hamlet of Uniondale, Town of Hempstead, Nassau County, New York, on the north and south sides of Hempstead Turnpike and generally bordered on the west by Oak Street and the east by Uniondale Avenue/Earle Ovington Boulevard.

"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 2017 Bonds issued under the Indenture.

"Closing Date" means the date of sale and delivery of the Series 2017 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 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 Facility, the period (i) beginning on the date of commencement of renovation, construction, equipping and furnishing of the Facility and (ii) ending on the Completion Date with respect to the Project.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated May 17, 2017, between the University and the Trustee.

"Cost of the Project" or "Costs of the Project" means all those costs and items of expense listed 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 2017 Bonds.

"Debt Service Payment Date" means any date on which each Debt Service Payment shall be payable on any of the Series 2017 Bonds so long as the Series 2017 Bonds shall be outstanding.

"Default Rate" shall have the meaning assigned thereto in the Series 2017 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.

"Electronic Means" shall mean the following communication methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture.

"Equipment" means all machinery, equipment and other personal property used and to be used in connection with the 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 2017 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 2017 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.

"Facility" means, collectively, the Series 2007 Facility and the Series 2017 Facility.

"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 May 1, 2017, by and between the Issuer and the Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 2017 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.

"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 2017 Bonds.

"Initial Compliance Fee" means the Initial Compliance Fee in the amount of $3,000 paid by the University to the Issuer on the Closing date pursuant to the Loan Agreement.

"Interest Account" means the Interest Account established as part of the Bond Fund in accordance with the Indenture.

"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 2017 Bonds, the Loan Agreement, the Indenture, the Note, the Tax Compliance Agreement, the Information Report, the Preliminary Official Statement and the Official Statement.

"Land" has the meaning assigned thereto in the Loan Agreement.

"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 May 1, 2017, by and between the Issuer and the University with respect to the Project, as the same may be amended from time to time.

"Loan Payments" shall mean the basic loan payments payable by the University 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 and any other loan payments required by the Loan Agreement and evidenced by the Promissory Note.

"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 Assets Less Net Fixed Assets" shall have the meaning assigned thereto in the Loan Agreement.

"Net Fixed Assets" means the asset value of land, buildings and equipment, net of accumulated depreciations, of the University less the long-term debt of the University.

"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 May 9, 2017, distributed by the Underwriter and the University in connection with the sale of the Series 2017 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 2017 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 2017 Bond shall be considered Outstanding until the maturity date thereof only for the purposes of being exchanged or registered; and (iii) any Series 2017 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 2017 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.

"Outstanding Debt" shall have the meaning assigned thereto in the Loan Agreement.

"Owner" means the registered owner of any Series 2017 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 2017 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) liens and security interests created under 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 located at the Facility 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 2017 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, (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, and (x) subject to the Tax Compliance Agreement, other temporary agreements for the use of de minimus areas of the Facility.

"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 May 2, 2017, distributed by the Underwriter and the University in connection with the sale of the Series 2017 Bonds.

"Project" means the 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 2017 Bonds loaned by the Issuer to the University under the Loan Agreement.

"Project Account" means the account within the Project Fund which is established by the Indenture.

"Project Fund" means the fund so designated and created pursuant to the Indenture.

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

"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 2017 Bonds.

"Rating Agency Letter" means the rating letter from each Rating Agency assigning a rating on the Series 2017 Bonds.

"Rebate Amount" means, with respect to the Series 2017 Bonds, the amount computed as described in the Tax Compliance Agreement.

"Rebate Fund" means the fund so designated and created 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 April 27, 2017 authorizing the issuance, execution, sale and delivery of the Series 2017 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 2007 Bonds" means the Civic Facility Revenue Bonds, Series 2007 (Hofstra University Civic Facility) issued on May 17, 2007 by the Town of Hempstead Industrial Development Agency in the original aggregate principal amount of $25,000,000.

"Series 2007 Bonds Indenture" means the Indenture of Trust, dated as of May 1, 2007, by and between the Town of Hempstead Industrial Development Agency and the Series 2007 Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 2007 Bonds.

"Series 2007 Bonds Redemption Account" means the account within the Project Fund which is established by the Indenture.

"Series 2007 Facility" shall have the meaning assigned thereto in the recitals of the Indenture.

"Series 2007 Trustee" means (i) The Bank of New York Mellon, formerly known as The Bank of New York, 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 2017 Bonds" or "Bond" or "Bonds" means the Issuer's Revenue Bonds, Series 2017 (Hofstra University Project) issued pursuant to the terms of the Indenture on May 17, 2017 in the aggregate principal amount of $54,520,000 and substantially in the form of Exhibit A of the Indenture.

"Series 2017 Facility" means (i) the construction, equipping and furnishing of an approximately 52,500 square foot building connected to the current CV Starr classroom facility, for the School of Business; (ii) the renovation of the CV Starr classroom facility and improvements to the surrounding parking areas and landscape of the two buildings; and (iii) deferred maintenance and improvements throughout the Campus, including roofing, windows, exterior facades, structural, parking, roadways, grounds, sidewalks, HVAC, security, masonry, fire alarms/sprinklers and other improvements.

"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.

"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 in the Indenture set out under the laws of the State of New York, having its corporate trust office at 101 Barclay Street, 7W, New York, New York 10286, (ii) its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

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

"Underwriter" means Barclays Capital Inc. having an office at 745 Seventh Avenue, 19th Floor, New York, New York 10019, or its 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 2017 Bond a Certificate of Authentication, duly executed by the Trustee, substantially in the form set forth in the Form of Bonds included as Exhibit A in the Indenture. Such executed Certificate of Authentication by the Trustee upon any such Series 2017 Bond shall be conclusive evidence that such Series 2017 Bond has been authenticated and delivered under the Indenture. The Trustee's Certificate of Authentication on any Series 2017 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 2017 Bonds issued under the Indenture. *(Section 2.05)*

Mutilated, Lost, Stolen or Destroyed Bonds

(a) In the event any Series 2017 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 reasonably 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 2017 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 2017 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 reasonably 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 2017 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 under this heading 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. *(Section 2.09)*

Establishment of Funds

The following trust funds are 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 2017 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 2007 Bonds Redemption Account", a "Project Account" and a "Series 2017 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**"). *(Section 4.01)*

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 2017 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 2017 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 2017 Bonds so called for redemption or so due and payable. (Section 4.03)

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 of the Loan Agreement.

(b) The Trustee is authorized and, on the Closing Date, directed to transfer amounts on deposit in the Series 2007 Bonds Redemption Account to the Series 2007 Bonds Trustee to redeem the Series 2007 Bonds. On each Debt Service Payment Date during the Construction Period, the Trustee is authorized and directed to transfer from the Series 2017 Capitalized Interest Account to the Interest Account of the Bond Fund an amount necessary to pay interest on the Series 2017 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 directed to issue its checks for each disbursement from the 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 <u>Exhibit B</u> annexed to the Indenture to pay the Costs of the Project. The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom.

(c) The completion of the Project and payment or provision for payment of all Costs of the 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 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 as provided in subsection (d) under the heading "Use of Moneys in Bond Fund" below.

(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 2017 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. *(Section 4.04)*

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 2017 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. *(Section 4.05)*

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 2017 Bonds or for the purchase or redemption of Bonds as provided in the Indenture. Moneys deposited in the Bond Fund in accordance with the provisions of subsection (c) under the heading "Use of the moneys in Project Fund" above and subsection (b) under the heading "Payments into Renewal Fund; Application of Renewal Fund" below, 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 2017 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 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 2017 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 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 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 2017 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 2017 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 2017 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 2017 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 2017 Bonds, forty-five (45) days prior to any date on which Series 2017 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 2017 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. *(Section 4.06)*

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 Facility 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 2017 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 in accordance with the provisions of subsection (d) under the heading "Use of Moneys in Bond Fund" below.

(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 a certain provision of 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 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. *(Section 4.07)*

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 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. *(Section 4.08)*

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 2017 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 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 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 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 Facility, 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 2017 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. *(Section 4.09)*

Investment of Moneys

(a) Moneys held in any fund established pursuant to the Indenture (except the Series 2007 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 2017 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 2017 Bonds, would cause such Series 2017 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 2017 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 under this heading. *(Section 4.10)*

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 2017 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. *(Section 4.11)*

Failure to Present Bonds

Subject to the provisions of the Indenture, in the event any Series 2017 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 2017 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 2017 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 2017 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 2017 Bond shall not be presented for payment within the period of two (2) years following the date when such Series 2017 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 2017

Bond, and such Series 2017 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 2017 Bond for payment that any moneys held for the payment of any such Series 2017 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. *(Section 5.11)*

Cancellation

All Series 2017 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 Series 2017 Bonds or other form of notice of such cancellation shall be delivered to the University upon its written request. *(Section 5.12)*

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 2017 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. *(Section 5.14)*

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 2017 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 covenants and agrees with the holders from time to time of the Series 2017 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. *(Section 5.15)*

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 created by the Indenture for the benefit of the Owners of the Series 2017 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 2017 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 provisions under this heading, the Indenture and the rights granted and duties imposed by the Indenture, to the extent not inconsistent with the fact that the Lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal or Redemption Price of and interest on all of the Series 2017 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 2017 Bonds not theretofore presented for payment. *(Section 7.01)*

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 2017 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 2017 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 provisions under this heading, 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 2017 Bond, or (ii) the first date following the date of computation on which such Series 2017 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 2017 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 2017 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 2017 Bonds. *(Section 7.02)*

Lien Law Section 73 Covenant

The University, for itself and as the Agent of the Issuer, covenants to the Issuer and to the Trustee, as a third-party beneficiary of the Indenture, 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. *(Section 7.03)*

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 2017 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 2017 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 2017 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. *(Section 8.01)*

Acceleration; Annulment of Acceleration; Default Rate

(a) Upon the occurrence of an Event of Default under Section 10.1(a)(v) of 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 2017 Bonds shall become and be immediately due and payable, anything in the Series 2017 Bonds or in the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Series 2017 Bonds an amount equal to the total principal amount of all such Series 2017 Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment. If all of the Series 2017 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 2017 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 2017 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 2017 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 2017 Bonds shall bear interest at the Default Rate from the date of the occurrence of such Event of Default until the Series 2017 Bonds have been paid pursuant to subsection (a) under this heading or such Event of Default has been cured. *(Section 8.02)*

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 2017 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 2017 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 2017 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. *(Section 8.03)*

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. *(Section 8.04)*

Application of Moneys

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 2017 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 2017 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 2017 Bonds, at the rate or rates expressed thereon, from the respective dates upon which such Series 2017 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 2017 Bonds as the same become due and payable; and
>
> (ii) If the principal of all Series 2017 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 2017 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 2017 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 2017 Bonds shall have been declared due and payable and if such declaration shall thereafter have been annulled pursuant to provisions of the Indenture, the moneys shall be applied in accordance with the provisions of paragraph (i) of this subsection (b) under this heading.

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions under this heading, 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. *(Section 8.05)*

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 2017 Bonds may be enforced by the Trustee without possession of any of the Series 2017 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 2017 SERIES 2017Bonds. Subject to the provisions of the Indenture, any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Bonds. *(Section 8.06)*

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. *(Section 8.07)*

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 2017 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 2017 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 2017 Bond Proceeds

The Issuer agrees to loan the Series 2017 Bond Proceeds to the University in accordance with the provisions of the Loan Agreement. Such Bond Proceeds shall be disbursed to the University in accordance with the provisions of the Loan Agreement and the Indenture. *(Section 5.1)*

Renovation, Construction, Equipping and Furnishing of Series 2017 Facility

(a) The University agrees, and covenants and warrants to the Issuer that the proceeds of the Series 2017 Bonds will be used to pay the Costs of the Project.

(b) The University agrees, and covenants and warrants to the Issuer, it has or will renovate, construct, equip and furnish the Series 2017 Facility in accordance with the Plans and Specifications.

(c) The University may revise the Plans and Specifications from time to time; provided however, that any material changes, modifications or revisions to the Plans and Specifications shall require 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.

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

(e) The University 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 2017 Facility 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 subsection do not create any obligations or duties not created by applicable law outside of the terms of the Loan Agreement. *(Section 4.1)*

Issuance of the Series 2017 Bonds; Disbursement of Bond Proceeds

In order to provide funds for payment of the Costs of the Project, together with other payments and incidental expenses in connection therewith, the Issuer agrees that it will authorize, issue, sell and cause the Series 2017 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. *(Section 4.2)*

Application of Bond Proceeds

The Bond Proceeds shall be deposited in the Project Fund and used to pay the Costs of the Project. Except as provided in the Loan Agreement, the Series 2017 Bond Proceeds, upon the written direction of an Authorized Representative of the University, and on the conditions provided for in the Indenture, and in accordance with the requirements of the Tax Compliance Agreement, shall be applied to pay only the following costs and items of expense paid by or on behalf of the Issuer as 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 Facility incurred prior to that date:

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

(ii) all costs of renovating, constructing, equipping and furnishing the Facility (including environmental audits and architectural, engineering and supervisory services with respect to the 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 2017 Bonds during the Construction Period and interest payable during the Construction Period on such interim financing as the University may have secured with respect to the Project in contemplation of the issuance of the Series 2017 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 2017 Bonds and the Bond Documents and all other documents in connection with the Loan Agreement 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 costs to defease and/or redeem the Series 2007 Bonds,

(viii) reimbursement to the University for any of the above-enumerated costs and expenses. *(Section 4.3)*

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 Facility to be paid for with Series 2017 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 Project or items when the University is then contesting the payment thereof, the payment for all labor, services, materials and supplies used in such renovation, construction, equipping and furnishing has been made or provided for. The University agrees to complete the renovation, construction, equipping and furnishing of the Facility on or before May 31, 2020 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 2017 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. *(Section 4.4)*

Completion by University

(a) In the event that the Net Proceeds of the Series 2017 Bonds are not sufficient to pay in full the Costs of the Project, 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 2017 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 2017 Bonds, nor shall it be entitled to any diminution or abatement of any other amounts payable by the University under the Loan Agreement. *(Section 4.5)*

Loan Payments and Other Amounts Payable

(a) The University shall pay to the Issuer on the Closing Date $240,834.25 (equal to the Issuer's administrative fee in the amount of $237,365, plus the public hearing notice costs of $98.75, plus the public hearing transcript costs of $370.50, plus the Initial Compliance Fee of $3,000. The University shall pay to the Issuer an Annual Compliance Fee of $1,500 on or before January 1 of each year commencing on January 1, 2018 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 "Loan Payments"). 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 (the "Promissory Note").

(b) In addition to the Loan Payments pursuant to subsection (a) above, throughout the Loan Term, the University shall pay to the Issuer as additional Loan Payments, within fifteen (15) days of the receipt of demand therefor, an amount equal to the sum of the expenses of the Issuer and the members thereof incurred (i) by reason of the Issuer's financing of the 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 under this heading, 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 subsection (a) above, the University shall pay the same together with all late payment penalties specified in the Series 2017 Bonds. In the event the University shall fail timely to make any payment required in 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. *(Section 5.3)*

Obligations of University Under the Loan Agreement 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 2017 Bonds, including premium, if any, and interest thereon, have been paid or provided for. *(Section 5.4)*

Payment of Additional Moneys in Prepayment of Series 2017 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 2017 Bonds at such time or times and on such terms and conditions as is provided in such Series 2017 Bonds and in the Indenture. The University shall notify the Issuer and the Trustee in writing as to the purpose of any such payment. *(Section 5.5)*

Rights and Obligations of the University upon Prepayment of Series 2017 Bonds

In the event the Series 2017 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 Project or under the Indenture. *(Section 5.6)*

Maintenance and Modifications of Facility by University

(a) The University shall not abandon the Facility or cause or permit any waste to the Improvements. During the Loan Term, the University shall not remove any part of the Facility outside of the jurisdiction of the Issuer and shall (i) keep the Facility in as reasonably safe condition as its operations shall permit; (ii) make all necessary repairs and replacements to the Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate the Facility 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 Facility or any part thereof, provided (i) such actions do not adversely affect the structural integrity of the Facility, and (ii) such actions do not materially impair the use of the Facility or materially decrease their value. All such additions, modifications or improvements made by the University shall become a part of the Facility. *(Section 6.1)*

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 Facility (which may be attached or affixed to the Facility), and such machinery, equipment or other personal property shall not become, or be deemed to become, a part of the Series 2017 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 Facility, provided that any such removal of such machinery, equipment or other personal property shall not occur (i) if any Event of Default has occurred and is continuing; or (ii) if any such removal shall adversely affect the structural integrity of the Series 2017 Project or impair the overall operating efficiency of the Facility for the purposes for which it is intended, and provided further that, if any damage is occasioned to the Facility by such removal, the University agrees promptly to repair such damage at its own expense. *(Section 6.2)*

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 Facility 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, and may cover additional property of the University but in no event less than the principal amount of the Series 2017 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 Facility. The 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 Facility.

(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. The 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. *(Section 6.4)*

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 subsection (a) under the heading "Insurance Required" shall be rated "A" or better by A.M. Best Co., Inc. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All policies evidencing the insurance required by subsection (a) under the heading "Insurance Required" shall provide for payment to the Trustee of the Net Proceeds of insurance resulting from any claim for loss or damage thereunder, and all policies of insurance required 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 subsection (c) under the heading "Insurance Required" shall name the Issuer and the Trustee as additional named insureds. All policies evidencing the insurance required by subsections (d)(ii) and (iv) under the heading "Insurance Required" 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 subsection (a) under the heading "Insurance Required", so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Series 2017 Bonds, have and hold said policies and the Net Proceeds thereof as collateral for the payment of the Series 2017 Bonds. The policies under subsection (a) under the heading "Insurance Required" shall contain appropriate waivers of subrogation.

(b) The policies (or certificates and binders) of insurance required by subsection (a) under the heading "Insurance Required" shall be deposited with the Trustee on or before the Closing Date. A copy of the policy (or certificate and binder) of insurance required by subsection (c) under the heading "Insurance Required" shall be delivered to the Issuer on or before the Closing Date. A copy of the policies (or certificates and binders) of insurance required by subsections (d)(ii) and (iv) under the heading "Insurance Required" shall be delivered to the Issuer on or before the Closing Date. The University shall deliver to the Issuer and the Trustee before the first Business Day of each twelve (12) month period thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term covering at least the next succeeding twelve (12) month period, insurance of the types and in the amounts required by the Loan Agreement and complying with the additional requirements of subsection (a) under this heading. 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. *(Section 6.5)*

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 subsection (a) under the heading "Insurance Required" shall be applied as provided in the Loan Agreement, and (ii) the Net Proceeds of the insurance required by subsections (b), (c) and (d) under the heading "Insurance Required" shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid. *(Section 6.6)*

Damage or Destruction of the Facility

(a) If any portion of the Facility 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 Facility or any portion thereof; 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 portion of the Facility is replaced, repaired, rebuilt, restored or relocated); and
>
> (iii) upon the occurrence of such damage or destruction, the Net Proceeds derived from the insurance shall be paid to the Trustee and deposited in the Renewal Fund, and, except as otherwise provided in the Loan Agreement, the University shall at its option either (A) replace, repair, rebuild, restore or relocate such portion of the Facility, or

(B) direct the Trustee to apply such Net Proceeds to the payment of the principal of the Series 2017 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 Facility, 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 Facility shall be in substantially the same condition and value as an operating entity as existed prior to the damage or destruction;

(ii) the exclusion of the interest on the Series 2017 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) the Facility (or such portion thereof) 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 portion of the Facility 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 Facility 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 provisions under this heading, whether or not requiring the expenditure of the University's own money, shall automatically become a part of the Facility as if the same were specifically described in the Loan Agreement.

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

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

(h) If the entire amount of the Series 2017 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, and subject to the terms of the Tax Compliance Agreement, the University shall have the right to settle and adjust all claims under any policies of insurance required by subsections 6.4(a) and (d) under the heading "Insurance Required" on behalf of the Issuer and on its own behalf. *(Section 7.1)*

Condemnation

(a) If title to or use of the Facility or any portion thereof 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 portion of the Facility or acquire, by construction or otherwise, facilities of substantially the same nature as the Facility ("Substitute Facilities"); and
>
> (ii) there shall be no abatement or reduction in the amounts payable by the University under the Loan Agreement (whether or not such portion of the Facility 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 Facility or acquire Substitute Facilities, 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 portion of the Facility or acquires Substitute Facilities, 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 Facilities.

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

> (i) such project comprising a portion of the Facility or the Substitute Facilities shall be in substantially the same condition and value as an operating entity as existed prior to the condemnation;
>
> (ii) the exclusion of the interest on the Series 2017 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;
>
> (iii) the Facility (or such portion thereof) or the Substitute Facilities 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 portion of the Facility 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 the Facility 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 Facilities made pursuant to the provisions under this heading, whether or not requiring the expenditure of the University's own money, shall automatically become a part of the Facility 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 Facilities shall, subject to any rebate required to be made to the Federal government pursuant to the Indenture or the Tax Compliance Agreement, be applied in accordance with the provisions of the Indenture.

(g) If the University shall exercise its option to terminate the Loan Agreement pursuant to the 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 2017 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 shall have the right to settle and adjust all claims under any Condemnation proceedings on behalf of the Issuer and on its own behalf. *(Section 7.2)*

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 Facility 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 Facility or the land under the Facility or essential to the operation thereof (the "**Land**"), or (ii) violations of any environmental regulations with respect to, or release of any Hazardous Substances from the Facility or any part thereof, or (iii) liability arising from or expense incurred in connection with the Issuer's financing or refinancing of the 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 reasonable 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 the provisions under this heading 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 the provisions under this heading. *(Section 8.2)*

Right to Inspect the Facility

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 Facility. *(Section 8.3)*

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 the Facility 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 Facility 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 Facility 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 2017 Bonds from Federal income taxes pursuant to Sections 103 and 145 of the Code, except as provided in the Tax Compliance Agreement. Except as permitted by the Tax Compliance Agreement, prior to the

University performing any act, entering into any agreement or using or permitting the Facility 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 2017 Bonds for Federal income tax purposes. *(Section 8.4)*

Qualification in State

The University throughout the Loan Term shall continue to be duly authorized to do business in the State as an institution of higher education. *(Section 8.5)*

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. *(Section 8.7)*

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 Facility 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 Facility or any part thereof or to the renovation, construction, equipping and furnishing thereof, or to any use, manner of use or condition of the Facility 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 Facility or any part thereof, or to the renovation, construction, equipping and furnishing thereof, or to any use, manner of use or condition of the Facility or any part thereof and of all companies or associations insuring the premises.

(b) The University shall keep or cause the Facility 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 Facility 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 Facility 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 Facility (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 under this heading shall be in addition to any and all other obligations and liabilities the University may have to the Trustee at common law, and shall survive the transactions contemplated in the Loan Agreement.

(c) Notwithstanding the provisions of subsections (a) and (b) above, the University may in good faith contest the validity or the applicability of any requirement of the nature referred to in such subsections (a) and (b) by appropriate legal proceedings conducted in good faith and with due diligence. In such event, the University may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the University that by failure to comply with such requirement or requirements, the Facility 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 Facility 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 under this heading, if, because of a breach or violation of the provisions of subsections (a) or (b) under this heading (without giving effect to subsection (c) above), either the Issuer, the Trustee, or any of their respective members, directors, officers, agents, or employees, shall be threatened with a fine, liability, expense or imprisonment, then, upon notice from the Issuer or the Trustee, the University shall immediately provide legal protection and/or pay amounts necessary in the opinion of the Issuer or the Trustee, as the case may be, and their respective members, directors, officers, agents and employees deem sufficient, to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(e) Notwithstanding any provisions under this heading, 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. *(Section 8.8)*

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 Facility 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 2017 Project or any part thereof.

(b) Notwithstanding the provisions of subsection (a) above, the University may in good faith contest any such Lien. In such event, the University may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the University that by nonpayment of any such item or items, the Facility 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. *(Section 8.9)*

Additional Indebtedness

(a) The University may issue additional Long Term Indebtedness 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 Indebtedness subject to a lien on the Facility 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 the Loan Agreement,

(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 Indebtedness (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. *(Section 8.13)*

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 subsection (a) above, and in no event later than the date specified elsewhere in 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, and as of the date of the certificate, 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. Such certificates shall comply with the requirements thereof described in and contain all the information required by the Loan Agreement.

(c) The University shall immediately notify the Issuer and the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default. Any notice required to be given pursuant to this 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 the 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. *(Section 8.14)*

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 2017 Bonds. The University covenants and agrees with the holders from time to time of the Series 2017 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. *(Section 8.15)*

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 provisions under this heading. *(Section 8.16)*

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 2017 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. *(Section 8.17)*

Assignment, Leasing and Subleasing

(a) The Loan Agreement may not be assigned, in whole or in part, and the Facility may not be leased or subleased, in whole or in part, except in the ordinary course of the operations of the University, including without limitation, leases of dorm rooms to students, without the prior written consent of the Issuer in each instance, which consent shall not be unreasonably withheld, conditioned or delayed. 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 2017 Bonds or any Bond Document shall be adversely affected thereby;

(v) the exclusion of the interest on the Series 2017 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 Facility 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 subsection (a) above, the University, at its sole cost, shall furnish the Trustee or the Issuer, as appropriate, with an opinion, in form and substance satisfactory to the Trustee or the Issuer, as appropriate, (i) of Bond Counsel as to items (v) and (vi) above, and (ii) of Independent Counsel as to items (i), (ii) and (iv) above. *(Section 9.3)*

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 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 Project shall be transferred; and

(ii) the exclusion of the interest on the Series 2017 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 subsection (a)(i) above, and (ii) a favorable opinion of Bond Counsel opining as to compliance with the provisions of subsection (a)(ii) above. The Issuer promptly shall furnish such additional information with respect to any such transaction as the University or the Trustee may reasonably request. *(Section 9.5)*

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 when made and the same shall have, in the opinion of the Issuer, a materially adverse effect upon the University, the Project, or the exclusion of interest on the Series 2017 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 subsections (a)(i) or (ii) above) for a period of thirty (30) days after receiving written notice, specifying such failure and requesting that it be remedied, given to the University by the Issuer or the Trustee; provided, however, that if such default cannot be cured within thirty (30) days but the University is proceeding diligently and in good faith to cure such default, then the University shall be permitted an additional ninety (90) days within which to remedy the default;

(v) the dissolution or liquidation of the University; or the failure by the University to release, stay, discharge, lift or bond within sixty (60) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by the University generally to pay its debts as they become due; or an assignment by the University for the benefit of creditors; the commencement by the University (as the debtor) of a case in Bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in Bankruptcy or any proceeding under any other insolvency law against the University (as the debtor) and a court having jurisdiction in the premises enters a decree or order for relief against the University as the debtor in such case or proceeding, or such case or proceeding is consented to by the University or remains 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 subsection shall not be construed to include any transaction permitted by the provisions under the heading "University to Maintain Its Existence");

(vi) an Event of Default 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 subsection (a) above, if by reason of force majeure any party to the Loan Agreement shall be unable in whole or in part to carry out its obligations under the Loan Agreement (other than its obligations under subsections (a),(b) or (d) under the heading "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. *(Section 10.1)*

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 subsection (a)(v) under the heading "Events of Default Defined" shall have occurred, such Loan Payments and other payments due under the Loan Agreement shall become immediately due and payable without notice to the University or the taking of any other action by the Trustee;

(ii) (a) apply any undisbursed money in the Project Fund and Renewal Fund to the payment of the costs and expenses incurred in connection with the enforcement of the rights and remedies of the Trustee and the Issuer, and (b) apply any undisbursed monies in the Project Fund, the Renewal Fund, and any other Fund or Account under the Indenture (other than those sums attributable to Unassigned Rights and except for the monies and investments from time to time in the Rebate Fund) to the payment of the outstanding principal amount of the Series 2017 Bonds and premium, if any, and accrued and unpaid interest on the Series 2017 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) <u>Reserved.</u>

(c) Any sums payable to the Issuer as a consequence of any action taken pursuant to the provisions under this heading (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 2017 Bonds.

(d) No action taken pursuant to the provisions under this heading shall relieve the University from its obligation to make all payments required by the Loan Agreement and pursuant to the Promissory Note.

(e) <u>Reserved.</u>

(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 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. *(Section 10.2)*

Remedies Cumulative

No remedy conferred upon or reserved to the Issuer or the Trustee in the Loan Agreement 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. *(Section 10.3)*

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. *(Section 10.4)*

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. *(Section 10.5)*

Early Termination of Loan Agreement

The University shall have the option to terminate the Loan Agreement at any time that the Series 2017 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 the Loan Agreement and the date upon which such payment shall be made (which date shall not be less than thirty (30) 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. *(Section 11.1)*

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 2017 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. *(Section 11.2)*

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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[Opinion of Bond Counsel]

Transcript Document No. 21

May 17, 2017

Town of Hempstead Local Development Corporation
Hempstead, New York

Barclays Capital Inc.
New York, New York

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

Re: Town of Hempstead Local Development Corporation
$54,520,000 Revenue Bonds, Series 2017
(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 2017 (Hofstra University Project) in the aggregate principal amount of $54,520,000 (the "**Bonds**") for the benefit of Hofstra University, a duly organized and validly existing New York not-for-profit corporation and an University described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"), which is exempt from federal income taxation pursuant to Section 501(a) of the Code (the "**University**"). The Bonds are authorized to be issued pursuant to:

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

(ii) an Inducement Resolution duly adopted by the Issuer on March 30, 2017, and a Bond Resolution duly adopted by the Issuer on April 27, 2017 (collectively, the "**Resolution**");

(iii) an Indenture of Trust, dated as of May 1, 2017 (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 are being issued for the purpose of providing funds for the purposes of:

(A) the refunding of certain maturities of the Town of Hempstead Industrial Development Agency's (the "**Hempstead IDA**") $25,000,000 Civic Facility Revenue Bonds, Series 2007

(Hofstra University Civic Facility), of which $20,000,000 is currently outstanding (the "**Series 2007 Bonds**"), and the proceeds of which were used for: (i) (a) the acquisition, construction, equipping and furnishing of an approximately 79,950 square foot 5-story residential facility located on the North Campus of the University, between Constitution and Alliance Halls, known as the Graduate Residence Hall, including, but not limited to, accommodations for approximately 225 graduate students in the form of 58 furnished residential units consisting of 4 bedroom units, 3 bedroom units and 2 bedroom units, each with shared common spaces and a kitchenette, the ground floor to contain an apartment for the Graduate Assistant and administrative offices, each of the floors to have 2 study rooms, along with laundry and recycling spaces, the new building to have energy efficient air-conditioning and heating units, sprinkler systems, an emergency generator, fire pump, 2 hydraulic elevators and 3 egress stairways; (b) the renovation and modernization of academic facilities and buildings (classrooms and other instructional space and faculty offices – including HVAC, ADA elevators and modernization for the School of Law, and the English, Media Services, Fine Arts, Drama and Dance Departments and other departments of the College of Arts & Sciences located in the Calkins, Lowe, Roosevelt and Breslin Buildings); and (c) general campus maintenance to include the repair and replacement of roofing, masonry, electrical, plumbing, HVAC systems replacements, fire and safety and security systems, paving, grounds improvements and campus-wide signage (collectively, the "**Series 2007 Facility**"); (ii) paying capitalized interest on the Series 2007 Bonds during the construction period; and (iii) paying certain costs of issuance of the Series 2007 Bonds;

(B) the financing of: (i) the construction, equipping and furnishing of an approximately 52,500 square foot building connected to the current CV Starr classroom facility, for the School of Business; (ii) the renovation of the CV Starr classroom facility and improvements to the surrounding parking areas and landscape of the two buildings; and (iii) deferred maintenance and improvements throughout the University's approximately 244 acre campus partially situated in the northeast corner of the Village of Hempstead and predominantly located in the hamlet of Uniondale, Town of Hempstead, Nassau County, New York, on the north and south sides of Hempstead Turnpike and generally bordered on the west by Oak Street and the east by Uniondale Avenue/Earle Ovington Boulevard (the "**Campus**"), including roofing, windows, exterior facades, structural, parking, roadways, grounds, sidewalks, HVAC, security, masonry, fire alarms/sprinklers and other improvements (collectively, the "**Series 2017 Facility**", and together with the Series 2007 Facility, the "**Facility**");

(C) the payment of capitalized interest, if any, on the Series 2017 Bonds during the Construction Period; and

(D) the payment of certain costs of issuance of the Series 2017 Bonds to finance and refinance the above listed projects (collectively, paragraphs (A), (B), (C) and (D) shall be referred to, collectively, as the "**Project**").

The Issuer will loan the proceeds of the Bonds to the University pursuant to the terms of a Loan Agreement, dated as of May 1, 2017 (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 Code. Barclays Capital Inc., as underwriter (the "**Underwriter**"), has agreed to sell the Bonds to one or more purchasers pursuant to the terms of a Bond Purchase Agreement, dated May 9, 2017 (the "**Bond Purchase Agreement**"), among the Issuer, the Underwriter and the University.

The Bonds are dated May 17, 2017, 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., Uniondale, New York; and counsel to the Trustee, Buchanan

Ingersoll & Rooney PC, New York, New York, all of even date herewith. Copies of the aforementioned opinions are contained in the Transcript of Proceedings.

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

1. The Issuer is a duly organized and existing corporate governmental agency constituting a local development corporation of the State of New York.

2. The Issuer is duly authorized to issue, execute, sell and deliver the 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 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 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 Farrell Fritz, P.C., counsel to the University, as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. 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. 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 (including the City of New York), assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 7 hereof.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state, or local 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.

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 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 Official Statement, dated May 9, 2017, 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 sufficiency of the description of the Project contained in the Loan Agreement or 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 2017 Facility.

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

May 17, 2017

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

Re: $54,520,000 Town Of Hempstead Local Development Corporation Revenue Bonds, Series 2017 (Hofstra University Project) (the "Bonds"), issued under an Indenture of Trust dated as of May 1, 2017 (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, 2017, the University will provide the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB as contemplated by this Disclosure Agreement ("MSRB"), 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 May 9, 2017, relating to the issuance of the Bonds under the subheadings "Faculty", "Applications and Admissions", "Enrollment", "Student Fees and Competition", "Student Financial Aid", "Degrees Conferred", "Financial Condition", "State Aid", "Private Gifts", "Outstanding Indebtedness of the University", "Endowment" and "Physical Facilities" 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, MSRB, in substantially the form attached hereto as Exhibit A. Filing information relating to the MSRB is set forth in Exhibit B hereto.

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 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 Trustee may act through agents and shall not be responsible for the willful misconduct or gross negligence of any agent appointed with due care. 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.

11. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of any act or obligation hereunder arising out of or caused by, directly or indirectly, force majeure events beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war, other military disturbances or terrorism, earthquakes, fire, flood, sabotage, epidemics, riots, nuclear or natural catastrophes or acts of God, labor disputes, acts of civil or military authority and governmental action, or the unavailability of the Federal Reserve Board wire systems and interruptions, loss or malfunctions of utilities, communication facilities or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

12. This Continuing Disclosure Agreement shall be governed by the laws of the State of New York. Each of the parties hereto hereby irrevocably agrees that any action, suit or proceedings against any of them by any of the aforementioned parties arising out of or in connection with this agreement shall be brought before the jurisdiction of any federal or state court of competent jurisdiction located in the Borough of Manhattan, New York City, New York.

13. Waiver of Trial by Jury. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

Very truly yours,

HOFSTRA UNIVERSITY

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

The foregoing is agreed to:

THE BANK OF NEW YORK MELLON, as Trustee

By:____________________________________
Name:
Title: Vice President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Town Of Hempstead Local Development Corporation
Name of Bond Issue:	Revenue Bonds, Series 2017 (Hofstra University Project)
Date of Issuance:	May 17, 2017

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 May 17, 2017 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

Exhibit B

FILING INFORMATION FOR THE MSRB

Filing information relating to the Municipal Securities Rulemaking Board is as follows:
Municipal Securities Rulemaking Board
http://emma.msrb.org/

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TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION • Revenue Bonds, Series 2017 (Hofstra University Project)

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