NEW ISSUE – BOOK-ENTRY ONLY **Ratings: Moody's: "Aa2"**

S&P: "AA-"

(See "RATINGS" herein)

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2012 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the 2012 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

In the opinion of Bond Counsel to the Corporation, interest on the 2012 Series B Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2012 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."

$67,800,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Residential Revenue Bonds (College of Staten Island Residences)

$65,800,000 2012 Series A

$2,000,000 2012 Series B (Federally Taxable)

Dated: Date of Delivery **Due: As shown on the inside cover page**

The Residential Revenue Bonds (College of Staten Island Residences), 2012 Series A (the "2012 Series A Bonds") and the Residential Revenue Bonds (College of Staten Island Residences), 2012 Series B (the "2012 Series B Bonds" and, together with the 2012 Series A Bonds, the "2012 Bonds") of the New York City Housing Development Corporation (the "Corporation") will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Each Series of 2012 Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Interest on and principal of the 2012 Bonds will be payable by Deutsche Bank Trust Company Americas, located in New York, New York, as trustee ("Trustee") for the 2012 Bonds, to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to DTC Direct Participants for subsequent disbursement to Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM." Purchasers of the 2012 Bonds will not receive physical delivery of bond certificates. The 2012 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein.

The 2012 Bonds are being issued to finance a Mortgage Loan to CSI Student Housing, LLC, a limited liability company organized and existing under and by virtue of the laws of the State of New York, and its successors and permitted transferees as owner of the below-defined Project (the "Mortgagor"), for the purpose of (i) paying a portion of the costs of constructing, furnishing and equipping a new 133-unit student housing facility to house up to 454 residents located on the south campus of The College of Staten Island in the Borough of Staten Island, County of Richmond, New York (referred to herein as the "Project"), (ii) paying capitalized interest on the 2012 Bonds, (iii) funding a deposit to the Debt Service Reserve Account established in connection with the 2012 Bonds and (iv) paying certain costs of issuance of the 2012 Bonds.

Payment of principal of and interest on the 2012 Bonds will be secured, to the extent described herein, by certain revenues and assets pledged under the Resolution pursuant to which the 2012 Bonds are being issued, all as described herein. To support the Project, The City University of New York ("CUNY") will enter into the CUNY Support Agreement with the Corporation and the Trustee. Pursuant to the CUNY Support Agreement, if the revenues of the Project and other funds available therefor are insufficient to pay the operating expenses of the Project and the scheduled interest and principal payments on the 2012 Bonds, CUNY agrees to pay the amount of such deficiency.

The scheduled payment of principal of and interest on the 2012 Bonds when due will be guaranteed under a municipal bond new issue insurance policy to be issued concurrently with the delivery of the 2012 Bonds (the "Bond Insurance Policy") by Assured Guaranty Municipal Corp.

ASSURED GUARANTY®
MUNICIPAL

The 2012 Bonds are subject to optional and mandatory redemption at the times and in the events set forth in the Resolution, and described herein.

The 2012 Bonds are being issued as fixed rate obligations which will bear interest from their date of issue at the rates set forth on the inside cover page of this Official Statement payable on each January 1 and July 1, commencing July 1, 2012.

The 2012 Bonds are special obligations of the New York City Housing Development Corporation, a corporate governmental agency, constituting a public benefit corporation organized and existing under the laws of the State of New York. The 2012 Bonds are not a debt of the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the 2012 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

The 2012 Bonds are offered when, as and if issued and received by the Underwriters and subject to the unqualified approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for CUNY and the Mortgagor by their counsel, Nixon Peabody LLP, New York, New York and by the CUNY Office of General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Michael Best & Friedrich LLP, Chicago, Illinois. It is expected that the 2012 Bonds will be available for delivery in New York, New York on or about March 1, 2012.

RBC Capital Markets **BofA Merrill Lynch**

J.P. Morgan **Morgan Stanley** **Ramirez & Co., Inc.**

Raymond James **Roosevelt & Cross, Inc.** **Wells Fargo Securities**

Dated: February 24, 2012

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Residential Revenue Bonds (College of Staten Island Residences)
$65,800,000 2012 Series A
$2,000,000 2012 Series B (Federally Taxable)

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

2012 Series A Bonds

$6,030,000 2012 Series A Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP*
1/1/2017	$290,000	2.000%	102.912%	64970WBB6
7/1/2017	385,000	2.000	102.916	64970WBC4
1/1/2018	390,000	2.000	102.218	64970WAL5
7/1/2018	395,000	2.000	101.793	64970WAM3
1/1/2019	400,000	2.000	100.317	64970WAN1
7/1/2019	400,000	2.000	100.339	64970WAP6
1/1/2020	410,000	2.250	100.000	64970WAQ4
7/1/2020	410,000	2.250	100.000	64970WAR2
1/1/2021	725,000	2.375	99.405	64970WAS0
7/1/2021	730,000	2.500	100.000	64970WAT8
1/1/2022	750,000	2.625	99.354	64970WAU5
7/1/2022	745,000	2.700	99.550	64970WAV3

$ 8,250,000 3.250% 2012 Series A Term Bonds due July 1, 2027 – Price 99.399% CUSIP* 64970WAW1
$ 9,895,000 3.750% 2012 Series A Term Bonds due July 1, 2032 – Price 100.00% CUSIP* 64970WAX9
$ 5,365,000 4.000% 2012 Series A Term Bonds due July 1, 2040 – Price 100.00% CUSIP* 64970WBA8
$21,740,000 4.100% 2012 Series A Term Bonds due July 1, 2042 – Price 100.00% CUSIP* 64970WAY7
$14,520,000 4.150% 2012 Series A Term Bonds due July 1, 2046 – Price 100.00% CUSIP* 64970WAZ4

2012 Series B Bonds

$2,000,000 2012 Series B Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP*
7/1/2014	$420,000	1.395%	100.00%	64970WBD2
1/1/2015	365,000	1.583	100.00	64970WBE0
7/1/2015	370,000	1.683	100.00	64970WBF7
1/1/2016	375,000	2.040	100.00	64970WBG5
7/1/2016	375,000	2.140	100.00	64970WBH3
1/1/2017	95,000	2.440	100.00	64970WBJ9

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* CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the owners of the 2012 Bonds. The Corporation is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2012 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2012 Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the 2012 Bonds to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or the Underwriters to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the New York City Housing Development Corporation; The City University of New York; Assured Guaranty Municipal Corp.; the Mortgagor (in the case of information contained herein relating to the Mortgagor, the member of the Mortgagor, the Mortgage Loan and the Project); and other sources which are believed to be reliable. Such information herein is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the 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 New York City Housing Development Corporation, The City University of New York, Assured Guaranty Municipal Corp. or the Mortgagor, since the date hereof.

Assured Guaranty Municipal Corp. ("the Bond Insurer") makes no representation regarding the 2012 Bonds or the advisability of investing in the 2012 Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer supplied by the Bond Insurer and presented under the heading "SECURITY FOR THE BONDS—Bond Insurance" and "Appendix D—Specimen Bond Insurance Policy".

The City University of New York has not provided or approved any information in this Official Statement (except with respect to the description under the heading "THE PROJECT AND THE MORTGAGOR–The City University of New York", "SECURITY FOR THE BONDS–CUNY Support Agreement", the fourth paragraph under the heading "THE MORTGAGE LOAN", "SUMMARY OF CERTAIN PROVISIONS OF THE CUNY SUPPORT AGREEMENT", the material with respect to The City University of New York in Appendix C hereto and the Audited Financial Statements attached as Appendix H) and The City University of New York takes no responsibility for any other information contained in this Official Statement and makes no representation as to the contents of this Official Statement. Without limiting the foregoing, The City University of New York makes no representation as to the suitability of the 2012 Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. The City University of New York's role with respect to the 2012 Bonds is limited to providing a support agreement with respect to the payment of operating expenses of the Project and principal of and interest on the 2012 Bonds and entering into an affiliation agreement with the Mortgagor to provide marketing and other support for the Project.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012 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 UNDERWRITERS MAY OFFER AND SELL THE 2012 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE 2012 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

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NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

$67,800,000
Residential Revenue Bonds (College of Staten Island Residences),
$65,800,000 2012 Series A
$2,000,000 2012 Series B (Federally Taxable)

This Official Statement (including the cover, inside cover and appendices) provides certain information concerning the New York City Housing Development Corporation (the "Corporation") in connection with the sale of $65,800,000 aggregate principal amount of the Corporation's Residential Revenue Bonds (College of Staten Island Residences), 2012 Series A (the "2012 Series A Bonds") and $2,000,000 aggregate principal amount of the Corporation's Residential Revenue Bonds (College of Staten Island Residences), 2012 Series B (the "2012 Series B Bonds" and, together with the 2012 Series A Bonds, the "2012 Bonds").

The 2012 Bonds are to be issued in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the "Act"), and pursuant to a resolution entitled "Residential Revenue Bonds (College of Staten Island Residences) Bond Resolution" adopted by the Members of the Corporation on February 15, 2012 (as amended and supplemented from time to time, the "Resolution"). Pursuant to the Resolution, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the 2012 Bonds issued thereunder, are herein referred to as the "Bonds." Deutsche Bank Trust Company Americas, located in New York, New York, will act as trustee for the 2012 Bonds (in its capacity as trustee for the 2012 Bonds, with its successors, the "Trustee"). Certain defined terms used herein are set forth in Appendix A hereto.

INTRODUCTION

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Corporation was created by the Act for the purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in The City of New York within the financial reach of families and persons of low income, which includes families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, or in areas designated as blighted through the provision of low interest mortgage loans. The Act provides that the Corporation and its corporate existence shall continue at least so long as bonds, notes or other obligations of the Corporation shall be outstanding.

The 2012 Bonds are being issued to finance a mortgage loan (the "Mortgage Loan") to CSI Student Housing, LLC, a limited liability company organized and existing under and by virtue of the laws of the State of New York, and its successors and permitted transferees as owner of the below-defined Project (the "Mortgagor"), for the purposes of (i) paying a portion of the costs of constructing, furnishing and equipping a 133-unit student housing facility to house up to 454 residents located on the campus of The College of Staten Island (the "College") in the Borough of Staten Island, County of Richmond, New York (the "Project"), (ii) paying capitalized interest on the 2012 Bonds, (iii) funding a deposit to the Debt Service Reserve Account established in connection with the 2012 Bonds and (iv) paying certain costs of issuance of the 2012 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE PROJECT AND THE MORTGAGOR" herein.

The scheduled payment of principal of and interest on the 2012 Bonds and expense shortfalls in the operation of the Project are secured by a support agreement from The City University of New York ("CUNY") to the Corporation and the Trustee (the "CUNY Support Agreement" or "Support Agreement"). For a more complete description of CUNY's obligations under the CUNY Support Agreement and certain limitations on the availability of sufficient revenues to satisfy CUNY's obligations under the Support Agreement, see "SECURITY FOR THE BONDS–CUNY Support Agreement" herein.

In addition, the scheduled payment of principal of and interest on the 2012 Bonds when due will be guaranteed under a municipal bond new issue insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the 2012 Bonds by Assured Guaranty Municipal Corp. (the "Bond Insurer"). So long as the Bond Insurance Policy is in full force and effect and the Bond Insurer is not in default in its payment obligations under the provisions of such Bond Insurance Policy, the Bond Insurer will be deemed the sole holder of the 2012 Bonds for purposes of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Bondholders are entitled to take upon an event of default under the Resolution. For a description of certain provisions of the Bond Insurance Policy and for certain information concerning the Bond Insurer, see "SECURITY FOR THE BONDS –Bond Insurance" herein and "Appendix D–Specimen Bond Insurance Policy".

The Mortgage Loan is to be evidenced by two mortgage notes in an initial amount corresponding to the amount of 2012 Bond proceeds (collectively, as the same may be amended or supplemented, the "Mortgage Note"). The Mortgage Loan shall be secured by two mortgages on the Project (collectively, as the same may be amended and supplemented, the "Mortgage"). Payment of the 2012 Bonds is secured by a pledge by the Corporation of its right, title and interest in and to the Mortgage Loan. See "SECURITY FOR THE BONDS."

The 2012 Bonds are special obligations of the Corporation payable solely from payments under the Mortgage Loan and other Revenues pledged therefor under the Resolution, including any investment earnings thereon, all as provided in accordance with the terms of the Resolution. In addition, the 2012 Bonds are payable, if needed, from advances by CUNY under the CUNY Support Agreement and, if needed, by payments by the Bond Insurer under the Bond Insurance Policy. See "SECURITY FOR THE BONDS" herein.

The 2012 Bonds will bear interest from their dated date, at the rates per annum set forth on the inside cover page of this Official Statement. See "DESCRIPTION OF THE 2012 BONDS–General" herein.

The 2012 Bonds are not a debt of the State of New York or The City of New York and neither the State nor The City of New York shall be liable thereon, nor shall the 2012 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

Descriptions of the 2012 Bonds and sources of payment, the Corporation, The City University of New York, the Bond Insurer, the Bond Insurance Policy, the Mortgagor, the Project, the Mortgage Loan, the Resolution, the CUNY Support Agreement and certain related agreements are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the 2012 Bonds are qualified in their entirety by reference to the Resolution and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Resolution are available for inspection at the office of the Corporation. The Corporation has covenanted in the Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant's Certificate relating thereto to each 2012 Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Accounts and Reports" herein. Other than as covenanted in the Resolution, the Corporation has not committed to provide any information on an ongoing basis to the Municipal Securities Rulemaking Board. For a description of the undertaking of the Mortgagor and CUNY with respect to ongoing disclosure, see "CONTINUING DISCLOSURE" herein.

THE CORPORATION

Purposes and Powers

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State, created for the purposes of providing, and encouraging the investment of private capital in, safe and sanitary dwelling accommodations in the City for families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, or in areas designated as blighted through the provision of low interest mortgage loans. Powers granted the Corporation under the Act include the power to issue bonds, notes and other obligations to obtain funds to carry out its corporate purposes, and to refund the same; to acquire, hold and dispose of real and personal property; to make mortgage loans to specified private entities; to purchase loans from lending institutions; to make loans insured or co-insured by the Federal government for new construction and rehabilitation of multiple dwellings; to make and to contract for the making of loans for the purpose of financing the acquisition, construction or rehabilitation of multi-family housing accommodations; to acquire and to contract to acquire any Federally-guaranteed security evidencing indebtedness on a mortgage securing a loan; to acquire mortgages from the City, obtain Federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of such sale of mortgages or issuance of obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the 2012 Bonds, notes, or other obligations are outstanding.

The sale of the 2012 Bonds and the terms of such sale are subject to the approval of the Comptroller of the City. The Corporation is a "covered organization" as such term is defined in the New York State Financial Emergency Act for The City of New York, as amended, and the issuance of the 2012 Bonds is subject to the review of the New York State Financial Control Board for The City of New York.

For a description of the bond, mortgage loan, loan and servicing activities of the Corporation, see "Appendix B – Activities of the Corporation".

Organization and Membership

The Corporation, pursuant to the Act, consists of the Commissioner of The City of New York Department of Housing Preservation and Development ("HPD") (who is designated as Chairperson of the Corporation pursuant to the Act), the Commissioner of Finance of the City and the Director of Management and Budget of the City (such officials to serve ex-officio), and four (4) public members, two (2) appointed by the Mayor of the City (the "Mayor") and two (2) appointed by the Governor of the State. The Act provides that the powers of the Corporation shall be vested in and exercised by not less than four (4) members. The Corporation may delegate to one or more of its members, officers, agents or employees such powers and duties as it deems proper.

Members

MATHEW M. WAMBUA, Chairperson and Member ex-officio. Mr. Wambua was appointed Commissioner of HPD by Mayor Michael R. Bloomberg, effective April 4, 2011. Prior to becoming Commissioner, Mr. Wambua was Executive Vice President for Real Estate and External Relations of the Corporation. He was a Member and Vice Chairperson of the Corporation from May 2006 through February 2008. Prior to joining the Corporation, Mr. Wambua served as the Senior Policy Advisor for the New York City Deputy Mayor of Economic Development where he focused on housing issues and large-scale planning projects. Mr. Wambua also was Vice President for Special Projects at the New York City Economic Development Corporation. He previously was a senior investment officer for General Electric Capital Commercial Real Estate. Mr. Wambua earned a B.A. from the University of California at Berkeley and a Masters in Public Policy from Harvard University's John F. Kennedy School of Government. Mr. Wambua previously taught real estate finance at New York University and managerial economics at the New School University.

FELIX CIAMPA, Vice Chairperson and Member, serving pursuant to law. Mr. Ciampa is the Senior Vice President, Government Affairs of Madison Square Garden. Before assuming his current position, Mr. Ciampa was the Chief of Staff to the New York City Deputy Mayor for Economic Development and managed the office responsible for implementing the Mayor of New York City's five-borough economic development strategy. Prior to that, Mr. Ciampa served as the Chief Operating Officer for the New York City Economic Development Corporation ("EDC"). At EDC, he worked with the President of EDC to develop and implement a new organizational structure and strategic plan for the corporation. Before assuming the role of Chief Operating Officer, Mr. Ciampa was EDC's Senior Vice President for Government and Community Relations. Previously, Mr. Ciampa was the Deputy Director of the Mayor's Office of City Legislative Affairs. Mr. Ciampa has his B.A. from Fordham University and his J.D. from St. John's University.

MARK PAGE, Member ex-officio. Mr. Page was appointed New York City Budget Director in January, 2002. Mr. Page was previously employed in the New York City Office of Management and Budget from 1978 to 2001, where he served as Deputy Director/General Counsel since 1982. Mr. Page is a graduate of Harvard University and the New York University School of Law.

DAVID M. FRANKEL, Member ex-officio. Mr. Frankel was appointed Commissioner of New York City's Department of Finance by Mayor Michael R. Bloomberg, on July 29, 2009, effective September 8, 2009. Prior to becoming Commissioner, Mr. Frankel held several positions as Managing Director at Morgan Stanley, overseeing fixed income, regulatory matters, tax operations and a staff of approximately 750 people. From 1992 to 2004, Mr. Frankel was the head of global operations for the AIG Trading Group. Commissioner Frankel previously served as Deputy Commissioner for Intergovernmental Relations at HPD and Special Counsel to the Commissioner of the New York City Department of Corrections. From 1978 to 1988, Mr. Frankel practiced as an attorney at two New York firms, where he specialized in litigation. Commissioner Frankel received a B.A. degree from Tufts University and his J.D. from Columbia University School of Law.

HARRY E. GOULD, JR., Member, serving pursuant to law. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, which was, until April 30, 2010, the largest privately owned independent distributor of printing paper in the United States. As of that date, Gould became a 51% owned subsidiary of Japan Pulp & Paper. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He is a member of the Board of Directors of the Roundabout Theatre Organization. He was a member of the Board of Directors of Domtar, Inc., North America's largest and second largest global manufacturer of uncoated free sheet papers from 1995 to 2004. He was a member of the Board of Directors of the USO of Metropolitan New York from 1973 to 2004. He was a member of the Board of Trustees of the American Management Association from 1996 to 1999. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was Vice Chairman of the President's Export Council, was a member of the Executive Committee and was Chairman of the Export Expansion Subcommittee from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999. Mr. Gould received his Bachelor of Arts degree from Colgate University *magna cum laude*. He began his M.B.A. studies at Harvard University and received his degree from Columbia Business School.

CHARLES G. MOERDLER, Member, serving pursuant to law. Mr. Moerdler is a partner in the law firm of Stroock & Stroock & Lavan LLP. Prior to joining his law firm in 1967, Mr. Moerdler was Commissioner of Buildings for The City of New York from 1966 to 1967, and previously worked with the law firm of Cravath, Swaine & Moore. Mr. Moerdler has served as a member of the Committee on Character and Fitness of Applicants to the Bar of the State of New York, Appellate Division, First Department since 1977 and as a member of the Mayor's Committee on Judiciary since 1994. He has also served on the Editorial Board of the New York Law Journal since 1986. Mr. Moerdler held a number of public service positions, including Chairman of The New York State Insurance Fund from 1995 to March 1997, Commissioner and Vice Chairman of The New York State Insurance Fund from 1978 to 1994, Consultant to the Mayor of The City of New York on Housing, Urban Development and Real Estate from 1967 to 1973, Member of the Advisory Board on Fair Campaign Practices, New York State Board of Elections in 1974, Member of the New York City Air Pollution Control Board from 1966 to 1967 and Special Counsel to the New York State Assembly, Committee on Judiciary in 1961 and Committee on The City of New York in 1960. Mr. Moerdler also serves as a Trustee of St. Barnabas Hospital and served on the Board of Overseers of the Jewish Theological Seminary of America. He served as a Trustee of Long

Island University from 1985 to 1991 and on the Advisory Board of the School of International Affairs, Columbia University from 1976 to 1979. Mr. Moerdler is a graduate of Long Island University and Fordham Law School, where he was an Associate Editor of the Fordham Law Review.

DENISE SCOTT, Member, term expires December 31, 2012. Ms. Scott is Managing Director of the Local Initiatives Support Corporation's New York City program (LISC NYC) since 2001. During her tenure, LISC NYC has invested in the development of over 10,000 units of affordable housing. Ms. Scott served as a White House appointee to the United States Department of Housing and Urban Development (HUD) from 1998 to January 2001 responsible for daily operations of HUD's six New York/New Jersey regional offices. She was the Managing Director/Coordinator responsible for launching the Upper Manhattan Empowerment Zone Development Corporation. Ms. Scott served as the Assistant Vice President of the New York City Urban Coalition after serving as Deputy Director of the New York City Mayor's Office of Housing Coordination from 1990-1992. She held several positions at HPD ultimately serving as the Director of its Harlem preservation office. Ms. Scott serves on the U.S. Department of Treasury's Office of Thrift Supervision Minority Depository Institutions Advisory Committee and also serves on several boards including the National Equity Fund, Supportive Housing Network of New York, Citizens Housing and Planning Council, Neighborhood Restore / Restored Homes and the New York Housing Conference. Ms. Scott has a MS in Urban Planning from Columbia University and has taught at its Graduate School of Architecture, Planning and Preservation as a Visiting Assistant Professor.

Principal Officers

MATHEW M. WAMBUA, Chairperson.

FELIX CIAMPA, Vice Chairperson.

MARC JAHR, President. Mr. Jahr was appointed President of the Corporation on December 19, 2007, effective January 2, 2008. Prior to joining the Corporation, Mr. Jahr was Citi Community Capital's New York metropolitan area Market Director. At Citibank, he supervised its community development real estate lending group and was responsible for its affordable rental housing and home ownership lending programs in the metro New York area. Before joining Citibank, Mr. Jahr held various senior positions at Local Initiatives Support Corporation including New York Equity Fund Manager, New York City Program Director and Program Vice President. He also served in several positions at HPD including Director of its Multi-Family Housing Unit, as well as Deputy Director of HPD's Small Homes Unit. Mr. Jahr also served as Director of the Neighborhood Housing Services Program of East Flatbush and the New York City Commission on Human Rights East Flatbush Neighborhood Stabilization Program. Mr. Jahr is a graduate of the New School College. While at Citibank, he sat on the boards of several not-for-profit corporations including the Settlement Housing Fund, NHS CDC, the NYC Housing Partnership CDC, the Citizens Housing and Planning Council, Neighborhood Restore and The Brooklyn Historical Society.

RICHARD M. FROEHLICH, Chief Operating Officer, Executive Vice President and General Counsel. Mr. Froehlich, an attorney and member of the New York State Bar, was appointed Chief Operating Officer of the Corporation on June 9, 2011, and Executive Vice President for Capital Markets of the Corporation on February 27, 2008. Mr. Froehlich is also the General Counsel of the Corporation. He was originally appointed Senior Vice President and General Counsel of the Corporation effective November 17, 2003. Prior to joining the Corporation, he was Counsel at the law firm of O'Melveny & Myers LLP in its New York City office, where Mr. Froehlich's practice focused on real estate, public finance and affordable housing. From 1993 to 1998, Mr. Froehlich was an Assistant Counsel at the New York State Housing Finance Agency. Upon graduation from law school, he was an associate at Skadden, Arps, Slate, Meagher & Flom. Mr. Froehlich received his B.A. degree from Columbia College and his J.D. from Columbia University School of Law. He is an Adjunct Assistant Professor of Urban Planning at Columbia University.

JOAN TALLY, Executive Vice President for Real Estate and Chief of Staff. Ms. Tally was appointed Executive Vice President for Real Estate and Chief of Staff of the Corporation on June 9, 2011. Ms. Tally had served as Senior Vice President for Development of the Corporation since February 27, 2008. She had previously been acting head of the Corporation's Development Department since October 1, 2007 and served as the Vice President of Development since April 2007. In September 2001, Ms. Tally began her career at the Corporation as a project manager structuring financing programs and underwriting transactions and was promoted first to Senior Project Manager and then Assistant Vice President in December 2005. Her previous experience includes planning and development work at the Manhattan Borough President's Office and with Neighborhood Housing Services of New York City. Ms. Tally holds a Master of Urban Planning and a B.A. in Urban Studies from Hunter College of the City University of New York.

SIMON BACCHUS, Senior Vice President for Development. Mr. Bacchus was appointed Senior Vice President for Development of the Corporation on June 9, 2011. Mr. Bacchus had served as Vice President of Development since July of 2010. Mr. Bacchus joined the Corporation in 2007 as a project manager structuring financing programs and underwriting transactions. Prior to joining the Corporation, Mr. Bacchus was a Senior Program Associate with Seedco, a national community development intermediary. Mr. Bacchus holds a Master of Public Administration from the New York University's Robert F. Wagner School and a B.A. in Urban Studies from the New School.

CATHLEEN A. BAUMANN, Treasurer. Ms. Baumann was appointed Treasurer of the Corporation by the President on July 20, 2009. Prior to such appointment, she held the position of Deputy CFO since September 2004. Ms. Baumann joined the Corporation in 1988 as an Accountant. She has also held the positions of Senior Accountant and Internal Auditor and Vice President of Internal Audit. Ms. Baumann received her bachelor's degree with majors in Accounting and Economics from Queens College of the City University of New York and her MBA in Finance from Baruch College's Zicklin School of Business of the City University of New York.

ELLEN K. DUFFY, Senior Vice President for Debt Issuance and Finance. Ms. Duffy was appointed Senior Vice President of the Corporation on September 15, 2009, effective September 21, 2009. Prior to joining the Corporation, Ms. Duffy was a principal of the housing finance group at Bank of America Securities ("BAS"). At BAS, Ms. Duffy focused on quantitative structuring of transactions and cash flow analysis for state and local housing issuers. Ms. Duffy previously held positions in the housing areas of the public finance groups at CS First Boston, First Union Securities and Citicorp Investment Bank. Ms. Duffy holds a B.A. in Economics from Providence College.

TERESA GIGLIELLO, Senior Vice President—Portfolio Management. Ms. Gigliello was appointed a Senior Vice President of the Corporation on August 3, 1998. Prior to such appointment, Ms. Gigliello held the position of Director of Audit. She began her career with the Corporation in 1985 as an accountant and served as the Corporation's Internal Auditor from 1986 until her appointment as Director of Audit in 1995. Ms. Gigliello received a Bachelor of Science degree from St. John's University.

EILEEN M. O'REILLY, Senior Vice President. Ms. O'Reilly was appointed Senior Vice President for Loan Servicing of the Corporation on September 15, 2009. Prior to such appointment she acted as Chief Financial Officer of the Corporation since May 2, 2007. She joined the Corporation as Acting Senior Vice President on March 19, 2007. Prior to joining the Corporation, Ms. O'Reilly was a principal of Gramercy Capital Consulting, a consulting firm where she advised clients in implementing financial programs and marketing initiatives. Previously, she held several positions at Fidelity Investments, PaineWebber and Kidder Peabody. Ms. O'Reilly holds a B.A. in Economics from Tufts University and an M.B.A. degree from Columbia Business School.

MELISSA BARKAN, Deputy General Counsel and Secretary. Ms. Barkan was appointed Secretary of the Corporation on May 2, 2007. She was appointed Deputy General Counsel on March 1, 2007. Prior to her appointments she held the position of Associate General Counsel and Assistant Secretary. In 1999, Ms. Barkan joined the Corporation as an Assistant General Counsel. Before joining the Corporation, Ms. Barkan was associated with a New York law firm where her practice focused on real estate acquisitions and financing. Ms. Barkan received her B.S. degree from the School of Business at the State University of New York at Albany and her J.D. from Brooklyn Law School. Ms. Barkan is a member of the New York State Bar.

Potential Legislative and Regulatory Actions

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

THE MORTGAGE LOAN

The Resolution authorizes the Corporation to issue the 2012 Bonds to provide moneys to finance the Mortgage Loan for the purposes of (i) paying a portion of the costs of constructing, furnishing and equipping a 133-unit student housing facility to house up to 454 residents located on the campus of The College of Staten Island (the "College") in the Borough of Staten Island, County of Richmond, New York (the "Project"), (ii) paying capitalized interest on the 2012 Bonds, (iii) funding a deposit to the Debt Service Reserve Account established in connection with the 2012 Bonds and (iv) paying certain costs of issuance of the 2012 Bonds. The Corporation and the Mortgagor will enter into a building loan agreement and a project loan agreement (collectively, as the same may be amended or supplemented, the "Loan Agreement"), simultaneously with the issuance of the 2012 Bonds. The Mortgage Loan is to be evidenced by the Mortgage Note, executed by the Mortgagor in favor of the Corporation and secured by the Mortgage. The Mortgagor is required under the Mortgage Note to make payments sufficient to pay debt service on the 2012 Bonds.

The ability of the Mortgagor to pay the Mortgage Loan depends on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to the Trustee, and fees owed to the Corporation. The ability of the Project to generate sufficient revenues may be affected by a variety of factors, including without limitation, completion of construction of the Project, maintenance of a certain level of occupancy, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, the level of operating expenses, project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. The Mortgagor's assumptions with respect to the Project's generation of sufficient cash flow to make payments of principal of and interest on the 2012 Bonds include rental rates assuming Project delivery in August 2013, an assumed vacancy rate of 5% during an academic term and 60% during the summer term and annual operating expense estimates provided by ACC SC Management LLC, as manager of the Project (the "Manager") based on experiences with other similar on-campus projects and the College. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project. No projections or projected debt service coverage ratios are available with respect to the Project.

The Mortgagor's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including a decline in the enrollment of the College. The Ground Lease (defined below) requires the Project to be used solely for the operation of a residential facility for students, faculty and staff of the College and other senior colleges and community colleges within the CUNY system. There can be no assurance that there will be sufficient demand or enrollment at the College for the Mortgagor to license all the beds in the Project.

Under the terms of the CUNY Support Agreement, CUNY has agreed to pay certain operating expenses for the Project and/or debt service on the 2012 Bonds in the event that monies set aside for such purposes are insufficient. See "SECURITY FOR THE BONDS–CUNY Support Agreement" and "SUMMARY OF CERTAIN PROVISIONS OF THE CUNY SUPPORT AGREEMENT" herein.

The Mortgage Loan is a non-recourse obligation of the Mortgagor with respect to which its member or officers have no personal liability and as to which its member or officers have not pledged for the benefit of the Bondholders any of their respective assets, other than the Project and its rents, profits and proceeds.

THE PROJECT AND THE MORTGAGOR

The Mortgagor has provided the following information regarding the Mortgagor, the Project, the Developer, the Manager, The College of Staten Island Auxiliary Services Corporation, Inc. (the "Auxiliary Services Corporation") and CUNY for use herein. While the information is believed to be reliable, none of the Corporation, the Bond Insurer, the Underwriters or any of their respective counsel, members, directors, officers or employees makes any representation as to the accuracy or sufficiency of such information.

The Project

The 2012 Bonds are being issued to finance the Mortgage Loan to the Mortgagor for the purposes of financing the cost of construction and equipping of the Project, to be located on an approximately 7± acre parcel of land (the "Project Site") located on The College of Staten Island campus, at 2800 Victory Boulevard in the Borough of Staten Island, County of Richmond, City and State of New York. The Dormitory Authority of the State of New York, the fee owner of the Project Site, will lease the Project Site to the Mortgagor pursuant to the terms of a long-term ground lease (the "Ground Lease"). Under the Ground Lease, the Mortgagor will be permitted to develop, construct, use, maintain and operate the Project as a residential facility for students, faculty and staff of The College of Staten Island and other senior colleges and community colleges within the CUNY system.

The Project will consist of two buildings with four and five stories, comprised of approximately 172,000 square feet, including all common areas, to be constructed on the Project Site. The buildings will contain 133 apartment units and will house up to 454 residents. The buildings will provide both private and semi-private bedroom accommodations and semi-private bathrooms for residents and will be licensed to residents on a per-bed basis. The floor plans consist of 9 one-bedroom/one-bathroom floor plans, each housing one resident assistant, 24 two-bedroom/one-bathroom floor plans housing two residents, 67 three-bedroom/two-bathroom floor plans housing four residents, 32 four-bedroom/two-bathroom floor plans housing four residents, and 1 two-bedroom/one-bathroom floor plan housing an on-site manager. The Project is the first student housing project located on the campus of The College of Staten Island.

Each resident will have his or her own closet, semi-private vanity area with sink, full or twin sized bed, desk, chair, and stackable dresser that can be a standalone furniture piece or come apart and slide under the bed for flexibility. Residents will have a private data and cable connection in their individual rooms with connection in the common living room as well. All floor plans will have living room space and full kitchens and contain the following: dining table and chairs, refrigerator, sink, four-top oven, entertainment center, coffee table and soft seating in the form of couches or loveseats, and side chairs to accommodate the residents. Projected amenities included within the common areas of the two buildings are: social lounges/game areas with televisions, soft seating, and gaming tables; cardio focused fitness center; divisible meeting/class room; private study rooms; mailroom; outdoor landscaped courtyard space; business center, vending areas; laundry facilities; public restrooms; managerial offices with a reception area; maintenance office; and mechanical areas. The residential unit mix and approximate square footage of each respective apartment type are set forth in the table below:

Unit Mix	No. Units	No. Beds	Sq. Ft./Unit	Total Sq. Ft.
2 Bedroom/1 Bathroom (RD unit)	1	1	998	998
Studio A (RA unit)	4	4	471	1,884
Studio B (RA unit)	5	5	464	2,320
2 Bedroom /1 Bathroom (Private accommodation)	24	48	692	16,608
3 Bedroom /2 Bathroom (Private & Shared)	67	268	1,008	67,536
4 Bedroom / 2 Bathroom (Private accommodation)	32	128	1,123	35,936
Total Program	**133**	**454**		**125,282**
Community Center/Circulation Space				47,126
Total Square Footage				**172,408**

The Development Agreement

The Mortgagor, CUNY and ACC SC Development LLC, as Developer (the "Developer") will enter into a development agreement (the "Development Agreement") which sets forth certain terms and conditions relating to the development of the Project. Pursuant to the Development Agreement, the Developer will contract with the Mortgagor to develop, coordinate the design of, and oversee the construction, furnishing and equipping of the Project to be completed. The Development Agreement will obligate the Developer to use its reasonable efforts to cause the Project to be completed for a total cost not to exceed $56,444,005 and by a date certain (subject to the terms and conditions of the Development Agreement). For its services as developer, the Developer will receive a development fee.

Pursuant to the Development Agreement, the Developer will also act as construction manager for the Project to enforce, on behalf of the Mortgagor, the contracts with the Architect and the general contractor and receive a separate construction management fee related thereto. Pursuant to and subject to the terms of the Development Agreement, in the event that substantial completion of the Project is not achieved on or before the date in the project schedule set forth in the Development Agreement, (a) the Developer will provide bed spaces to residents who have executed resident license agreements, equal to the number of bed spaces required under executed license agreements to be available on such date but which in fact are not available, in comparable substitute living quarters, (b) the Developer will move the students from the substitute living quarters into the Project as units become available therein, and (c) in the event that the substitute living quarters are more than one and one-half miles from the College's campus, the Developer will provide the students occupying the substitute living quarters with transportation to and from the College's campus. In accordance with the terms of the Development Agreement, the total cost of providing these alternative services may not exceed, in the aggregate (when added to other amounts which may be due and payable by the Developer due to late completion and/or cost overruns), the amount of the Development Fee and the Construction Management Fee (as defined in the Development Agreement).

The Developer

The Developer is a limited liability company duly organized and validly existing under the laws of the State of Delaware, is an indirect wholly-owned subsidiary of American Campus Communities, Inc. ("ACC") which is responsible for third-party development for ACC. ACC, which has as its business student housing, was founded in October of 1993 and is now a publicly-traded corporation on the New York Stock Exchange. ACC became the first publicly-traded student housing REIT. Since 1996, ACC has developed more than $2.55 billion in properties for its own account and its university clients, and it has acquired in excess of $2.49 billion in student housing assets. As of the present date, ACC has developed 65 privatized student housing communities, consisting of more than 45,000 student beds. Corporate headquarters are located in Austin, Texas. ACC has designed and programmed the full range of contemporary student communities including modern-day residence halls (traditional and full-service), and all styles of apartments and mid-and high-rise communities.

The Management Agreement

The Mortgagor, CUNY and the Manager will enter into a project management agreement (the "Management Agreement") which sets forth certain terms and conditions relating to the management of the Project. Pursuant to the Management Agreement, the Manager will contract with the Mortgagor to manage and oversee the operations of the Project once completed. The Management Agreement will obligate the Manager to operate, maintain, manage and license beds in the Project for an initial term of up to fifteen (15) years (subject to the terms and conditions of the Management Agreement). For its services as manager, the Manager will receive a management fee.

The Manager's responsibilities under the Management Agreement include: (a) providing and supervising marketing activities of the Project, (b) providing and supervising staff in the entering into and administering of resident license agreements (provided that collection of license fees shall be the responsibility of CUNY), (c) using commercially reasonable efforts to secure compliance by each resident with the terms of his or her license agreement, (d) causing the Project to be maintained in good repair, (e) carrying out necessary capital improvements following completion of the Project, (f) making arrangements for utilities and other services, (g) maintaining books and records with respect to the Project, (h) developing operating and capital budget for the Project, and (i) maintaining and disbursing funds from an operating account as required under the Management Agreement.

CUNY, as agent of the Mortgagor, shall (i) bill for and collect license fees from all occupants of the Project; and (ii) remit all such license fees to the Manager within two (2) business days after receipt thereof. CUNY may require the Manager to terminate any housing license agreement when such termination is in the best interests of CUNY, is consistent with the terms of the license agreement and is consistent with the financing documents.

The Manager

The Manager is a limited liability company duly organized and validly existing under the laws of the State of Delaware, is an indirect wholly-owned subsidiary of ACC and is responsible for third-party management for ACC. ACC owns 112 student housing properties containing approximately 69,200 beds. Including its owned, joint venture and third-party managed properties ACC's total managed portfolio consists of 146 properties with approximately 94,000 beds.

The Mortgagor

The Mortgagor is a New York limited liability company that was established in 2008 by the Auxiliary Services Corporation for the purpose of benefiting and supporting the charitable activities of the Auxiliary Services Corporation and, more specifically, to develop, own, lease and operate a residential facility on the campus of The College of Staten Island, a senior college within CUNY. The Mortgagor is not engaged in any business operations and has no material assets other than its interest in the Project. Accordingly, it is expected that the Mortgagor will not have any sources of funds to make payments on the Mortgage Loan other than revenues generated by the Project.

The Auxiliary Services Corporation

The Auxiliary Services Corporation is the sole member of the Mortgagor and was established in 1977, among other purposes, to support and advance the education, research and public service mission of CUNY by aiding its students, faculty and other staff through the provision of food service, book store, parking lot, student, faculty and staff housing, transportation, athletic and recreational facilities and other auxiliary services and facilities at or near the various locations of The College of Staten Island. The Auxiliary Services Corporation was formed as a not-for-profit corporation and as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The board of directors of the Auxiliary Services Corporation is composed of eleven (11) individuals, as follows: the President of The College of Staten Island (the "College President") or his or her designee, five (5) student members, consisting of the student government president and four (4) students elected at large from the student body, three (3) administrators appointed by the College President and two (2) members of the faculty appointed by the College President from a panel of four (4) faculty elected by the faculty of The College of Staten Island. The officers of the Mortgagor are elected by the Auxiliary Services Corporation.

The City University of New York

CUNY has provided the following information and the information in Appendix C attached hereto for use herein. While the information is believed to be reliable, none of the Corporation, the Bond Insurer, the Underwriters or any of their respective counsel, members, directors, officers or employees makes any representation as to the accuracy or sufficiency of such information.

CUNY is a separate and distinct body established under Article 125 of the New York State Educational Law. CUNY comprises 23 institutions, including 11 senior colleges ("Senior Colleges"), 6 community colleges and various graduate and professional schools. CUNY was established in 1961 by combining existing educational institutions into one university. Each of the Senior Colleges is accredited by the Middle States Association of Colleges and Secondary Schools, and all programs offered are authorized by the Regents of the University of the State of New York Education Department.

The Chancellor of CUNY and the College President have determined that providing a residence facility on The College of Staten Island campus would promote and enhance the educational mission of The College of Staten Island and CUNY. See "Appendix C – Information Regarding The City University of New York" hereto.

Affiliation Agreement

In connection with the issuance of the 2012 Bonds, CUNY is entering into an Affiliation Agreement with the Mortgagor to provide marketing and other support for the Project. Under the terms of the Affiliation Agreement, CUNY agrees (i) not to undertake or support (or permit any of its affiliates, agents, contractors, employees or any other persons under its control to undertake or support) any student housing project that may compete with the Project unless certain conditions set forth in the Affiliation Agreement are satisfied; (ii) not to give preference or priority to any other student housing that might compete with the Project; (iii) in the event that CUNY operates or controls the operation of any comparable future student housing facility located on the campus of the College, the license or rental rates for beds or units therein shall not be less than the license or rental rates for comparable beds or comparable units in the Project; (iv) to reasonably cooperate with and assist the Manager in marketing the Project to eligible residents (with cooperation to involve permission of advertising of availability of beds in the Project, listing the Project as approved housing in College catalogues and informational packages, providing the Manager with access to the College's mailing lists and web sites and allowing the Manager to install and maintain a direct web link); (v) to permit the Manager to install and maintain a connection to CUNY's computer networks so as to provide Project residents with direct internet access in accordance with CUNY's policies and procedures, provided that such connection will be at no expense to CUNY and will otherwise be made on terms and conditions acceptable to CUNY; (vi) to provide registered students of the College who are Project residents with the same services as CUNY provides to all other registered students of the College; (vii) to provide electricity, storm sewer, water and sanitary sewer and cable internet services for the Project at no cost to the Mortgagor; and (viii) to provide (A) snow removal and landscape maintenance services for the Project at no cost to the Mortgagor and (B) security services for the Project at CUNY's actual cost in any fiscal year of the Mortgagor up to $105,000.

CUNY Support Agreement

In connection with the issuance of the 2012 Bonds, CUNY is entering into the CUNY Support Agreement to provide, among other things, for payment of operating expenses for the Project and scheduled principal and interest payments on the 2012 Bonds in the event of shortfalls, as further described under "SECURITY FOR THE BONDS—CUNY Support Agreement" herein.

MARKET STUDY

A Campus Housing Market Study (the "Market Study") relating to the Project and an analysis of demand for undergraduate housing has been prepared by Brailsford & Dunlavey (the "Market Consultant"). The Market Study is dated August, 2010 and contemplates the Project being completed in the 2012/2013 academic year. **The Market Study should be read in its entirety**. The Market Study identifies, among other things, demand for housing at the College, as further described therein. With permission of the Market Consultant, the Market Study has been attached hereto as Appendix E. The Trustee and the Corporation make no representation as to any aspect of the Market Study or the ability of the Mortgagor to pay amounts under the Loan Agreement sufficient to satisfy the principal, premium, if any, and interest due on the 2012 Bonds. See “Appendix E – MARKET STUDY” hereto.

DESCRIPTION OF THE 2012 BONDS

General

The 2012 Bonds are to be dated and will mature as set forth on the inside cover page of this Official Statement. The 2012 Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). See “BOOK-ENTRY- ONLY SYSTEM” herein. Deutsche Bank Trust Company Americas is the Trustee for the 2012 Bonds.

Each Series of the 2012 Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Interest on the 2012 Bonds will accrue from their dated date and be payable on January 1 and July 1 in each year, commencing July 1, 2012, at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the 2012 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. If the date for payment of interest on or principal or Redemption Price of the 2012 Bonds is a day other than a Business Day, then payment may be made on the next succeeding Business Day with the same force and effect as if made on the date originally fixed for payment, and in the case of such payment no interest shall accrue for the period from the date originally fixed for payment to such next succeeding Business Day.

Redemption of the 2012 Bonds - Optional

Optional Redemption

The 2012 Series A Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity on or after January 1, 2022, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Special Redemption

The 2012 Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity, in an amount not in excess of amounts on deposit in the Bond Proceeds Account representing unexpended proceeds of the 2012 Bonds not used to finance the Mortgage Loan and any other monies made available under the Resolution in connection with such redemption, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Redemption of the 2012 Bonds – Mandatory

Mandatory Redemption from Certain Recoveries of Principal

The 2012 Bonds shall be subject to mandatory redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption date, from amounts representing (a) Recoveries of Principal deposited in the Redemption Account and resulting from (i) proceeds from the acceleration of payments due on the Mortgage Loan or other remedial proceedings taken in the event of a default thereon, (ii) proceeds of any insurance award resulting from the damage or destruction of the Project which are required to be applied to the payment of the Mortgage Note pursuant to the Mortgage, or proceeds of title insurance, (iii) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm or corporation acting under governmental authority, of title to or any interest in or the temporary use of the Project or any portion thereof, or (iv) proceeds of the sale, assignment, endorsement or other disposition of the Mortgage Loan required pursuant to the Resolution or made when, in the sole judgment of the Corporation, the Mortgage Loan is in default, and (b) any other moneys made available under the Resolution in connection with the redemptions described in clause (a) of this paragraph,

The 2012 Bonds shall be subject to mandatory redemption, in whole or in part, at any time prior to maturity on or after January 1, 2022, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing (a) Recoveries of Principal deposited in the Redemption Account and resulting from (i) the advance payment of amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor, or (ii) proceeds of the sale, assignment, endorsement or other disposition of the Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the Resolution or made when, in the sole judgment of the Corporation, the Mortgage Loan is in default) and (b) any other monies made available under the Resolution in connection with the redemptions described in clause (a) of this paragraph.

Sinking Fund Redemption for the 2012 Series A Bonds

The 2012 Series A Bonds are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the Redemption Date, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on January 1 and July 1 of each year the principal amount of such 2012 Series A Bonds specified for each of the Redemption Dates shown below:

2012 SERIES A BONDS
MATURING ON JULY 1, 2027

Date	Amount	Date	Amount
Jan. 1, 2023	$770,000	Jul. 1, 2025	$825,000
Jul. 1, 2023	770,000	Jan. 1, 2026	850,000
Jan. 1, 2024	795,000	Jul. 1, 2026	855,000
Jul. 1, 2024	795,000	Jan. 1, 2027	880,000
Jan. 1, 2025	825,000	Jul. 1, 2027†	885,000

† Stated maturity.

2012 SERIES A BONDS
MATURING ON JULY 1, 2032

Date	Amount	Date	Amount
Jan. 1, 2028	$915,000	Jul. 1, 2030	$ 990,000
Jul. 1, 2028	915,000	Jan. 1, 2031	1,025,000
Jan. 1, 2029	950,000	Jul. 1, 2031	1,030,000
Jul. 1, 2029	950,000	Jan. 1, 2032	1,065,000
Jan. 1, 2030	985,000	Jul. 1, 2032†	1,070,000

† Stated maturity.

2012 SERIES A BONDS
MATURING ON JULY 1, 2040

Date	Amount	Date	Amount
Jan. 1, 2033	$335,000	Jan. 1, 2037	$335,000
Jul. 1, 2033	335,000	Jul. 1, 2037	335,000
Jan. 1, 2034	335,000	Jan. 1, 2038	335,000
Jul. 1, 2034	335,000	Jul. 1, 2038	335,000
Jan. 1, 2035	335,000	Jan. 1, 2039	335,000
Jul. 1, 2035	335,000	Jul. 1, 2039	335,000
Jan. 1, 2036	335,000	Jan. 1, 2040	335,000
Jul. 1, 2036	335,000	Jul. 1, 2040†	340,000

† Stated maturity.

2012 SERIES A BONDS
MATURING ON JULY 1, 2042

Date	Amount	Date	Amount
Jan. 1, 2033	$775,000	Jan. 1, 2038	$1,040,000
Jul. 1, 2033	780,000	Jul. 1, 2038	1,040,000
Jan. 1, 2034	825,000	Jan. 1, 2039	1,095,000
Jul. 1, 2034	825,000	Jul. 1, 2039	1,100,000
Jan. 1, 2035	875,000	Jan. 1, 2040	1,155,000
Jul. 1, 2035	875,000	Jul. 1, 2040	1,160,000
Jan. 1, 2036	925,000	Jan. 1, 2041	1,560,000
Jul. 1, 2036	930,000	Jul. 1, 2041	1,560,000
Jan. 1, 2037	980,000	Jan. 1, 2042	1,625,000
Jul. 1, 2037	985,000	Jul. 1, 2042†	1,630,000

† Stated maturity.

2012 SERIES A BONDS
MATURING ON JULY 1, 2046

Date	Amount	Date	Amount
Jan. 1, 2043	$1,700,000	Jan. 1, 2045	$1,855,000
Jul. 1, 2043	1,700,000	Jul. 1, 2045	1,850,000
Jan. 1, 2044	1,775,000	Jan. 1, 2046	1,930,000
Jul. 1, 2044	1,775,000	Jul. 1, 2046†	1,935,000

† Stated maturity.

The amounts accumulated for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Corporation, prior to the forty-fifth day preceding the due date of such Sinking Fund Payment, to the purchase of the 2012 Series A Bonds to be redeemed from such Sinking Fund Payments, at prices (including any brokerage and other charges) not exceeding the applicable Redemption Price, plus accrued interest to the date of purchase.

Upon the purchase or redemption of any 2012 Series A Bonds for which Sinking Fund Payments shall have been established, other than by application of Sinking Fund Payments, an amount equal to the principal amount of the 2012 Series A Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2012 Series A Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer of the Corporation at the time of such purchase or redemption.

Selection of 2012 Bonds to be Redeemed

If less than all of the 2012 Bonds are to be redeemed at the option of the Corporation or from Recoveries of Principal, the Corporation shall select the Series, maturity or maturities of the 2012 Bonds to be redeemed from among such 2012 Bonds. In the event of redemption of less than all Outstanding 2012 Bonds of like Series and maturity, the Trustee shall select the 2012 Bonds to be redeemed in authorized denominations by lot, using such method as it shall determine in its sole discretion. For the purposes of this section, 2012 Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

The foregoing notwithstanding, no 2012 Bond shall be selected for redemption if the portion of such 2012 Bond remaining after such redemption would not be in a denomination authorized by the Resolution.

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem 2012 Bonds, or is required pursuant to the Resolution to redeem 2012 Bonds, the Trustee is to give notice, in the name of the Corporation, of the redemption of such 2012 Bonds. Such notice is to specify, among other things, the 2012 Bonds to be redeemed, the Redemption Price, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. The Trustee is to mail a copy of such notice postage prepaid to the registered owners of any 2012 Bonds or portions of 2012 Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry book not less than thirty (30) days before the Redemption Date for such 2012 Bonds. The foregoing provisions of this paragraph do not apply in the case of any redemption of 2012 Bonds of which, pursuant to the Resolution, notice is not required to be given. Interest shall cease to accrue and be payable on the 2012 Bonds after the Redemption Date if notice has been given, or is not required to be given, if the conditions precedent to the redemption, if any, have been satisfied, and if sufficient moneys have been deposited with the Trustee to pay the applicable Redemption Price and interest on the 2012 Bonds on such date. So long as the 2012 Bonds are in book-entry only form, notice of redemption shall only be given to DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Corporation's Right to Purchase

The Corporation retains the right to purchase the 2012 Bonds at such times, in such amounts and at such prices less than or equal to par as the Corporation shall determine, subject to the provisions of the Resolution, and thereby reduce its obligations, including Sinking Fund Payments, if any, for the 2012 Bonds.

BOOK-ENTRY-ONLY SYSTEM

The 2012 Bonds will be available in book-entry form only. Purchasers of the 2012 Bonds will not receive certificates representing their interests in the 2012 Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2012 Bonds. The 2012 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 2012 Bond certificate will be issued for each Series and maturity of the 2012 Bonds, totaling in the aggregate the principal amount of the 2012 Bonds of each Series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct

Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with Direct Participants, "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

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

To facilitate subsequent transfers, all 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of a Series of the 2012 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series of the 2012 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2012 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to a Series of the 2012 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2012 Bond certificates of such Series are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the applicable 2012 Bond certificates will be printed and delivered to DTC.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation and the Underwriters believe to be reliable, but the Corporation and the Underwriters take no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the 2012 Bonds of a Series, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE CORPORATION, THE UNDERWRITERS, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2012 BONDS OF SUCH SERIES.

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

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

For every transfer and exchange of 2012 Bonds of a Series, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Corporation, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2012 Bonds of a Series if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the 2012 Bonds of such Series, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Corporation or restricted registration is no longer in effect, the applicable 2012 Bond certificates will be delivered as described in the Resolution.

NONE OF THE CORPORATION, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2012 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2012 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2012 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2012 BONDS; OR (VI) ANY OTHER MATTER.

ESTIMATED SOURCES AND USES OF FUNDS

The schedule below contains the estimated sources and uses of funds resulting from the sale of the 2012 Bonds (exclusive of investment earnings):

	2012 Series A Bonds	2012 Series B Bonds
Sources of Funds:		
Principal Amount of 2012 Bonds	$65,800,000.00	$2,000,000.00
Net Original Issue Discount	(24,065.80)	-
Total Sources of Funds	**$65,775,934.20**	**$2,000,000.00**
Uses of Funds:		
Deposit to Bond Proceeds Account to finance Project costs	$56,452,209.65	$ 221,297.00
Deposit to Bond Proceeds Account to pay costs of issuance[1]	871,772.18	1,506,367.76
Deposit to Capitalized Interest Sub-Account[2]	4,666,602.37	72,335.24
Deposit to Debt Service Reserve Account[3]	3,785,350.00	200,000.00
Total Uses of Funds	**$65,775,934.20**	**$2,000,000.00**

[1] Includes amounts to be paid for Trustee fees, rating agency fees, legal counsel fees, bond insurance premium, printing costs and other fees and expenses, including the Underwriters' fee.

[2] Expected to pay interest payments on the 2012 Bonds.

[3] Equal to the Debt Service Reserve Account Requirement for the 2012 Bonds.

SECURITY FOR THE BONDS

Pledge of the Resolution

The Resolution constitutes a contract among the Corporation, the Trustee and the owners of the Bonds issued thereunder and its provisions are for the equal benefit, protection and security of the owners of any and all such Bonds, each of which, regardless of the time of issue or maturity, is to be of equal rank without preference, priority or distinction except as provided in the Resolution.

The Bonds are special obligations of the Corporation payable from the Revenues as described herein. In addition, the 2012 Bonds, as and to the extent provided in the Bond Insurance Policy, are payable from amounts, if any, paid by the Bond Insurer under the Bond Insurance Policy. Payment of the principal or Redemption Price of and interest on all 2012 Bonds is secured by a pledge of the Revenues, which consists of Pledged Receipts and Recoveries of Principal. Payment of the 2012 Bonds is also secured by a pledge of the Corporation of its right, title and interest in and to the Mortgage Loan. Pledged Receipts include (i) the scheduled or other payments required by the Mortgage Loan and paid to or to be paid to the Corporation from any source, including both timely and delinquent payments, (ii) accrued interest, if any, received upon the initial issuance of the 2012 Bonds, (iii) all income earned or gain realized in excess of losses suffered on any investment or deposit of moneys in the Accounts established and maintained pursuant to the Resolution, and (iv) Support Payments with respect to scheduled principal of and/or interest on the 2012 Bonds, but do not include amounts required to be deposited into the Rebate Fund, Recoveries of Principal, any Escrow Payments, late charges or any amount entitled to be retained by the Servicer (which may include the Corporation), as administrative, financing, extension or settlement fees of the Servicer.

Recoveries of Principal include all amounts received by the Corporation or the Trustee as or representing a recovery of the principal amount disbursed by the Trustee in connection with the Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor; (ii) the sale, assignment, endorsement or other disposition of the Mortgage Loan, the Mortgage, or the Mortgage Note; (iii) the acceleration of payments due under the Mortgage Loan or the remedial proceedings taken in the event of default on the Mortgage Loan or Mortgage; (iv) Support Payments other than with respect to scheduled principal of and/or interest on the 2012 Bonds; (v) proceeds of any insurance award resulting from the damage or destruction of the Project which are to be applied to payment of the

Mortgage Note pursuant to the Mortgage; and (vi) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, the Project or any portion thereof, which proceeds are to be applied to payment of the Mortgage Note pursuant to the Mortgage.

The pledges described in the immediately preceding paragraph are also subject to the terms and provisions of the Resolution requiring transfers of amounts to the Rebate Fund and permitting the application of the Revenues and amounts in such Accounts for the purposes described therein.

Debt Service Reserve Account

The Resolution establishes a Debt Service Reserve Account. The Debt Service Reserve Account is held by the Trustee and is pledged to secure the payment of the principal of and interest on Bonds issued under the Resolution. The Debt Service Reserve Account is required to be maintained at the Debt Service Reserve Account Requirement, which is for each Series of Bonds issued under the Resolution, including the 2012 Bonds, as of any date of computation, equal to the maximum Debt Service payments due on such Series of Bonds for the then current or (if greater) any future Bond Year. The Debt Service Reserve Account will be funded upon issuance of the 2012 Bonds with proceeds thereof.

Pursuant to the Resolution, if on any Interest Payment Date or Redemption Date, there are insufficient funds available in the Revenue Account or the Redemption Account, as applicable, to pay the Principal Installments of and interest due on the Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

CUNY Support Agreement

CUNY will enter into the CUNY Support Agreement for the benefit of the Corporation and the Trustee to pay any deficiency in amounts available to pay debt service on the 2012 Bonds. Upon receipt of notice from the Trustee that there are insufficient funds available in the Revenue Account, the Capitalized Interest Sub-Account and the Debt Service Reserve Account to pay the Principal Installments, if any, of and interest on the 2012 Bonds due on the next succeeding Interest Payment Date, then, under the terms of the CUNY Support Agreement, CUNY is required to pay the amount of the deficiency to the Trustee for deposit in the Support Payments Sub-Account of the Revenue Account. Pursuant to the CUNY Support Agreement, such deficiency is payable in two equal installments. The CUNY Support Agreement also provides for the payment by CUNY of certain operating expense deficiencies.

CUNY's obligations under the CUNY Support Agreement are absolute and unconditional, payable from any money legally available to CUNY for such purpose. In the event of a default under the CUNY Support Agreement, each of the Corporation and the Trustee, at the direction of the Bond Insurer so long as the Bond Insurer is not in default under the Bond Insurance Policy, may proceed to enforce the provisions thereof and exercise any rights, powers remedies available to it, excluding any claim for consequential damages, and, further, each of the Corporation and the Trustee, at the direction of the Bond Insurer so long as the Bond Insurer is not in default under the Bond Insurance Policy, will have the right to proceed directly against CUNY under the CUNY Support Agreement without proceeding or exhausting any other remedies it may have against the Mortgagor and without resorting to any other security held by the Corporation or the Trustee. For a more complete description of CUNY's obligations under the CUNY Support Agreement and the provisions thereof, see "SUMMARY OF CERTAIN PROVISIONS OF THE CUNY SUPPORT AGREEMENT" herein.

Under the terms of the CUNY Support Agreement, CUNY's payment obligations are payable from all money legally available to CUNY. However, because The College of Staten Island constitutes a senior college for State law purposes, it is expected that the primary source of payment for CUNY's obligations under the CUNY Support Agreement will generally be operating revenues available for its senior colleges and not revenues available for its community colleges. Such revenues are derived mainly from (i) annual appropriations of financial assistance by the State for the operation of the senior colleges, and (ii) tuition and fees realized by CUNY for its senior colleges, which are also subject to appropriation by the State. Historically, CUNY has had additional revenue from grants, contracts, endowments, sales and services and other sources, many of which are restricted as to their use or may require further action in order to be available for payment of CUNY's obligations under the CUNY Support Agreement. Neither the State nor the City of New York is obligated to appropriate funds for financial aid or tuition or fees which would be legally available to CUNY for the payment of CUNY's obligations under the CUNY Support Agreement. The failure of the State to appropriate such financial aid or tuition or fees, or restrictions on the use of appropriations, could adversely affect CUNY's ability to pay its obligations under the CUNY Support Agreement. For a discussion of CUNY's budgeting process, and State and City appropriations for the support of CUNY, see "Appendix C – INFORMATION REGARDING THE CITY UNIVERSITY OF NEW YORK" attached hereto. In addition, CUNY manages and invests certain funds on behalf of separately organized and incorporated college foundations and other related entities. Although these entities are included in the CUNY financial reporting, their funds do not belong to CUNY and are not available to pay CUNY's obligations under the CUNY Support Agreement. See "Appendix H – AUDITED FINANCIAL STATEMENTS OF CUNY" attached hereto.

Bond Insurance

Bond Insurance Policy

Concurrently with the issuance of the 2012 Bonds, Assured Guaranty Municipal Corp. (the "Bond Insurer") will issue its municipal bond new issue insurance policy for the 2012 Bonds (the "Bond Insurance Policy"). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the 2012 Bonds when due as set forth in the form of the Bond Insurance Policy included as an appendix to this Official Statement.

The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

The Bond Insurer

The Bond Insurer is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or the Bond Insurer is liable for the obligations of the Bond Insurer.

The Bond Insurer's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of the Bond Insurer in its sole discretion. In addition, the rating agencies may at any time change the Bond Insurer's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by the Bond Insurer. The Bond Insurer only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by the Bond Insurer on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 30, 2011, S&P published a Research Update in which it downgraded the Bond Insurer's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. The Bond Insurer can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

The most recent rating action by Moody's on the Bond Insurer took place on December 18, 2009, when Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of the Bond Insurer, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments. Moody's is in the process of reviewing AGL and its subsidiaries and there can be no assurance as to any ratings action that Moody's may take with respect to the Bond Insurer.

For more information regarding the Bond Insurer's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as amended by its Form 10-K/A; its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2011 and June 30, 2011, each as amended by its Form 10-Q/A; and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011.

Capitalization of the Bond Insurer

At September 30, 2011, the Bond Insurer's consolidated policyholders' surplus and contingency reserves were approximately $3,105,604,840 and its total net unearned premium reserve was approximately $2,207,101,966, in each case, in accordance with statutory accounting principles.

The Bond Insurer's statutory financial statements for the fiscal year ended December 31, 2010 and for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at http://www.assuredguaranty.com, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to the Bond Insurer are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as amended by Amendment No. 1 on Form 10-K/A (filed by AGL with the SEC on March 1, 2011 and October 31, 2011, respectively);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, as amended by Amendment No. 1 on Form 10-Q/A (filed by AGL with the SEC on May 10, 2011 and November 14, 2011, respectively);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, as amended by Amendment No. 1 on Form 10-Q/A (filed by AGL with the SEC on August 9, 2011 and November 14, 2011, respectively); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 (filed by AGL with the SEC on November 14, 2011).

All information relating to the Bond Insurer included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the 2012 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding the Bond Insurer included herein under the caption "SECURITY FOR THE BONDS—Bond Insurance—*The Bond Insurer*" or included in a document incorporated by reference herein (collectively, the "Bond Insurer Information") shall be modified or superseded to the extent that any subsequently included Bond Insurer Information (either directly or through incorporation by reference) modifies or supersedes such previously included Bond Insurer Information. Any Bond Insurer Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

The Bond Insurer or one of its affiliates may purchase a portion of the 2012 Bonds or any uninsured bonds offered under this Official Statement and may hold such 2012 Bonds or uninsured bonds for investment or may sell or otherwise dispose of such 2012 Bonds or uninsured bonds at any time or from time to time.

The Bond Insurer makes no representation regarding the 2012 Bonds or the advisability of investing in the 2012 Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer supplied by the Bond Insurer and presented under the heading "SECURITY FOR THE BONDS – Bond Insurance."

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the 2012 Bonds when all or some becomes due, any owner of the 2012 Bonds shall have a claim under the Bond Insurance Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Bond Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the 2012 Bonds by the Corporation which is recovered by the Corporation from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Bond Insurance Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the Corporation unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Bond Insurance Policy, the 2012 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the 2012 Bonds, no assurance is given that such event will not adversely affect the market price of the 2012 Bonds or the marketability (liquidity) for the 2012 Bonds.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Corporation nor the Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Corporation to pay principal and interest on the 2012 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. For further information with respect to the Bond Insurer and the Bond Insurance Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer, see “SECURITY FOR THE BONDS—Bond Insurance” herein.

Additional Bonds

Additional Bonds, on parity with the 2012 Bonds then Outstanding, may be issued by the Corporation pursuant to the Resolution for any one or more of the following purposes: (i) financing the costs of completion of the Project, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, (iv) paying the costs of issuance related to such Additional Bonds or (v) the funding of capitalized interest. Additional Bonds shall contain such terms and provisions as are specified in the Supplemental Resolution authorizing the same. The Supplemental Resolution authorizing such Additional Bonds shall utilize, to the extent possible, Accounts established for the Outstanding Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Additional Bonds” herein.

Bonds Not a Debt of the State or the City

The Bonds are not a debt of the State of New York or of The City of New York, and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

Set forth below are abridged or summarized excerpts of certain sections of the Resolution. These excerpts do not purport to be complete or to cover all sections of the Resolution. Reference is made to the Resolution, copies of which are on file with the Corporation and the Trustee, for a complete statement of the rights, duties and obligations of the Corporation, the Trustee and the 2012 Bond owners thereunder.

Contract With Bond Owners—Security for Bonds—Limited Obligation

In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of the Resolution shall be a part of the contract of the Corporation with the owners of the Bonds and shall be deemed to be and shall constitute a contract among the Corporation, the Trustee and the owners from time to time of such Bonds. The pledges and assignments made in the Resolution and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for the equal benefit, protection and security of the owners of any and all of such Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Resolution. The Corporation pledges the Revenues and all amounts held in any Account, including investments thereof, established under the Resolution to the payment of the principal or Redemption Price of and interest on the Bonds, subject to provisions permitting the use and application of such amounts for stated purposes, as provided in the Resolution. The foregoing pledge does not include amounts on deposit or required to be deposited in the Rebate Fund. The Bonds shall be special revenue obligations of the Corporation payable solely from the revenues and assets pledged therefor under the Resolution.

Provisions for Issuance of Bonds

In order to provide sufficient funds to finance the Project and pay certain costs related thereto, Bonds of the Corporation are authorized to be issued without limitation as to amount except as may be provided by law. The

Bonds shall be executed by the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered upon the order of the Corporation, but only upon the receipt by the Trustee of, among other things:

1. a Bond Counsel's Opinion to the effect that (i) the Resolution and the Supplemental Resolution, if any, have been duly adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting creditors' rights and remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)); (ii) the Resolution and, if applicable, such Supplemental Resolution create the valid pledge and lien which it or they purport to create of and on the Revenues and all the Accounts established under the Resolution and moneys and securities on deposit therein, subject to the use and application thereof for or to the purposes and on the terms and conditions permitted by the Resolution and such Supplemental Resolution; and (iii) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with the laws of the State, including the Act as amended to the date of such Opinion, and in accordance with the Resolution and such Supplemental Resolution;

2. a written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation;

3. the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to the Resolution;

4. moneys sufficient to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement;

5. with respect to the 2012 Bonds, or, if required with respect to any Additional Bonds, the Bond Insurance Policy;

6. with respect to the 2012 Bonds, executed copies of the Loan Agreement, the Regulatory Agreement, the Mortgage, the Mortgage Note and the Support Agreement, and with respect to Additional Bonds, such documents as are specified in the Supplemental Resolution authorizing same; and

7. such further documents and moneys as are required by the provisions of the Resolution or any Supplemental Resolution.

<u>Parity Bonds</u>

Additional Bonds may be issued, at the option of the Corporation, on a parity with the Bonds then Outstanding, for the purposes of (i) financing costs of completion of the Project, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, (iv) paying the Costs of Issuance related to such Additional Bonds, (v) the funding of capitalized interest or (vi) any combination of the foregoing. Additional Bonds shall contain such terms and provisions as are specified in the Supplemental Resolution authorizing the same. The Supplemental Resolution authorizing such Additional Bonds shall utilize, to the extent possible, Accounts established for the Outstanding Bonds.

<u>Application of Bond Proceeds</u>

The proceeds of sale of the Bonds shall, as soon as practicable upon the delivery of such Bonds by the Trustee, be applied as follows:

(1) the amount, if any, received as accrued interest shall be deposited in the Revenue Account;

(2) the amount, if any, necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement immediately following the time of such delivery shall be deposited in the Debt Service Reserve Account, together with such additional amount, if any, as may be specified in the Resolution or the Supplemental Resolution authorizing such Bonds;

(3) with respect to any Series issued for the purpose of refunding Bonds, the amount, if any, required to pay Costs of Issuance, as designated by an Authorized Officer of the Corporation, shall be deposited in the Bond Proceeds Account;

(4) with respect to any Series issued for the purpose of refunding Bonds, the balance remaining after such deposits have been made as specified in (1), (2) and (3) above shall be applied as specified in the Supplemental Resolution authorizing such Series; and

(5) with respect to any Series issued for the purpose of financing the Mortgage Loan, the balance remaining after such deposits have been made as specified in (1) and (2) above shall be deposited in the Bond Proceeds Account.

Amounts in the Bond Proceeds Account shall not be disbursed for financing the Mortgage Loan unless, among other things (1) the Mortgage, the Mortgage Note and any other document evidencing or securing the Mortgage Loan shall have been duly executed and delivered, (2) there shall have been filed with the Trustee an opinion of counsel, who may be counsel to the Corporation, to the effect that the Mortgage Loan complies with all provisions of the Act and the Resolution and (3) the Mortgage is the subject of a policy of title insurance, in an amount not less than the amount of the unpaid principal balance of the Mortgage Loan, issued by a company or companies satisfactory to the Corporation, insuring in favor of the Corporation a first mortgage lien, subject only to Permitted Encumbrances, on the real property securing the Mortgage Loan.

Deposits and Investments

All amounts held by the Trustee under the Resolution may be deposited in the corporate trust department of the Trustee and secured as provided in the Resolution. In addition, subject to the right of the Corporation to direct the investment or deposit of funds under the Resolution, moneys in any Account shall be continuously invested and reinvested in Investment Securities so that the maturity date or dates of redemption at the option of the owner thereof shall coincide as nearly as practicable with (but in no event later than) the times at which moneys are needed to be expended. In computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value or if purchased at par, at par.

Upon receipt of written instructions from an Authorized Officer of the Corporation, the Trustee shall exchange any coin or currency of the United States of America or Investment Securities held by it pursuant to the Resolution for any other coin or currency of the United States of America or Investment Securities of like amount.

Establishment of Accounts

The Resolution establishes the following special trust accounts to be held and maintained by the Trustee in accordance with the Resolution:

(1) Bond Proceeds Account (including the Capitalized Interest Sub-Account therein);

(2) Revenue Account (including the Support Payments Sub-Account therein);

(3) Redemption Account; and

(4) Debt Service Reserve Account.

Bond Proceeds Account

There shall be deposited from time to time in the Bond Proceeds Account any proceeds of the sale of Bonds representing principal or premium or other amounts required to be deposited therein pursuant to the Resolution and any other amounts determined by the Corporation to be deposited therein from time to time.

Amounts in the Bond Proceeds Account shall be expended only (i) to finance the Mortgage Loan, including capitalized interest, (ii) to pay Costs of Issuance, (iii) to pay principal or Redemption Price of and interest on the Bonds when due, to the extent amounts in the Revenue Account (including the Support Payments Sub-Account therein), the Redemption Account and the Debt Service Reserve Account are insufficient for such purposes and (iv) to purchase or redeem Bonds in accordance with the Resolution.

Upon the issuance of a Series of Bonds, there shall be transferred from the Bond Proceeds Account to the Capitalized Interest Sub-Account, the amount, if any, to be used to fund capitalized interest on such Bonds, as designated in a Certificate of an Authorized Officer of the Corporation. Until the depletion of the Capitalized Interest Sub-Account, the Trustee shall, on the third (3rd) Business Day prior to each Interest Payment Date, automatically transfer from the Capitalized Interest Sub-Account to the Revenue Account an amount equal to the interest which shall be payable on such Interest Payment Date with respect to said Bonds (or such lesser amount as may be available).

Revenue Account

The Corporation shall cause all Pledged Receipts (excluding Support Payments) to be deposited promptly with the Trustee in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to the Resolution, any Supplemental Resolution, the Mortgage Documents and the Loan Agreement. Earnings on all Accounts established under the Resolution shall be deposited, as realized, in the Revenue Account, except for moneys required to be deposited in the Rebate Fund in accordance with the provisions of the Resolution and except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Investment Security, which shall be retained in the particular Account for which the Investment Security was purchased.

All Support Payments received by the Trustee under the Support Agreement following notice given in accordance with the Resolution, shall be deposited upon receipt in the Support Payments Sub-Account. Amounts on deposit in the Support Payments Sub-Account shall be applied to the payment of the Principal Installments of and interest on the Bonds in accordance with the following paragraph. In the event that any amounts remain in the Support Payments Sub-Account after the required payments on the Bonds have been made on an Interest Payment Date pursuant to the following paragraph, the Trustee shall transfer such amounts to the Revenue Account.

On or before each Interest Payment Date, the Trustee shall pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date, and on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased on such date, unless the payment of such accrued interest shall be otherwise provided for, as follows:

(1) first, from the Revenue Account, and to the extent the moneys therein are insufficient for said purpose;

(2) second, from the Debt Service Reserve Account, and to the extent the moneys therein are insufficient for said purpose;

(3) third, from the Support Payments Sub-Account, and to the extent the moneys therein are insufficient for said purpose;

(4) fourth, from the Redemption Account, and to the extent the moneys therein are insufficient for said purpose;

(5) fifth, from the Bond Proceeds Account, and to the extent the moneys therein are insufficient for said purpose; and

(6) sixth, from any other moneys held by the Trustee under the Resolution and available for such purpose.

Any moneys accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) shall, if so directed in writing by the Corporation, be applied by the Trustee on or prior to the forty-fifth day preceding such Sinking Fund Payment (i) to the purchase of Bonds of the maturity for which such Sinking Fund Payment was established at prices (including any brokerage and other charges) not exceeding the Redemption Price plus unpaid interest accrued to the date of purchase or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above, plus unpaid interest accrued to the date of such redemption.

Upon the purchase or redemption of any Bond for which Sinking Fund Payments have been established from amounts in the Revenue Account, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer of the Corporation at the time of such purchase or redemption.

As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Payment, the Trustee shall call for redemption on such due date, Bonds of the maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Account the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption.

On each Interest Payment Date, the Trustee shall deliver to the Corporation a Certificate of an Authorized Officer of the Trustee containing a statement which sets forth, as of such date, the amount remaining in the Revenue Account as of such date, after deducting all payments required to have been made pursuant to the fourth preceding paragraph and the amount, if any, required to be transferred to the Debt Service Reserve Account, the Trustee, the entities providing Investment Securities with respect to the Accounts, or any arrangement or agreement with respect thereto, the Corporation, the Servicer, the Bond Proceeds Account and CUNY in order to satisfy the requirement of this section. Concurrently with the delivery of such Certificate, the Trustee shall transfer from the Revenue Account (after providing for all payments required to have been made pursuant to the fourth preceding paragraph) (i) first, to the Debt Service Reserve Account, an amount equal to the amount necessary to be transferred to such Account in order that the amount on deposit therein be equal to the Debt Service Reserve Account Requirement (or such lesser amount as may be available), (ii) second, if so directed by the Corporation, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses, (iii) third, at the direction of the Corporation, to the entities providing Investment Securities with respect to the Accounts, or any arrangement or agreement with respect thereto, an amount equal to any fees due and owing to such entities (or such lesser amount as may be available), (iv) fourth, if so directed by the Corporation, to the Corporation, an amount equal to that portion of the Administrative Fee then due and owing, (v) fifth, if so directed by the Corporation, to the Servicer an amount equal to the Servicer's unpaid fees and expenses, (vi) sixth, to the Bond Proceeds Account, such amount as the Corporation determines is required for financing the Mortgage Loan (or such lesser amount as may be available), and (vii) seventh, provided no amounts are due and owing by the Mortgagor to the Bond Insurer, to CUNY, an amount necessary to reimburse CUNY for amounts obtained from it under the Support Agreement with respect to principal of and interest on the Bonds (or such lesser amount as may be available). The amount remaining after making the transfers or payments required hereinabove shall be retained in the Revenue Account. Such remaining balance shall be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation), unless the Trustee receives a Certificate from the Corporation stating that a default has occurred with respect to any agreement between the Corporation and the Mortgagor. If the Trustee shall thereafter receive a Certificate from the

Corporation stating that such default has been cured or waived, such remaining balance shall once again be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation).

Redemption Account

There shall be deposited in the Redemption Account all Recoveries of Principal and any other amounts which are required to be deposited therein pursuant to the Resolution and any other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of the Resolution or of any Supplemental Resolution authorizing the issuance of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply amounts deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in the Resolution.

At any time before the forty-fifth day prior to the day upon which Bonds are to be paid or redeemed from such amounts, the Trustee shall, if so directed in writing by the Corporation, apply amounts in the Redemption Account to the purchase of any of the Bonds in lieu of redemption. In the event the Trustee is able to purchase Bonds at a price less than the Redemption Price at which such Bonds were to be redeemed, then, after the payment by the Trustee of the purchase price of such Bonds and after payment of any amounts due on the Redemption Date following such purchase, the Trustee shall transfer an amount not greater than the difference between the amount of such purchase price and the amount of such Redemption Price to, and deposit the same in, the Revenue Account.

Debt Service Reserve Account

There shall be deposited in the Debt Service Reserve Account all amounts required to be deposited therein pursuant to the Resolution and any other amounts received and determined to be deposited therein by the Corporation.

Amounts on deposit in the Debt Service Reserve Account shall be applied, to the extent other funds are not available therefor pursuant to the Resolution and the applicable Supplemental Resolution, to pay the Principal Installments of and interest on the Outstanding Bonds when due, whether by call for redemption or otherwise. Whenever the amount in the Debt Service Reserve Account exceeds the Debt Service Reserve Account Requirement, the Trustee, upon direction of the Corporation, shall withdraw from the Debt Service Reserve Account the amount of any excess therein over the Debt Service Reserve Account Requirement as of the date of such withdrawal and deposit the moneys so withdrawn into the Revenue Account.

Amounts held for the credit of the Debt Service Reserve Account may, and at the direction of the Corporation shall, be withdrawn from the Debt Service Reserve Account by the Trustee and deposited in the Redemption Account for the purchase or redemption of Bonds at any time, provided that subsequent to such purchase or redemption the amount in the Debt Service Reserve Account will not be less than the Debt Service Reserve Account Requirement.

If on any Interest Payment Date or Redemption Date for the Bonds, the amount in the Revenue Account and the Redemption Account, as applicable, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

Rebate Fund

The Resolution also establishes the Rebate Fund as a special trust account to be held and maintained by the Trustee. Earnings on all amounts required to be deposited in the Rebate Fund are to be deposited in the Rebate Fund.

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 Bond owner or any other person other than as set forth in the Resolution.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer of the Corporation, shall deposit in the Rebate Fund at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the issue is discharged, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such time of calculation. The amount deposited in the Rebate Fund pursuant to the previous sentence shall be deposited from amounts withdrawn from the Revenue Account, and to the extent such amounts are not available in the Revenue Account, directly from earnings on the Accounts.

Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the Accounts, except as otherwise specified by an Authorized Officer of the Corporation to the extent necessary to comply with the tax covenant of the Resolution, and except that the income or interest earned and gains realized in excess of losses suffered by the Rebate Fund due to the investment thereof shall be deposited in or credited to the Rebate Fund from time to time and reinvested.

In the event that, on any date of calculation of the Rebate Amount, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Officer of the Corporation, shall withdraw such excess amount and deposit it in the Revenue Account.

The Trustee, upon the receipt of written instructions and certification of the Rebate Amount from an Authorized Officer of the Corporation, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each 5 years after the date of original issuance of each Series for which a Rebate Amount is required, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to each Series for which a Rebate Amount is required as of the date of such payment, and (ii) notwithstanding the provisions of the Resolution, not later than 60 days after the date on which all Bonds of a Series for which a Rebate Amount is required have been paid in full, 100% of the Rebate Amount as of the date of payment.

Payment of Bonds

The Corporation covenants that it will duly and punctually pay or cause to be paid, as provided in the Resolution, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Tax Covenants

The following covenants are made solely for the benefit of the owners of, and shall be applicable solely to, the 2012 Series A Bonds and any Additional Bonds, as designated in a Supplemental Resolution, to which the Corporation intends that the following covenants shall apply:

The Corporation shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the Bonds shall be excluded from gross income for Federal income tax purposes.

The Corporation shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Corporation to be used directly or indirectly to acquire any securities, obligations or other investment property, the acquisition of which would cause any Bond to be an “arbitrage bond” as defined in Section 148(a) of the Code.

The Corporation shall not permit any person or “related person” (as defined in the Code) to purchase Bonds in an amount related to the Mortgage Loan to be acquired by the Corporation from such person or “related person.”

Covenants with Respect to Mortgage Loan

The Corporation pledges for the benefit of the Bond owners all of its right, title and interest in and to the Mortgage Loan, which pledge shall be valid and binding from and after the date of adoption of the Resolution. Upon the happening of an Event of Default specified in clause (1) of the first paragraph of the section entitled "Events of Default" below, and the written request of the Trustee or the owners of not less than 25% in principal amount of the Outstanding Bonds, the Corporation shall effectuate the assignment and delivery of the Mortgage Loan to the Trustee. If, however, the Trustee and the Bond owners are restored to their positions in accordance with the Resolution, the Trustee shall assign the Mortgage Loan back to the Corporation.

In order to pay the Principal Installments of and interest on the Bonds when due, the Corporation covenants that it shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Resolution and sound banking practices and principles, (i) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the kind permitted by the Resolution, to finance the Mortgage Loan pursuant to the Act and the Resolution and any applicable Supplemental Resolution, (ii) do all such acts and things as shall be necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on the Mortgage Loan), and (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to protect its rights with respect to, or to maintain any insurance on, the Mortgage Loan or any subsidy payments in connection with the Project securing the Mortgage Loan or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loan, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made; provided, however, that the obligations of the Corporation in (ii) and (iii) above, insofar as they apply to the Mortgage Loan, may be suspended for so long as the Corporation is not acting as Servicer with respect to the Mortgage Loan.

Notices of Deficiencies

If on the Business Day immediately following an Interest Payment Date there is insufficient funds available in the Revenue Account, the Capitalized Interest Sub-Account and the Debt Service Reserve Account to pay the Principal Installments, if any, of and interest on the Bonds due on the next succeeding Interest Payment Date, the Trustee shall promptly notify CUNY and the Corporation of such deficiency and the amount thereof to be paid to the Trustee in accordance with the Support Agreement.

Covenants with Respect to the Support Agreement

The Corporation shall do such acts and things as shall be necessary to obtain Support Payments from CUNY in order to pay the Principal Installments of and interest on the Bonds when due, and to cause CUNY to perform fully all duties and acts and comply fully with the covenants of CUNY required by the Support Agreement, all in the manner and at the times provided in the Support Agreement.

The Corporation shall not sell, assign or otherwise dispose of any of its rights, title or interests in, to and under, the Support Agreement.

Issuance of Additional Obligations

The Corporation shall not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a superior or, except in the case of Bonds, an equal charge and lien on the Revenues and assets pledged under the Resolution.

Accounts and Reports

The Corporation shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Mortgage Loan and all Accounts established by the Resolution which shall at all reasonable times be subject to the inspection of the Trustee, the Bond Insurer, the Servicer (as to the Mortgage Loan) and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing. The Corporation may authorize or permit the Trustee to keep such books on behalf of the Corporation.

If at any time during any fiscal year there shall have occurred an Event of Default or an Event of Default shall be continuing, then the Corporation shall file with the Trustee, the Bond Insurer and the Servicer within 45 days after the close of such fiscal year, a special report accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Account under the Resolution.

The Corporation shall annually, within 120 days after the close of each fiscal year of the Corporation, file with the Trustee and the Servicer a copy of an annual report as to the operations and accomplishments of the various funds and programs of the Corporation during such fiscal year, and financial statements for such fiscal year, setting forth in reasonable detail: (i) the balance sheet with respect to the Bonds and the Mortgage Loan, showing the assets and liabilities of the Corporation at the end of such fiscal year; (ii) a statement of the Corporation's revenues and expenses in accordance with the categories or classifications established by the Corporation in connection with the Bonds and the Mortgage Loan during such fiscal year; (iii) a statement of changes in fund balances, as of the end of such fiscal year; and (iv) a statement of cash flows, as of the end of such fiscal year. The financial statements shall be accompanied by the Certificate of an Accountant stating that the financial statements examined present fairly the financial position of the Corporation at the end of the fiscal year, the results of its operations and the changes in its fund balances and its cash flows for the period examined, in conformity with generally accepted accounting principles applied on a consistent basis except for changes with which such Accountant concurs.

Except as provided in the second preceding paragraph, any such financial statements may be presented on a consolidated or combined basis with other reports of the Corporation.

A copy of each annual report or special report and any Accountant's Certificate relating thereto shall be mailed promptly thereafter by the Corporation to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes.

Sale of the Mortgage Loan

The Corporation is authorized to sell, assign or otherwise dispose of the Mortgage Loan, in addition to a sale, assignment or disposition required pursuant to the Resolution, provided that the proceeds of such sale, assignment or disposition (i) are deposited in the Redemption Account and used to redeem Bonds, and (ii) shall be treated as Recoveries of Principal for purposes of the Resolution.

Supplemental Resolutions

Any modification of or amendment to the provisions of the Resolution and of the rights and obligations of the Corporation and of the owners of the Bonds may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the owners of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the owners of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the owners of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; provided, however, that a modification or amendment referred to in (iii) above shall not be permitted unless the Trustee shall have received a Bond Counsel's Opinion to the effect that such modification or amendment does not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds to which the tax covenants of the Resolution apply. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or the Bond Insurer without its written assent thereto.

The Corporation may adopt, without the consent of any owners of the Bonds, Supplemental Resolutions, to, among other things, provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of or limitations and restrictions on, the Corporation's other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the Resolution; surrender any right, power or privilege of the Corporation under the Resolution but only if such surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; confirm any pledge under the Resolution, of the Revenues or of any other revenues or assets; modify any of the provisions of the Resolution in any respect whatsoever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of Additional Bonds and prescribe the terms and conditions thereof; provide that specified provisions of the Resolution that relate to the 2012 Bonds shall also apply to a Series of Additional Bonds; cure any ambiguity or correct any defect or inconsistent provision in the Resolution (provided that the Trustee shall consent thereto); comply with the Code; provide for such changes as are deemed necessary or desirable by the Corporation in connection with either (a) providing a book-entry system with respect to a Series of Bonds or (b) discontinuing a book-entry system with respect to a Series of Bonds; or make any additions, deletions or modifications to the Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners.

Events of Default

Each of the following events constitutes an "Event of Default" with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; or (2) the Corporation shall fail or refuse to comply with the provisions of the Resolution or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Resolution or in any applicable Supplemental Resolution or the Bonds (other than any such default resulting in an Event of Default described in clause (1) of this paragraph), and such failure, refusal or default shall continue for a period of 30 days after written notice thereof shall have been given to the Corporation by the Trustee or the owners of not less than 5% in principal amount of the Outstanding Bonds.

Remedies

Upon the happening and continuance of any Event of Default specified in clause (1) of the preceding paragraph, the Trustee may proceed, and, upon the written request of owners of not less than 25% in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject to the provisions of the Resolution, to protect and enforce the rights of the Bond owners by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loan and to require the Corporation to carry out any other covenants or agreements with such Bond owners, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) by declaring all Bonds due and payable, and if all defaults shall be cured, then, with the written consent of the owners of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or (6) in the event that all Outstanding Bonds are declared due and payable, by selling the Mortgage Loan and any Investment Securities securing such Bonds.

Upon the happening and continuance of any Event of Default specified in clause (2) of the second preceding paragraph, the Trustee may proceed and, upon the written request of the owners of not less than 25% in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject, in each such case, to the provisions of the Resolution, to protect and enforce the rights of the Bond owners by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loan and to require the Corporation to carry out any other covenants or agreements with such Bond owners, including but not limited to the assignment of the Mortgage Loan, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; or (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds.

Anything in the Resolution to the contrary notwithstanding, the owners of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond owners not parties to such direction.

No owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Resolution, or for the protection or enforcement of any right under the Resolution unless such owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Resolution or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the fees, costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Nothing contained in the Resolution shall affect or impair the right of any Bond owner to enforce the payment of the principal of and interest on such owner's Bonds, or the obligation of the Corporation to pay the principal of and interest on each Bond issued under the Resolution to the owner thereof at the time and place in said Bond expressed.

Unless remedied or cured, the Trustee shall give to the Bond owners notice of each Event of Default under the Resolution known to the Trustee within 90 days after actual knowledge by the Trustee of the occurrence thereof. However, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the Bonds, or in the making of any payment required to be made into the Bond Proceeds Account, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a corporate trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Bond owners.

Priority of Payments After Event of Default

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of the principal or Redemption Price, if any, of and interest then due on the Bonds affected, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and the Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the owners of such Bonds and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the Resolution, shall be applied as follows:

(1) Unless the principal of all of such Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any such Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all such Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon such 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 such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

Defeasance

If the Corporation shall pay or cause to be paid to the owners of all Bonds then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, from moneys, at the times and in the manner stipulated therein and in the Resolution, and if the Corporation shall pay or cause to be paid the fees and expenses of the Trustee, then the pledge of any Revenues and other moneys, securities, funds and property pledged under the Resolution and all other rights granted under the Resolution shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if: (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (2) there shall have been set aside and shall be held in trust by the Trustee (through deposit by the Corporation of funds for such payment or redemption or otherwise) either (a) moneys in an amount which shall be sufficient, or (b) Government Obligations or (c) obligations (i) validly issued by or on behalf of a state or political subdivision thereof, (ii) the interest on which is excluded from gross income for Federal income tax purposes pursuant to Section 103(a)(1) of the Code and (iii) fully secured by a first lien on Government Obligations, the principal of and the interest on which (in the case of obligations described in clause (b) or (c) above) when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to give by mail, as soon as practicable, notice to the owners of such Bonds that the deposit required by this paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of said Bonds. To the extent required for the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds, neither moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any obligations described in clause (b) or (c) above deposited with the Trustee pursuant to this section shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such obligations described in clause (b) or (c) above, as the case may be, deposited with the Trustee pursuant to this section, if not then needed for such purpose, shall, to the extent practicable, at the direction of the Corporation, be reinvested in obligations described in clause (b) or (c) above, respectively, maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and any moneys deposited with the Trustee pursuant to this section and principal and interest payments on the obligations described in clause (b) or (c) above, as the case may be, if not required for the payment of said Bonds, and after payment of the fees and expenses of the Trustee and the Corporation shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge. The Trustee may sell, transfer or otherwise dispose of the obligations described in clauses (b) and (c) above, as the case may be, deposited with the Trustee pursuant to this section; provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other obligations described in clauses (b) and (c) above, respectively, the principal of and the interest on which when due will provide moneys which, together with the moneys on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, in accordance with this section.

Payments Due on Days Not Business Days

If the date for making any payment of principal or Redemption Price of or interest on any of the Bonds shall be a day other than a Business Day, then payment of such principal or Redemption Price of or interest on such Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date originally fixed for such payment, and in the case of such payment no interest shall accrue for the period commencing on such date originally fixed for such payment and ending on such next succeeding Business Day.

SUMMARY OF CERTAIN PROVISIONS OF THE CUNY SUPPORT AGREEMENT

The following descriptions of the CUNY Support Agreement and the obligations of CUNY under the CUNY Support Agreement do not purport to be complete or to cover all sections of the CUNY Support Agreement. Reference is made to the CUNY Support Agreement, on file with the Trustee, for the complete terms thereof and the rights, duties and obligations of CUNY, the Corporation and the Trustee thereunder.

To support the Project, CUNY will enter into the CUNY Support Agreement for the benefit of the Corporation and the Trustee. Pursuant to the terms of the CUNY Support Agreement (a) in the event that the revenues of the Project are insufficient to pay the operating expenses for the Project, CUNY agrees to deposit with the Manager an amount sufficient to cover the deficiency and (b) in the event that the aggregate amount on deposit in certain accounts held by the Trustee under the Resolution is insufficient to pay the interest, principal and any other amounts becoming due and payable on the Bonds on the next succeeding semi-annual Interest Payment Date, CUNY agrees to pay to the Trustee an amount equal to the amount of such deficiency for deposit by the Trustee in the Support Payments Sub-Account of the Revenue Fund, all as more particularly described below.

Under the terms of the CUNY Support Agreement and subject to the terms and conditions set forth in the CUNY Support Agreement, CUNY absolutely, irrevocably and unconditionally guarantees the full and prompt payment when due of each payment obligation set forth under the subsections “Operating Expense Deficiencies” and “Debt Service Deficiencies” below.

Operating Expense Deficiencies

In the event that on the tenth (10th) day of any month (the “Trigger Date”) the amount on deposit in the Operating Account (the “Operating Account”) maintained by the Manager pursuant to the terms of the Management Agreement for the Project is insufficient to pay the budgeted operating expenses for the Project for such month (the “Budgeted Operating Expenses”) in accordance with the operating budget for the Project approved by, or deemed approved by, CUNY and the Mortgagor, then, on or before the twentieth (20th) day of such month, CUNY shall deposit, or cause the Mortgagor to deposit, in the Operating Account an amount equal to the excess of the Budgeted Operating Expenses for such month over the amount on deposit in the Operating Account on the Trigger Date.

In the event that on any Trigger Date the amount on deposit in the Operating Account is insufficient to pay the actual operating expenses for the Project incurred during the next preceding month that remain unpaid on such date (the “Unpaid Operating Expenses”), then, on or before the twentieth (20th) day of such month, CUNY shall deposit, or cause the Mortgagor to deposit, in the Operating Account an amount equal to the excess of the amount of the Unpaid Operating Expenses for such next preceding month over the amount on deposit in the Operating Account on the Trigger Date.

Operating expenses of the Project shall be deemed not to include, for any fiscal year of the Mortgagor, the sum of (a) one-third of the fees payable by the Mortgagor to the Manager under the Management Agreement, (b) utility expenses for the Project payable by the Mortgagor to the Auxiliary Services Corporation or CUNY or any affiliate of CUNY under the Affiliation Agreement and (c) expenses for security services for the Project payable by the Mortgagor to the Auxiliary Services Corporation or CUNY or any affiliate of CUNY under the Affiliation Agreement.

Debt Service Deficiencies

Upon receipt of notice from the Trustee that the aggregate amount on deposit in the Revenue Account, the Debt Service Reserve Account and the Capitalized Interest Sub-Account of the Bond Proceeds Account (following transfers to such accounts from any other accounts held by the Trustee under the Resolution in accordance with the terms of the Resolution), is insufficient to pay the Principal Installments, if any, interest and any other amounts becoming due and payable on the 2012 Bonds on the next succeeding semi-annual Interest Payment Date, which notice shall include a calculation of the amount of such deficiency, CUNY shall pay to the Trustee the amount of such deficiency, for deposit by the Trustee in the Support Payments Sub-Account of the Revenue Account, in two equal installments (i) on or before the date seventy-five (75) days before the next succeeding Interest Payment Date and (ii) on or before the date forty-five (45) days before the next succeeding Interest Payment Date.

The amount of the installments payable by CUNY shall be reduced by the aggregate of any amounts deposited in the Revenue Account or the Debt Service Reserve Account during the period beginning on the day after the next preceding Interest Payment Date and ending on the date forty-five (45) days before the next succeeding Interest Payment Date. In addition, as provided in the Loan Agreement, any revenues received by or on behalf of the Mortgagor and deposited in the Operating Account during the period from and after the date of any payment made by CUNY under the CUNY Support Agreement to and including the next succeeding Interest Payment Date (the "Reimbursement Period") in an amount in excess of the sum of (y) the amount required to pay Budgeted Operating Expenses and (z) the amount required to pay scheduled interest and principal payments on the Mortgage Loan that, in each case, are due and payable during the Reimbursement Period, shall be applied to reimburse CUNY for any such payment made by CUNY under the CUNY Support Agreement before being applied to any other purpose.

Miscellaneous

The CUNY Support Agreement shall remain in effect until the 2012 Bonds have been irrevocably paid in full or legally defeased and all other obligations of CUNY under the CUNY Support Agreement have been satisfied without exception. Under the CUNY Support Agreement, CUNY agrees that any right of subrogation or contribution which it may have against the Mortgagor as a result of any payment or performance under the CUNY Support Agreement is fully subordinated to the rights of the Corporation, the Bond Insurer and the Trustee under the CUNY Support Agreement, the Loan Agreement and any other Related Documents and that CUNY shall not recover or seek to recover any payment made by it under the CUNY Support Agreement from the Mortgagor until the Mortgagor or CUNY shall have fully and satisfactorily paid or performed and discharged the obligations giving rise to a claim under the CUNY Support Agreement.

AGREEMENT OF THE STATE

Section 657 of the Act provides that the State agrees with the holders of obligations of the Corporation, including owners of the 2012 Bonds, that it will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with the owners of the 2012 Bonds, or in any way impair the rights and remedies of such owners until the 2012 Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such owners of the 2012 Bonds, are fully met and discharged.

CONTINUING DISCLOSURE

The Corporation has covenanted in the Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant's Certificate relating thereto to each 2012 Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Accounts and Reports" herein. Other than as covenanted in the Resolution, the Corporation has not committed to provide any information on an ongoing basis to any repository or other entity or person. The Mortgagor and CUNY will undertake all responsibilities in connection with providing certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the "MSRB").

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the Mortgagor and CUNY will enter into a Continuing Disclosure Agreement, substantially in the form attached to this Official Statement as Appendix G. Pursuant to the Continuing Disclosure Agreement, the Mortgagor will covenant for the benefit of owners of the 2012 Bonds to provide to the MSRB at the times specified in such Continuing Disclosure Agreement (a)(i) during construction and until substantial completion of the Project, commencing with the calendar month ending June 30, 2012, monthly construction progress reports received by the Mortgagor from the Developer, (ii) unaudited financial statements for each of the Borrower's fiscal semi-annual periods commencing with the fiscal semi-annual period ending December 31, 2013 and occupancy reports relating to the Project for the most recent semester received by the Mortgagor from the College commencing with the fiscal semi-annual period ending December 31, 2013, and (iii) annual audited financial statements of the Mortgagor commencing with the fiscal year ending June 30, 2014 and updates of the information contained in this Official Statement under the captions "THE PROJECT AND THE MORTGAGOR" and "NO LITIGATION—The Mortgagor", commencing with the fiscal year ending June 30, 2012; and (b) notices of the occurrence of certain enumerated events in a timely manner. In addition, CUNY has agreed, pursuant to the Continuing Disclosure Agreement, to provide to the MSRB on an annual basis its audited financial statements and enrollment information of the type described in Appendix C under the heading "OPERATING INFORMATION." See "Appendix G—FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Mortgagor has not previously been subject to the continuing disclosure requirements of Rule 15c2-12. From time to time, CUNY has entered into other agreements to provide continuing disclosure with regard to bonds that were not issued under the Resolution. CUNY has fully complied with such agreements during the previous five years.

TAX MATTERS

Opinion of Bond Counsel to the Corporation

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2012 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the 2012 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering such opinion, Bond Counsel to the Corporation has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor and others, in connection with the 2012 Series A Bonds, and Bond Counsel to the Corporation has assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with the applicable requirements of the Code to assure the exclusion of interest on the 2012 Series A Bonds from gross income under Section 103 of the Code. In addition, Bond Counsel has relied on the opinion of counsel to the Mortgagor regarding, among other matters, the current qualifications of the Auxiliary Services Corporation as an organization described in Section 501(c)(3) of the Code.

In the opinion of Bond Counsel to the Corporation, interest on the 2012 Series B Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2012 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).

Bond Counsel to the Corporation expresses no opinion regarding any other Federal or state tax consequences with respect to the 2012 Bonds. Bond Counsel to the Corporation renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Corporation expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2012 Series A Bonds, or the exemption of interest on the 2012 Bonds from personal income taxes under state and local tax law.

Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2012 Series A Bonds for purposes of Federal income taxation requires that at least 95 percent of the proceeds of the 2012 Series A Bonds (net of amounts applied to fund a reasonably required reserve) be used to finance property owned and used by a 501(c)(3) organization or by a governmental unit in a manner that satisfies applicable Federal tax law, and that the 2012 Series A Bonds meet (i) arbitrage restrictions on the use of proceeds of the issue and (ii) certain other requirements, some of which are summarized below.

The Code requires, among other things, that the property financed by a qualified 501(c)(3) bond (i) be at all times owned and used by a 501(c)(3) organization in good standing or a governmental unit in a manner which does not generate unrelated business taxable income and (ii) be at all times operated by a 501(c)(3) organization in good standing or a governmental unit, or be operated by a private entity pursuant to a management contract satisfying the requirements of applicable Federal law.

The Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the 2012 Series A Bonds in order that interest on the 2012 Series A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of the proceeds of the 2012 Series A Bonds, yield and other limits regarding investment of the proceeds of the 2012 Series A Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2012 Series A Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation will enter into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or 2012 Series A Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2012 Series A Bonds is payable.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2012 Series A Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2012 Series A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2012 Series A Bonds.

Prospective owners of 2012 Series A Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and certain foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2012 Series A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2012 Series A Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the 2012 Series A Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of 2012 Series A Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel to the Corporation further is of the opinion that, for any 2012 Series A Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2012 Series A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a 2012 Series A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2012 Series A Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2012 Series A Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the 2012 Series A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9 "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2012 Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2012 Series A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2012 Series A Bonds under Federal or state law or otherwise prevent beneficial owners of the 2012 Series A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2012 Series A Bonds.

Prospective purchasers of the 2012 Series A Bonds should consult their own tax advisors regarding the foregoing matters.

Taxable Bonds

The following discussion is a brief summary of certain United States Federal income tax consequences of the acquisition, ownership and disposition of the 2012 Series B Bonds (the "Taxable Bonds") by original purchasers of the Taxable Bonds who are "U.S. Holders", as defined herein. This summary does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules.

Holders of the Taxable Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption or other disposition (which would include a legal defeasance) of a Taxable Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Taxable Bond. The Corporation may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the Resolutions (a "defeasance"). (See "Summary of Certain Provisions of the Resolution" in this Official Statement). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service (the "Service").

U.S. Holders

The term “U.S. Holder” means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

IRS Circular 230 Disclosure

To ensure compliance with requirements imposed by the Service, Bond Counsel to the Corporation informs you that (i) any U.S. federal tax advice contained in this offering material (including any attachments) is not intended or written by the Bond Counsel to the Corporation to be used, and that it cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code; (ii) such advice is written to support the promotion or marketing of the transaction or matter addressed herein; and (iii) the taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

NO LITIGATION

The Corporation

At the time of delivery and payment for the 2012 Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation or other proceeding now pending or threatened against the Corporation of which the Corporation has notice or, to the knowledge of the Corporation, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2012 Bonds, or in any way contesting or affecting the validity of the 2012 Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof or the financing of the Mortgage Loan or the pledge or application of any moneys or security provided for the payment of the 2012 Bonds or the existence or powers of the Corporation, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or challenging the exclusion of interest on the 2012 Series A Bonds from gross income for Federal income tax purposes.

The Mortgagor

At the time of delivery and payment for the 2012 Bonds, the Mortgagor will deliver, or cause to be delivered, a certificate of the Mortgagor substantially to the effect that, there is no litigation of any nature now pending or, to the knowledge of the Mortgagor or its sole member, threatened against or adversely affecting the existence of the Mortgagor or its sole member, involving the Project or seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2012 Bonds or the financing of the Mortgage Loan or the construction, furnishing and equipping of the Project, or in any way contesting or affecting the validity or enforceability of the 2012 Bonds or the 2012 Bond documents to which the Mortgagor is a party or any proceedings of the Mortgagor taken with respect to the sale, execution or delivery thereof, or the application of any moneys or security provided for the payment of the 2012 Bonds, or contesting in any way the completeness or accuracy of the Official Statement or contesting the existence or powers or authority of the Mortgagor with respect to the 2012 Bond documents to which it is a party or, to the knowledge of the Mortgagor or its sole member, without independent inquiry, challenging the exclusion of interest on the 2012 Series A Bonds from gross income for Federal income tax purposes.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the 2012 Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for the Mortgagor and CUNY by their counsel, Nixon Peabody, New York, New York and by the CUNY Office of General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Michael Best & Friedrich LLP, Chicago, Illinois.

LEGALITY OF 2012 BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the 2012 Bonds are made 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 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 a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The 2012 Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

UNDERWRITING

RBC Capital Markets, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of the underwriters listed on the cover page of this Official Statement (the “Underwriters”) have agreed, subject to certain conditions, to purchase the 2012 Bonds from the Corporation at an aggregate purchase price of $67,775,934.20 (which is equal to the aggregate principal amount of the 2012 Bonds, less net original issue discount in the amount of $24,065.80) and to make a public offering of the 2012 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all such 2012 Bonds if any are purchased. The 2012 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Underwriters will receive an underwriting fee for their services in the amount of $612,168.04, which includes expenses.

The following paragraphs have been provided by the Underwriters. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for either the Corporation or the Mortgagor, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation or Mortgagor.

Morgan Stanley, the parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the 2012 Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012 Bonds.

J.P. Morgan Securities LLC ("*JPMS*"), one of the Underwriters of the 2012 Bonds, has entered into negotiated dealer agreements (each, a "*Dealer Agreement*") with each of UBS Financial Services Inc. ("*UBSFS*") and Charles Schwab & Co., Inc. ("*CS&Co.*") for the retail distribution of certain securities offerings, including the 2012 Series A Bonds, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase 2012 Series A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2012 Series A Bonds that such firm sells.

INDEPENDENT AUDITORS AND FINANCIAL STATEMENTS

The basic financial statements of The City University of New York (the University) as of and for the year ended June 30, 2011, included in Appendix H to this Official Statement, have been audited by KPMG LLP ("KPMG"), independent certified public accountants, as stated in the report of KPMG appearing in Appendix H to this Official Statement. KPMG did not audit the financial statements of the University's discretely presented foundations, component units of the University. Those financial statements were audited by other auditors and the opinion of KPMG, insofar as it relates to the amounts included for the University's discretely presented foundations, is based on the reports of other auditors. As provided in the Continuing Disclosure Agreement, a copy of which is attached hereto as Appendix G, CUNY will provide its audited financial statements on an annual basis.

RATINGS

Standard & Poor's Ratings Services, a business of Standard & Poor's Financial Services LLC ("S&P") has assigned to the 2012 Bonds a rating of "AA-". Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from such rating agency.

Moody's Investor Service ("Moody's") has assigned to the 2012 Bonds a rating of "Aa2". Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from such rating agency.

There is no assurance that either such rating will continue for any given period of time or will not be revised or withdrawn entirely by such rating agency, if in its judgment, circumstances so warrant. A revision or withdrawal of either such rating may have an effect on the market price of the 2012 Bonds.

FURTHER INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the 2012 Bonds that there has been no change in the affairs of the Corporation from the date hereof. Pursuant to the Resolution, the Corporation has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the Resolution and to cause such books to be audited for each fiscal year. The Resolution requires that such books be open to inspection by the Trustee and the owners of not less than 5% of the 2012 Bonds during regular business hours of the Corporation and that the Corporation furnish a copy of the auditor's report, when available, upon the request of the owner of any Outstanding 2012 Bond.

Additional information may be obtained from the Corporation at 110 William Street, 10th Floor, New York, New York 10038, (212) 227-5500 or through its internet address: www.nychdc.com.

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MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Corporation and the purchasers or owners of any 2012 Bonds.

This Official Statement is submitted in connection with the sale of the 2012 Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement and the distribution thereof have been duly authorized and approved by the Corporation and the Official Statement has been duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: /s/ Marc Jahr
President

Dated: February 24, 2012

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

This Appendix A does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Resolution, Loan Agreement and Mortgage Note, copies of which may be obtained from the Corporation. The following terms shall have the following meanings in the Resolution, Loan Agreement, Assignment and Mortgage Note for the 2012 Bonds unless the context shall clearly indicate otherwise.

"Account" means one of the special accounts (other than the Rebate Fund) created and established pursuant to the Resolution.

"Accountant" means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by the Corporation and satisfactory to the Trustee and may be the accountant or firm of accountants who regularly audit the books and accounts of the Corporation.

"Act" means the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of the State of New York), as amended.

"Additional Bonds" means Bonds, other than the 2012 Bonds, authorized pursuant to the Resolution.

"Administrative Fee" means the administrative fee of the Corporation in the amount set forth in the Commitment, plus the amount specified in a Supplemental Resolution in connection with the issuance of Additional Bonds.

"Authorized Officer" means (a) when used with respect to the Corporation, the Chairperson, Vice-Chairperson, President, Executive Vice President or any Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty, (b) when used with respect to the Mortgagor, any officer of the Mortgagor then authorized to act for the Mortgagor and, in the case of any act to be performed or duty to be discharged, any officer or employee of the Mortgagor then authorized to perform such act or discharge such duty, and (c) when used with respect to the Trustee, any Vice President or Assistant Vice President of the Trustee then authorized to act for the Trustee, and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Trustee then authorized to perform such act or discharge such duty.

"Bond" means one of the bonds to be authenticated and delivered pursuant to the Resolution.

"Bond Counsel to the Corporation" means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation and satisfactory to the Trustee.

"Bond Counsel's Opinion" means an opinion signed by Bond Counsel to the Corporation.

"Bond Insurance Policy" means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on Bonds of a particular Series when due.

"Bond Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, as issuer of the Bond Insurance Policy, or any successor thereto or assignee thereof.

"Bond owner" or "owner" or "Bondholder" or "holder" or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Outstanding Bond.

"Bond Proceeds Account" means the Bond Proceeds Account established pursuant to the Resolution.

“Bond Year” means a twelve-month period commencing on the first day of July of any year.

“Business Day” means a day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in The City of New York, New York, or the city in which the Principal Office of the Trustee is located, are required or authorized by law to close, (c) a day on which the New York Stock Exchange is closed, or (d) so long as any Series of Bonds is held in book-entry form, a day on which DTC is closed.

“Capitalized Interest Sub-Account” means the Capitalized Interest Sub-Account established in the Bond Proceeds Account pursuant to the Resolution.

“Certificate” means (a) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Resolution or (b) the report of an accountant as to audit or other procedures called for by the Resolution.

“City” means The City of New York, a municipal corporation organized and existing under and pursuant to the laws of the State.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commitment” means the Financing Commitment and Agreement, dated February 1, 2012, between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

“Corporation” means the New York City Housing Development Corporation, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Corporation.

“Costs of Issuance” means with respect to the issuance and sale of a Series of Bonds, all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale and issuance of Bonds, including but not limited to underwriting discount or fee, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, bond insurance premiums, surety bond premiums, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, the financing fee of the Corporation, and any other cost, charge or fee in connection with the original issuance of Bonds.

“CUNY” means The City University of New York, a separate and distinct body corporate duly existing under the laws of the State of New York, located in the City and State of New York, being the legal successor to the Board of Higher Education in The City of New York, and any body, agency or instrumentality of the State of New York which succeeds to the rights, powers, duties and functions of the City University.

“Debt Service” means, with respect to any particular Bond Year, an amount equal to the sum of (i) all interest payable on Outstanding Bonds during such Bond Year, plus (ii) any Principal Installment of such Bonds payable during such Bond Year.

“Debt Service Reserve Account” means the Debt Service Reserve Account established pursuant to the Resolution.

“Debt Service Reserve Account Requirement” means, at the time of computation, the maximum Debt Service payments due on all Outstanding Bonds for the then current or (if greater) any future Bond Year.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors or assigns.

“Escrow Payments” means and includes all amounts whether paid directly to the Corporation or to the Servicer representing payments to obtain or maintain mortgage insurance or any subsidy with respect to the Mortgage Loans or the mortgaged premises or payments in connection with real estate taxes, leasehold payments, assessments, water charges, sewer rents, fire or other insurance, replacement or operating reserves or other like payments in connection therewith.

"Event of Default" means any of the events specified in the Resolution as an Event of Default.

"Government Obligations" means direct obligations of or obligations guaranteed by the United States of America, including, but not limited to, United States Treasury Obligations and Separate Trading of Registered Interest and Principal of Securities (STRIPS), provided the underlying United States Treasury Obligation is not callable prior to maturity.

"Interest Payment Date" means any date upon which interest on the Bonds is due and payable in accordance with their terms.

"Investment Securities" means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of the Corporation under the Act, including the amendments thereto hereafter made, or under other applicable law:

(a) Government Obligations;

(b) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Home Loan Banks, Federal Farm Credit System Banks Consolidated Obligations and Tennessee Valley Authority;

(c) any bond, debenture, note, participation certificate or other similar obligation issued by any Federal agency and backed by the full faith and credit of the United States of America;

(d) any other obligation of the United States of America or any of the Federal agencies listed in clause (b) above which may be purchased by New York State Savings Banks;

(e) deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described above or fully insured by the Federal Deposit Insurance Corporation and (ii) made with banking institutions, or their parents which have unsecured debt rated in the highest short-term rating category of each Rating Agency then rating the Bonds;

(f) any participation certificate of the Federal Home Loan Mortgage Corporation and any mortgage-backed securities of the Federal National Mortgage Association and;

(g) short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety days which are issued by corporations that are rated in the highest short-term rating category by each Rating Agency then rating the Bonds.

"Loan Agreement" means collectively, the Building Loan Agreement and the Project Loan Agreement, each dated as of March 1, 2012, by and between the Corporation and the Mortgagor with respect to the Mortgage Loan, as the same may be amended or supplemented from time to time.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

"Mortgage" means, collectively, the First Building Loan Leasehold Mortgage, Assignment of Leases and Rents and Security Agreement and the First Project Loan Leasehold Mortgage, Assignment of Leases and Rents and Security Agreement (together with all addenda and riders thereto), each dated as of March 1, 2012, executed by the Mortgagor with respect to the Project securing the Mortgage Loan, as the same may be amended, modified or supplemented from time to time.

"Mortgage Documents" means, collectively, (a) the Mortgage, (b) the Mortgage Note and (c) all other documents evidencing, securing or otherwise relating to the Mortgage Loan, other than the Loan Agreement and the Support Agreement.

"Mortgage Loan" means the interest-bearing loan, evidenced by the Mortgage Note and secured by the Mortgage, made by the Corporation to the Mortgagor pursuant to the Loan Agreement.

"Mortgage Note" means, collectively, the First Building Loan Mortgage Note and the First Project Loan Mortgage Note (together with all addenda thereto), each dated March 1, 2012 and executed by the Mortgagor in favor of the Corporation, as the same may be amended, modified or supplemented from time to time.

"Mortgagor" means CSI Student Housing, LLC, a limited liability company organized and existing under and by virtue of the laws of the State of New York, and its successors and permitted transferees as owner of the Project.

"Mortgagor Tax Certification" means, with respect to a Series of Bonds to which the tax covenants of the Resolution are applicable, the tax certification of the Mortgagor delivered to the Corporation and Bond Counsel to the Corporation in connection with the issuance of such Series of Bonds.

"Outstanding", when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

(1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond (or portion of a Bond) for the payment or redemption of which there have been separately set aside and held in a redemption account thereunder, either:

(a) moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such moneys to such payment or redemption on the date so specified; or

(b) Government Obligations or other obligations described in the Resolution, in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such moneys to such payment or redemption on the date so specified; or

(c) any combination of (a) and (b) above;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Resolution; and

(4) any Bond deemed to have been paid as provided in the Resolution.

"Permitted Encumbrances" means such liens, encumbrances, declarations, reservations, easements, rights-of-way and other clouds on title as do not materially impair the use or value of the premises for the intended purpose.

"Pledged Receipts" means (i) the scheduled or other payments required by the Mortgage Loans and paid to or to be paid to the Corporation from any source, including both timely and delinquent payments, (ii) accrued interest, if any, received upon the initial issuance of the Bonds, (iii) all income earned or gain realized in excess of losses suffered on any investment or deposit of moneys in the Accounts established and maintained pursuant to the Resolution, and (iv) Support Payments with respect to scheduled principal of and/or interest on the Bonds, but shall not mean or include amounts required to be deposited into the Rebate Fund, Recoveries of Principal, any Escrow Payments, late charges or any amount entitled to be retained by the Servicer (which may include the Corporation), as administrative, financing, extension or settlement fees of the Servicer.

"Principal Installment" means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the Resolution, of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

"Principal Office", when used with respect to the Trustee, shall mean Deutsche Bank Trust Company Americas, 60 Wall Street, 27th Floor, New York, New York 10005-2836, Attention: Trust and Securities Services (Municipal Group): Wuendith Encalada, or such other offices designated to the Corporation in writing by the Trustee.

"Project" means the residential housing development on the campus of The College of Staten Island located at 2800 Victory Boulevard in the Borough of Staten Island and County of Richmond, in the City and State of New York.

"Rating Agency" means each national rating agency which had originally rated the Bonds at the request of the Corporation and is then maintaining a rating on the Bonds.

"Rebate Amount" means, with respect to a particular Series of Bonds to which the tax covenants of the Resolution are applicable, the amount, if any, required to be deposited in the Rebate Fund in order to comply with the tax covenants of the Resolution.

"Rebate Fund" means the Rebate Fund established pursuant to the Resolution.

"Record Date" means that day which is the fifteenth (15th) day of the calendar month preceding any Interest Payment Date.

"Recoveries of Principal" means all amounts received by the Corporation or the Trustee as or representing a recovery of the principal amount disbursed by the Trustee in connection with the Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor; (ii) the sale, assignment, endorsement or other disposition of the Mortgage Loan, the Mortgage, or the Mortgage Note; (iii) the acceleration of payments due under the Mortgage Loan or the remedial proceedings taken in the event of default on the Mortgage Loan or Mortgage; (iv) Support Payments other than with respect to scheduled principal of and/or interest on the Bonds; (v) proceeds of any insurance award resulting from the damage or destruction of the Project which are to be applied to payment of the Mortgage Note pursuant to the Mortgage; and (vi) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, the Project or any portion thereof, which proceeds are to be applied to payment of the Mortgage Note pursuant to the Mortgage.

"Redemption Account" means the Redemption Account established pursuant to the Resolution.

"Redemption Date" means the date or dates upon which Bonds are to be called for redemption pursuant to the Resolution.

"Redemption Price" means, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

"Regulatory Agreement" means the Regulatory Agreement, dated as of the date of initial issuance of the 2012 Bonds, by and between the Corporation, the Mortgagor and The College of Staten Island Auxiliary Services Corporation, Inc., as the same may be amended or supplemented from time to time.

"Related Documents" means the Resolution, the Loan Agreement, the Mortgage Documents and the Support Agreement.

"Resolution" means the Residential Revenue Bonds (College of Staten Island Residences) Bond Resolution, adopted by the Corporation on February 15, 2012, and any amendments or supplements made in accordance with its terms.

"Revenue Account" means the Revenue Account established pursuant to the Resolution.

"Revenues" means the Pledged Receipts and Recoveries of Principal.

"S&P" means Standard & Poor's Ratings Services, a business of Standard & Poor's Financial Services LLC, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

"Series" means the 2012 Bonds or any series of Additional Bonds.

"Servicer" means any person appointed to service the Mortgage Loan in accordance with the Resolution.

"Sinking Fund Payment" means, with respect to a particular Series, as of any particular date of calculation, the amount required to be paid at all events by the Corporation on a single future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the Corporation by reason of the maturity of a Bond or by call for redemption at the election of the Corporation.

"State" means the State of New York.

"Supplemental Resolution" means any resolution supplemental to or amendatory of the Resolution, adopted by the Corporation and effective in accordance with the Resolution.

"Support Agreement" means the Support Agreement, dated as of March 1, 2012, from CUNY to the Corporation and the Trustee, as from time to time amended and supplemented in accordance therewith and herewith.

"Support Payments" means the payments made by CUNY under the Support Agreement with respect to the Bonds.

"Support Payments Sub-Account" means the Support Payments Sub-Account established pursuant to the Resolution.

"Trustee" means the trustee designated as Trustee in the Resolution and its successor or successors and any other person at any time substituted in its place pursuant to the Resolution.

"2012 Bonds" means the Bonds authorized to be issued pursuant to Section 2.4 of the Resolution and designated the "2012 Series A Bonds" and the "2012 Series B Bonds".

"2012 Series A Bonds" means the Corporation's Residential Revenue Bonds (College of Staten Island Residences), 2012 Series A, authorized pursuant to the Resolution.

"2012 Series B Bonds" means the Corporation's Residential Revenue Bonds (College of Staten Island Residences), 2012 Series B, authorized pursuant to the Resolution.

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APPENDIX B

ACTIVITIES OF THE CORPORATION

The Corporation is engaged in the various activities and programs described below.

I. BOND PROGRAMS. The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the programs described below. The multi-family residential developments financed under the Corporation's Multi-Family Housing Revenue Bonds Bond Resolution, adopted by its Members on July 27, 1993, as amended from time to time (the "General Resolution") are described below in "Section C – Housing Revenue Bond Program." As of November 30, 2011, the Corporation had bonds outstanding in the aggregate principal amount of approximately $8,411,878,544. All of the bonds are separately secured, except for the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution. None of the bonds under the bond programs described in "Section A–Multi-Family Program," "Section B–Military Housing Revenue Bond Program," "Section D–Liberty Bond Program," "Section E–Section 223(f) Refinancing Program" and "Section F–Capital Fund Revenue Bond Program" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

A. *Multi-Family Program*. The Corporation established its Multi-Family Program to develop privately-owned multi-family housing, all or a portion of which is reserved for low income tenants. The following describes the Corporation's activities under its Multi-Family Program.

(1) Rental Projects; Fannie Mae or Freddie Mac Enhanced: The Corporation has issued tax-exempt and/or taxable bonds which either (i) are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under various collateral agreements, (ii) are secured by a Direct Pay Credit Enhancement Instrument issued by Fannie Mae or (iii) are secured by a Direct Pay Credit Enhancement Agreement with Federal Home Loan Mortgage Corporation ("Freddie Mac").

(2) Rental Projects; Letter of Credit Enhanced: The Corporation has issued tax-exempt and/or taxable bonds to finance a number of mixed income projects and entirely low income projects, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(3) Residential Housing; Credit Enhanced: The Corporation has issued bonds to provide financing for residential facilities for hospital staff and for post-secondary students, faculty and staff which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(4) Cooperative Housing; Letter of Credit Enhanced: The Corporation has issued taxable obligations in order to fund underlying mortgage loans to cooperative housing developments, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

B. *Military Housing Revenue Bond Program*. Under this program, the Corporation has issued taxable obligations in order to fund a portion of the costs of the design, demolition, renovation, construction and operation of housing units in residential family housing areas located at Fort Hamilton.

C. *Housing Revenue Bond Program*. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under the General Resolution which include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, SONYMA-insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments. As of November 30, 2011, one hundred and fifty-five (155) series of bonds have been issued under the Housing Revenue Bond Program including the Corporation's Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 1 and 2009 Series 2, which are not secured by the General Resolution.

D. *Liberty Bond Program*. In accordance with Section 301 of the Job Creation and Worker Assistance Act of 2002, the Corporation has issued tax-exempt and taxable bonds, each secured by a letter of credit, to finance the development of multi-family housing within an area of lower Manhattan designated in such legislation as the "Liberty Zone."

E. *Section 223(f) Refinancing Program*. Under this program, the Corporation acquires mortgages originally made by The City of New York (the "City"), obtains federal insurance thereon and either sells such insured mortgages or issues its obligations secured by said insured mortgages and pays the net proceeds of the sale of such mortgages or issuance of obligations to the City. Each series of bonds issued under this program is secured by a mortgage loan insured by FHA pursuant to Section 223(f) of Title II of the National Housing Act of 1934, as amended (the "National Housing Act"). Debt service on each series of bonds is paid only from monies received on account of the applicable mortgage loan securing such series, including, with respect to certain projects, interest reduction subsidy payments received by the Corporation pursuant to Section 236 of the National Housing Act.

F. *Capital Fund Revenue Bond Program*. Under this program, the Corporation has issued tax-exempt obligations in order to assist the New York City Housing Authority with the execution of a multi-year construction initiative that will address critical capital improvement needs of their aging housing portfolio.

G. *Secured Mortgage Revenue Bond Program*. Under this program, the Corporation may issue bonds to finance loans evidenced by a note and secured by a mortgage for privately-owned multi-family housing. Such mortgage loans or the related bonds are required to be subject to supplemental security as defined in the applicable bond resolution. As of November 30, 2011, three (3) series of bonds have been issued under the Secured Mortgage Revenue Bond Program.

The following table summarizes bonds outstanding under these bond programs as of November 30, 2011:

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
MULTI-FAMILY PROGRAM				
Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced				
Related-Carnegie Park	461	$66,800,000	$66,800,000	1997
Related-Monterey	522	$104,600,000	$104,600,000	1997
Related-Tribeca Tower	440	$55,000,000	$55,000,000	1997
One Columbus Place Development	729	$150,000,000	$142,300,000	1998
100 Jane Street Development	148	$17,875,000	$16,450,000	1998
Brittany Development	272	$57,000,000	$57,000,000	1999
West 43rd Street Development	375	$55,820,000	$51,900,000	1999
Related-West 89th Street Development	265	$53,000,000	$53,000,000	2000
Queenswood Apartments	296	$10,800,000	$10,800,000	2001
Related-Lyric Development	285	$91,000,000	$89,000,000	2001
James Tower Development	201	$22,200,000	$20,220,000	2002
The Foundry	222	$60,400,000	$55,100,000	2002
Related Sierra Development	212	$56,000,000	$56,000,000	2003
West End Towers	1,000	$135,000,000	$135,000,000	2004
Related Westport Development	371	$124,000,000	$123,800,000	2004
Atlantic Court Apartments	321	$104,500,000	$100,300,000	2005

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
Progress of Peoples Developments	1,008	$83,400,000	$50,455,000	2005
Royal Charter Properties East, Inc. Project	615	$98,775,000	89,200,000	2005
The Nicole	149	$65,000,000	$61,900,000	2005
Rivereast Apartments	196	$56,800,000	$55,200,000	2006
Seaview Towers	462	$32,000,000	$22,400,000	2006
155 West 21st Street Development	110	$52,700,000	$51,200,000	2007
Ocean Gate Development	542	$48,500,000	$22,075,000	2007
West 61st Street Apartments	211	$68,000,000	$64,795,000	2007
Linden Plaza	1,527	$73,900,000	$69,615,000	2008
Gateways Apartments	365	$22,190,000	$21,820,000	2009
Lexington Courts (Met Paca)	229	$25,500,000	$25,500,000	2010
Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced				
Columbus Apartments Project	166	$23,570,000	$21,870,000	1995
West 48th Street Development	109	$22,500,000	$20,000,000	2001
First Avenue Development	231	$44,000,000	$44,000,000	2002
Renaissance Court	158	$35,200,000	$35,200,000	2004
Nagle Courtyard Apartments	100	$9,000,000	$4,200,000	2004
Ogden Avenue Apartments	130	$10,500,000	$4,760,000	2004
Peter Cintron Apartments	165	$14,400,000	$7,840,000	2004
Aldus Street Apartments	164	$14,200,000	$8,100,000	2004
Courtlandt Avenue Apartments	167	$15,000,000	$7,905,000	2004
Hoe Avenue Apartments	136	$11,900,000	$6,660,000	2004
Louis Nine Boulevard Apartments	95	$9,500,000	$7,300,000	2004
270 East Burnside Avenue Apartments	114	$13,000,000	$6,400,000	2005
Highbridge Apartments	296	$32,500,000	$13,600,000	2005
Morris Avenue Apartments	210	$22,700,000	$14,700,000	2005
Ogden Avenue Apartments II	59	$5,300,000	$2,500,000	2005
White Plains Courtyard Apartments	100	$9,900,000	$4,900,000	2005
89 Murray Street Development	232	$49,800,000	$49,800,000	2005
33 West Tremont Avenue Apartments	84	$8,450,000	$3,490,000	2005
1904 Vyse Avenue Apartments	96	$9,650,000	$4,335,000	2005
Reverend Ruben Diaz Gardens Apartments	111	$13,300,000	$6,400,000	2006
Villa Avenue Apartments	111	$13,700,000	$5,990,000	2006
Bathgate Avenue Apartments	89	$12,500,000	$4,435,000	2006
Spring Creek Apartments I and II	582	$24,000,000	$24,000,000	2006
Linden Boulevard Apartments	300	$14,000,000	$13,610,000	2006
Markham Gardens Apartments	240	$25,000,000	$16,000,000	2006

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
245 East 124th Street	185	$40,000,000	$35,400,000	2008
Hewitt House Apartments	83	$11,000,000	$4,100,000	2008
Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced				
Related-Upper East	262	$70,000,000	$70,000,000	2003
Brookhaven Apartments	95	$9,100,000	$8,500,000	2004
East 165th Street Development	136	$13,800,000	$7,665,000	2004
Manhattan Court Development	123	$17,500,000	$17,500,000	2004
Marseilles Apartments	135	$13,625,000	$12,225,000	2004
Parkview Apartments	110	$12,605,000	$5,935,000	2004
Thessalonica Court Apartments	191	$19,500,000	$18,200,000	2004
15 East Clarke Place Apartments	102	$11,600,000	$5,430,000	2005
1090 Franklin Avenue Apartments	60	$6,200,000	$2,320,000	2005
2007 La Fontaine Avenue Apartments	88	$8,500,000	$3,825,000	2005
Grace Towers Apartments	168	$11,300,000	$10,700,000	2005
La Casa del Sol	114	$12,800,000	$4,850,000	2005
Parkview II Apartments	88	$10,900,000	$4,255,000	2005
Urban Horizons II Development	128	$19,600,000	$5,765,000	2005
500 East 165th Street Apartments	128	$17,810,000	$7,255,000	2006
1405 Fifth Avenue Apartments	80	$14,190,000	$14,190,000	2006
Beacon Mews Development	125	$23,500,000	$23,500,000	2006
Granite Terrace Apartments	77	$9,300,000	$4,060,000	2006
Granville Payne Apartments	103	$12,250,000	$5,560,000	2006
Intervale Gardens Apartments	66	$8,100,000	$3,115,000	2006
Target V Apartments	83	$7,200,000	$6,900,000	2006
550 East 170th Street Apartments	98	$14,300,000	$5,500,000	2007
Boricua Village Apartments	85	$28,300,000	$10,915,000	2007
Cook Street Apartments	152	$26,600,000	$4,680,000	2007
Queens Family Courthouse Apartments	277	$120,000,000	$118,190,000	2007
Susan's Court	125	$24,000,000	$24,000,000	2007
The Dorado Apartments	58	$8,750,000	$3,470,000	2007
The Plaza	383	$30,000,000	$11,800,000	2007
Las Casas Development	227	$36,880,000	$36,880,000	2008
Bruckner by the Bridge	419	$68,500,000	$68,500,000	2008
Sons of Italy Apartments	106	$7,670,000	$7,670,000	2009
Beekman Tower[3]	N/A	$431,100,000	$335,100,000	2009-2010
Via Verde Apartments	151	$33,690,000	$33,690,000	2010
101 Avenue D Apartments	78	$25,000,000	$25,000,000	2010

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
Eliot Chelsea Development	168	$41,440,000	$41,440,000	2010
West 26th Street Development	204	$30,000,000	$30,000,000	2011
Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced				
The Balton	156	$29,750,000	$29,750,000	2009
Residential Revenue Bonds – Letter of Credit Enhanced				
Montefiore Medical Center Project	116	$8,400,000	$7,000,000	1993
Queens College Residences	144	$69,865,000	$69,295,000	2009
Mortgage Revenue Bonds – Cooperative Housing Letter of Credit Enhanced				
Prospect Macy	63	$8,565,000	$8,565,000	2008
Via Verde Cooperative Apartments	71	$7,440,000	$7,440,000	2010
MILITARY HOUSING REVENUE BOND PROGRAM				
Fort Hamilton Housing	228	$47,545,000	$46,600,000	2004
HOUSING REVENUE BOND PROGRAM*				
Multi-Family Housing Revenue Bonds	96,196	$6,031,980,000	$3,343,550,000	1993-2011
*Multi-Family Housing Revenue Bonds – Federal New Issue Bond Program**		$500,000,000	$499,870,000	2009
LIBERTY BOND PROGRAM				
Multi-Family Mortgage Revenue Bonds				
90 Washington Street[1]	398	$74,800,000	$74,800,000	2005
The Crest[2]	476	$143,800,000	$141,700,000	2005
2 Gold Street[1]	650	$217,000,000	$211,500,000	2006
20 Exchange Place[2]	366	$210,000,000	$201,500,000	2006
90 West Street[1]	410	$112,000,000	$112,000,000	2006
201 Pearl Street Development[1]	189	$90,000,000	$90,000,000	2006
Beekman Tower[3]	904	$203,900,000	$203,900,000	2008
SECTION 223(f) REFINANCING PROGRAM				
Multifamily Housing Limited Obligations Bonds	724	$79,998,100	$4,261,750	1977
FHA-Insured Mortgage Loans	2,219	$299,886,700	$21,889,256	1978

*Information for all one hundred and fifty-five (155) series of bonds that the Corporation has issued under its Housing Revenue Bond Program from 1993 through 2011 as described in Section C above.

* The Corporation has pledged certain amounts held under the General Resolution to secure both the Multi-Family Housing Revenue Bonds and the Multi-Family Housing Revenue Bonds - Federal New Issue Bond Program; however, amounts held under the Supplemental Resolutions for the Multi-Family Housing Revenue Bonds - Federal New Issue Bond Program are not pledged to secure the Multi-Family Housing Revenue Bonds.

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
CAPITAL FUND REVENUE BOND PROGRAM				
New York City Housing Authority Program	N/A	$281,610,000	$225,410,000	2005
SECURED MORTGAGE REVENUE BOND PROGRAM				
Multi-Family Secured Mortgage Revenue Bonds	401	$14,155,000	$13,635,000	2005-2008
TOTAL	**125,538**	**$11,758,964,800**	**$8,327,576,006**	

[1] This project was also financed under the "Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced" Program as described in Section A above.

[2] This project was also financed under the "Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced" Program as described in Section A above.

[3] This project was financed with separate series of bonds issued under the Multi-Family Program described in section I(A) above and the Liberty Bond Program described in section I(D) above.

II. MORTGAGE LOAN PROGRAMS. The Corporation funds mortgage loans under various mortgage loan programs, including the significant programs described below. These mortgage loans are funded from bond proceeds and/or the Corporation's unrestricted reserves. See "PART I—BOND PROGRAMS" above.

A. *Affordable Housing Permanent Loan Program*. The Corporation has established a program to make permanent mortgage loans for projects constructed or rehabilitated, often in conjunction with The City of New York Department of Housing Preservation and Development ("HPD") and other lender loan programs.

B. *Low-Income Affordable Marketplace Program*. The Corporation has established a Low-income Affordable Marketplace Program ("LAMP") to finance the construction or substantial rehabilitation of developments affordable to low-income tenants. LAMP projects are financed primarily with a first mortgage loan funded from tax-exempt bond proceeds, as of right 4% Federal tax credits and a subordinate mortgage loan funded from the Corporation's reserves. The subordinate loan is provided at 1% interest with fixed minimum payments of at least interest only but may provide for amortization.

C. *Low-Income Affordable Marketplace Preservation Program*. The Corporation has established a Low-income Affordable Marketplace Preservation Program ("LAMP Preservation") to finance the acquisition and moderate rehabilitation of developments affordable to low-income tenants. LAMP Preservation projects are financed with a mortgage loan funded by tax-exempt bond proceeds and as of right 4% Federal tax credits.

D. *Mitchell-Lama Program*. The Corporation has established the Mitchell Lama Restructuring Program and the Mitchell Lama Repair Loan Program. The Mitchell Lama Restructuring Program preserves Mitchell-Lama projects as affordable housing by restructuring existing mortgage loans into new mortgage loans which contain an extended maturity date and a lower rate of interest. The Mitchell Lama Repair Loan Program provides Mitchell-Lama projects with additional loans to fund system modernizations, capital improvements or repairs.

E. *Mixed Income Program*. The Corporation has established a Mixed-Income Program to finance the construction or substantial rehabilitation of mixed-income multi-family rental housing. Mixed Income projects are financed with a first mortgage loan funded from tax-exempt bond proceeds, a subordinate mortgage loan funded from the Corporation's reserves and in some cases, as of right 4% Federal tax credits. Typically, the developments reserve 50% of the units for market rate tenants, 30% of the units for moderate to middle income tenants and 20% of the units for low income tenants.

F. *New Housing Opportunities Program*. The Corporation has established a New Housing Opportunities Program ("New HOP") to finance the construction or substantial rehabilitation of developments affordable to low and moderate income tenants. New HOP projects are financed with a first mortgage loan funded from taxable or tax-exempt bond proceeds and a subordinate mortgage loan funded from the Corporation's reserves. The subordinate loan is provided at 1% interest with fixed minimum payments of at least interest only but may provide for amortization.

III. OTHER LOAN PROGRAMS. In addition to funding mortgage loans, the Corporation funds loans not secured by a mortgage under various programs, including the programs described below.

A. *New Ventures Incentive Program*. The Corporation participated in the New Ventures Incentive Program ("NewVIP"), a multi-million dollar public-private partnership between the City and member banks established in the fall of 2003. The Corporation originated three NewVIP loans, all of which have been repaid.

B. *Other*. Among other programs, the Corporation has funded a loan to finance the construction of military housing at Fort Hamilton in Brooklyn, New York secured by notes and financed through the issuance of bonds. The Corporation has funded a loan to the New York City Housing Authority ("NYCHA") to provide funds for modernization and to make certain improvements to numerous various public housing projects owned by NYCHA in the City. The Corporation has provided interest-free working capital loans to not-for-profit sponsors of projects through HPD's Special Initiatives Program. The proceeds of such loans are used for rent-up expenses and initial operation costs of such projects. The Corporation also has provided interim assistance in the form of unsecured, interest-free loan to the Neighborhood Partnership Housing Development Fund Company, Inc. to fund certain expenses associated with HPD's Neighborhood Entrepreneurs Program.

IV. LOAN SERVICING. The Corporation services the majority of its own loans and also services loans for others. Such loan servicing activities, which are described below, relate to over 1,486 mortgage loans with an approximate aggregate face amount of $12.8 billion.

A. *Portfolio Servicing*. The Corporation acts as loan servicer in connection with the permanent mortgage loans made to approximately 662 developments under its bond, mortgage loan and other loan programs (including its Housing Revenue Bond Program) in the approximate aggregate face amount of $7.4 billion.

B. *HPD Loan Servicing*. The Corporation acts as loan servicer in connection with certain construction and permanent housing loan programs of HPD pursuant to several agreements with HPD. As of November 30, 2011, the Corporation was servicing construction and permanent loans made to approximately 604 developments in the approximate aggregate face amount of $2.4 billion.

C. *Loan Servicing Monitoring*. In addition to the Corporation's loan servicing activities, the Corporation monitors the loan servicing activities of other servicers who service approximately 220 mortgage loans made under the Corporation's various bond, mortgage loan and other loan programs in the approximate aggregate face amount of $3.0 billion.

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APPENDIX C

INFORMATION REGARDING CITY UNIVERSITY OF NEW YORK

HISTORY AND MISSION

The City University of New York is the nation's largest urban public university, comprised of 24 institutions: 11 senior colleges, seven community colleges, the William E. Macaulay Honors College at CUNY, the Graduate School and University Center, the CUNY School of Law, the CUNY Graduate School of Journalism, the CUNY School of Professional Studies, and the CUNY School of Public Health. Serving more than 269,000 degree-credit students and 223,237 continuing and professional education students, the University confers 35,000 degrees each year -- more than 1.1 million associate, baccalaureate, master's, and doctoral degrees since 1967. CUNY plays a crucial role in the life and economy of the City and State. As of 2007, 54 percent of undergraduates and 46 percent of all college students in New York City were attending CUNY. College Now, CUNY's academic enrichment program for 19,404 high school students, is offered at CUNY campuses and at more than 343 high schools. Online baccalaureate degrees are offered by the School of Professional Studies.

CUNY's history dates back to the formation of the Free Academy in 1847 by Townsend Harris. The school was fashioned as "a Free Academy for the purpose of extending the benefits of education gratuitously to persons who have been pupils in the common schools of the city and county of New York." The Free Academy later became the City College of New York, the oldest institution among the CUNY colleges. From this grew a system of senior colleges, community colleges, as well as graduate schools and professional programs. CUNY was established in 1961 as the umbrella institution encompassing the municipal colleges and a new graduate school. Providing first-rate academic opportunities for students of all backgrounds has been The City University of New York's mission since its founding. Today, CUNY is a higher education destination and a magnet for talented students, including three Rhodes Scholars selected since 2005. Other student awards include recent Fulbright, Truman, Goldwater, Marshall, Gates, and Mellon Scholarships, in addition to National Science Foundation Graduate Research Fellowships. Enrollment is at record levels, and high-achieving students increasingly choose CUNY colleges, recognizing their great value and paths to professional success.

Teaching, research, and public service are the hallmarks of the best universities, and CUNY is deeply committed to all three. The University's world-class faculty members have won nearly every award in their fields, and increasing the full-time teaching ranks is a top priority. CUNY has emerged as one of the nation's premier research institutions: the planned state-of-the-art Advanced Science Research Center is already drawing renowned scientists to the University. CUNY invigorates the City and State through partnerships with public schools, economic development initiatives, immigration and financial advice hotlines, and other outreach, and provides New York with graduates trained for high-demand jobs in the sciences, technology, math, teaching, nursing, and other critical and growing fields.

From the William E. Macaulay Honors College at CUNY, to graduate offerings including the CUNY Graduate School of Journalism and the soon-to-open CUNY School of Public Health, to customized certificates for working professionals, CUNY students find intellectual challenge through convenient, affordable courses of study. Flexible schedules, financial aid, child care, and other services give students every opportunity to achieve their educational goals.

ACADEMIC PROGRAMS AND CAMPUSES

Undergraduate Education

At the heart of CUNY's mission rests its commitment to providing all New Yorkers with access to a rigorous undergraduate education and ensuring a successful, enriching academic experience. CUNY undergraduate programs lead to two types of degrees: the associate's or the bachelor's. Generally, an associate degree requires approximately 60 college credits and a bachelor's requires 120. Each degree requires a major program, and CUNY offers more than 1,250 majors from which to choose. CUNY's undergraduate degree programs are divided into eight main areas of study: Business; Computer Science & Information Systems; Engineering, Architecture, & Related Technologies; Fine, Performing & Technology-Related Arts; Health Professions; Liberal Arts & Sciences; Public Affairs and Community & Social Services; and Teacher Education.

Graduate Education

With more than 800 graduate degree programs, over 100 nationally- recognized research centers, and 21 libraries at their disposal, CUNY students may explore any number of future career options while gaining the knowledge and experience to succeed at any of them.

Pre-College/Collaborative Programs

CUNY's commitment to the education of all New Yorkers begins long before the start of freshman year. Through its Collaborative Programs, CUNY invests substantial human and financial resources in the service of public school students and out-of-school youth. The work CUNY does with the NYC public schools through the Office of Academic Affairs is known collectively as Collaborative Programs.

Continuing Education

CUNY's continuing education programs, courses, and certificates offer an array of opportunities for career advancement and professional development, skills development, and personal growth, all at affordable prices, on flexible schedules, and at locations throughout New York City.

University Campuses

One University-- Many Institutions

Located throughout the five boroughs of New York City, the CUNY institutions offer students academic programs leading to a full range of undergraduate and graduate degrees and certificates. The college settings are diverse, from sprawling, suburban campuses to modern facilities in the heart of New York City.

Enrollment Summary 2011[1]

	Location	President/Dean	Undergraduate Head Count	Undergraduate FTE	Graduate Head Count	Graduate FTE	Total Head Count	Total FTE
FOUR YEAR COLLEGES (founding dates)								
Bernard M. Baruch College (1968)	Manhattan	Mitchell B. Wallerstein	14,266	11,637	3,789	2,507	18,055	14,144
Brooklyn College (1930)	Brooklyn	Karen L. Gould	13,096	10,353	3,739	2,119	16,835	12,472
The City College of New York (1847)	Manhattan	Lisa Staiano-Coico	12,863	10,089	3,142	1,805	16,005	11,894
College of Staten Island (1976)	Staten Island	Tomas D. Morales	13,155	10,514	1,044	581	14,199	11,095
Hunter College (1870)	Manhattan	Jennifer J. Raab	16,345	12,645	6,477	4,055	22,822	16,700
John Jay College of Criminal Justice (1964)	Manhattan	Jeremy Travis	12,887	10,255	1,901	1,175	14,788	11,430
Herbert H. Lehman College (1968)	Bronx	Ricardo R. Fernández	9,863	6,977	2,424	1,370	12,287	8,347
Medgar Evers College (1969)	Brooklyn	William L. Pollard	6,966	5,331	-	-	6,966	5,331
New York City College of Technology (1946)	Brooklyn	Russell K. Hotzler	15,961	11,993	-	-	15,961	11,993
Queens College (1937)	Queens	James L. Muyskens	16,559	12,907	4,434	2,326	20,993	15,233
York College (1966)	Queens	Marcia Keizs	8,210	5,907	32	27	8,242	5,934
COMMUNITY COLLEGES (founding dates)								
Borough of Manhattan Community College (1963)	Manhattan	Antonio Pérez	24,463	18,564	-	-	24,463	18,564
Bronx Community College (1957)	Bronx	Carole B. Joseph	11,450	8,253	-	-	11,450	8,253
Eugenio Maria de Hostos Community College (1968)	Bronx	Félix V. Matos Rodríguez	7,078	5,088	-	-	7,078	5,088
Kingsborough Community College (1963)[2]	Brooklyn	Regina Peruggi	19,078	14,498	-	-	19,078	14,498
LaGuardia Community College (1971)[3]	Queens	Gail O. Mellow	17,563	14,004	-	-	17,563	14,004
Queensborough Community College (1958)	Queens	Diane Bova Call	16,837	11,760	-	-	16,837	11,760
New Community College[4]	Manhattan	Scott E. Evenbeck	-	-	-	-	-	-
HONORS COLLEGE & PROFESSIONAL SCHOOLS (founding dates)								
Macauley Honors College (2001)	Manhattan	Ann Kirschner	MHC students are distributed at the home campuses					
The Graduate Center (1961)	Manhattan	William P. Kelly	-	-	4,701	3,750	4,701	3,750
The CUNY School of Law (1983)	Queens	Michelle J. Anderson	-	-	481	575	481	575
The CUNY Graduate School of Journalism (2006)	Manhattan	Stephen B. Shepard	-	-	185	221	185	221
The CUNY School of Professional Studies (2003)	Manhattan	John Mogulescu	1,220	584	676	250	1,896	834
The CUNY School of Public Health (2011)	Manhattan	Kenneth Olden	-	-	-	-	-	-
Totals			**237,860**	**181,359**	**33,025**	**20,761**	**270,885**	**202,120**

1 Preliminary Fall 2011 Enrollment 2 Actual Fall and Estimated Winter 3 Preliminary Fall I and II 4 Scheduled to open Fall 2012

GOVERNANCE

CUNY, prior to July 1, 1979, was governed by the Board of Higher Education in the City of New York (the Board of Higher Education). Pursuant to legislation adopted in 1979, the Board of Higher Education was continued as a corporate entity, but was restructured and renamed The City University of New York to be governed and administered by the Board of Trustees (the Board). Under the general direction of the Board, the administration and academic programs of CUNY are carried out by the Chancellor and officers of CUNY and by the presidents of the various colleges of CUNY.

Board of Trustees

The Board of Trustees is composed of seventeen trustees, ten of whom are appointed by the Governor and five of whom are appointed by the Mayor of the City, all with the advice and consent of the State Senate. The chairperson of the student senate of CUNY is an *ex officio* voting trustee, and the chairperson of the faculty senate of CUNY is an *ex officio* non-voting trustee. The term of office of each of the appointed trustees is seven years, and the terms are staggered. By law, a trustee whose term of office has expired will continue to serve until a successor is chosen and qualified. The current members of the Board are as follows:

Administration

CUNY is administered on a day-to-day basis by the Chancellor of the University and his administrative staff. The principal officers of CUNY are as follows:

Matthew Goldstein was appointed Chancellor of The City University of New York (CUNY), effective September 1, 1999. He is the first CUNY graduate to lead the nation's most prominent urban public university (City College, Class of 1963).

Dr. Goldstein has served in senior academic and administrative positions for more than 30 years, including as President of Baruch College, President of the Research Foundation, and Acting Vice Chancellor for Academic Affairs at CUNY. Prior to being named Chancellor, he was President of Adelphi University.

He has held faculty positions in mathematics and statistics at Baruch College, the CUNY Graduate School and University Center, Polytechnic University of New York, Cooper Union, Eastern Connecticut State University, and the University of Connecticut. He is the co-author of three books: *Discrete Discriminant Analysis*, published by John Wiley & Sons in 1978; *Intermediate Statistical Methods and Applications*, published by Prentice Hall in 1983; and *Multivariate Analysis*, published by John Wiley & Sons in 1984

Currently, Dr. Goldstein is a member of the Board of Trustees of the JP Morgan Funds and of the Bronx-Lebanon Hospital Center. He is a Director *ex officio* of the Lincoln Center Institute for the Arts in Education, the United Way of New York City, and a member of the Business Advisory Council for Columbia Management.

Dr. Goldstein is a Fellow of the American Academy of Arts & Sciences and a Fellow of the New York Academy of Sciences. Among his honors are the 2007 Carnegie Corporation of New York's Academic Leadership Award, the 2008 Jewish Community Relations Council of New York Communal Leader Award, the 2005 John H. Finley Award, the 2005 Medal of Honor "Austrian Cross of Honor for Science and Art, First Class," the 2004 New York Foundation for Architecture President's Award, the 2003 Max Rowe Educational Leadership Award of the American Friends of The Open University of Israel, the 2002 Ellis Island Medal of Honor, and the 2000 Townsend Harris Medal.

Dr. Goldstein earned his doctorate from the University of Connecticut in mathematical statistics, and a bachelor's degree with high honors in statistics and mathematics from The City College of The City University of New York.

Allan H. Dobrin, Executive Vice Chancellor and Chief Operating Officer of The City University of New York, is in charge of institutional business operations and leads university-wide planning and policy-making in areas under his supervision.

A graduate of Queens College with doctoral studies in political science, Mr. Dobrin has been involved in public service for more than two decades. Before he joined CUNY, he was Commissioner of the New York City Department of Information Technology and Telecommunications, which he set up, and Chief Information Officer for the City of New York from 1998 to 2001. At the same time, he was Executive Director of the Mayor's Task Force on Special Education, which in 1998 released recommendations on the reforming of the Board of Education's $2.5-billion special education program.

Before joining the New York City Department of Information Technology and Telecommunications in 1998, Mr. Dobrin was Executive Deputy Director of the Mayor's Office of Operations. From 1996 to 1997, Mr. Dobrin was the Deputy Executive Director of Bellevue Hospital Center, one of the larger and older city hospitals in the country, and oversaw its management and support services, including Management Information Systems. In this position, he supervised a staff of more than 1,000.

Dr. Alexandra W. Logue, Executive Vice Chancellor and University Provost, received her A.B. in Psychology in 1974, and her Ph.D. in Experimental Psychology in 1978, both from Harvard University. Her general research areas are learning and motivation, with special research interests in choice behavior, self-control, and food aversions and preferences.

Dr. Logue is an internationally-known behavioral scientist. She has published more than 120 articles and chapters, primarily on quantitative models of choice behavior, and has served on the editorial boards of many prestigious journals. Her research has been funded by the National Science Foundation and the National Institute of Mental Health. The recipient of the American Psychological Association's Hake Award for Excellence in Bridging Basic and Applied Research, Dr. Logue is a Fellow of the American Psychological Association, the Association for Psychological Science, and the American Association for the Advancement of Science.

Jay Hershenson is Senior Vice Chancellor for University Relations and Secretary of the Board of Trustees of The City University of New. His portfolio includes the development and implementation of CUNY's external relations program, including governmental, media, and community relations, marketing, communications and CUNY-TV and the administration of the Board of Trustees' agenda, meetings, and records. He has served as Vice Chancellor since 1984 and has worked in senior level administrative positions for six CUNY Chancellors and with over 100 CUNY trustees since the mid-1970's. He has made a lifelong commitment to education and, in particular, to the use of higher education to positively transform lives.

Senior Vice Chancellor Hershenson's previous service as a leader in non-profit organizations includes: as Executive Director of the Committee for Public Higher Education, New York City Regional Director of the New York Public Interest Research Group, Inc., and as Unit Director of the United Fund of New York.

He received an M.A. in Urban Studies and a B.A. in Communications, Arts and Sciences and University Administration from Queens College, CUNY, after transferring from Queensborough Community College, CUNY. He was an adjunct faculty member in the Hunter College and Queens College departments of Political Science. In 1974, he was elected and re-elected in 1975 to serve as the Chairperson of the University Student Senate of CUNY and became the first elected student trustee on the University's Board of Trustees.

Senior Vice Chancellor Hershenson has pioneered major public service partnerships between CUNY, media organizations, and corporate leaders. Together with *New York Daily News* Editor-in-Chief Martin Dunn, he proposed and supervised five "Citizenship Now!" call-ins, assisting over 40,000 immigrants. He initiated the "Voting Rights and Citizenship" calendar and curricula project, partnering CUNY with *The New York Times*, JPMorgan Chase, TIAA-CREF and The LaGuardia and Wagner Archives. He is the Senior Project Director for "The Women's Leadership," "A Nation of Immigrants," "Let Freedom Ring," and "City Life" calendars and curricula, again with the *Times*, corporate, and archival partners.

Frederick P. Schaffer is General Counsel and Senior Vice Chancellor for Legal Affairs of The City University of New York. In this position, he is responsible for providing legal counsel to the Board of Trustees, the Chancellor, and the University on a wide range of issues and supervising a legal department of 16 lawyers. Mr. Schaffer also serves as General Counsel to the City University Construction Fund, a public authority that finances capital construction at the University.

Before coming to CUNY, Mr. Schaffer was a litigation partner in the law firm of Schulte Roth & Zabel LLP, where he specialized in commercial and securities litigation and employment law. Earlier in his career, Mr. Schaffer served as Counsel to Mayor Koch, Chief of Litigation in the Office of the Corporation Counsel of the City of New York, and Assistant U.S. Attorney in Manhattan. He also was an Associate Professor at the Benjamin N. Cardozo School of Law. Mr. Schaffer recently served as Chairman of the Legal Aid Society and is currently a Trustee of the Practising Law Institute. He has previously served as Chairman of NYC Public/Private Initiatives, Inc., and a Director of the University Settlement Society. He is also active in the Association of the Bar of the City of New York, where he has served as a member of a number of committees, including the Executive Committee, the Nominating Committee, and (as Chairman) the Committee on Education and the Law. Mr. Schaffer received his B.A. degree summa cum laude from Harvard College and his J.D. degree magna cum laude from Harvard Law School, where he was an editor of the *Harvard Law Review*. Following law school, he clerked for the Honorable Francis L. Van Dusen, Circuit Judge on the U.S. Court of Appeals for the Third Circuit.

Marc Shaw was named Senior Vice Chancellor for Budget, Finance and Financial Policy in January 2010. Mr. Shaw is responsible for overseeing and managing the finances of CUNY's 23 colleges and professional schools and the University's central administration, including its investment portfolio. Mr. Shaw has served for the past year as Senior Advisor to Gov. David Paterson. Prior to that he was Executive Vice President for Strategic Planning at Extell Development Company.

From 2002 to 2006 he was the First Deputy Mayor and Deputy Mayor for Operations to Mayor Bloomberg. In 1996, he was appointed by Gov. George Pataki to serve as the Executive Director and Chief Operating Officer for the Metropolitan Transportation Authority, and was responsible for overseeing the daily operations of the MTA, including financial and strategic planning, and the capital programming activities for headquarters and the operating agencies.

Prior to working at the MTA, Mr. Shaw served as the Budget Director for the New York City Office of Management and Budget under Mayor Rudolph Giuliani, responsible for developing the Mayor's executive budget and advising the Mayor on all policy issues affecting the city's fiscal stability and the effectiveness of its services. He was also responsible for the city's four-year financial plans and its capital budget. Mr. Shaw first served in the Giuliani administration as the Commissioner for the New York City Department of Finance, where he was responsible for the administration of all city taxes and fees.

Mr. Shaw has also been an Adjunct Assistant Professor of Public Service at the Robert F. Wagner Graduate School of Public Service at New York University, and an Adjunct Professor at the School of International and Public Affairs at Columbia University. He graduated magna cum laude from the State University College at Buffalo, and received his M.A. degree from the State University of New York at Buffalo.

Frank D. Sanchez was appointed Vice Chancellor for Student Affairs by Chancellor Matthew Goldstein in September 2010. Since 2005 Dr. Sanchez has been the Associate Vice Chancellor for Student Affairs and chief student affairs officer at the University of Colorado Denver. During his tenure Dr. Sanchez led the establishment of several new student services including a Dean of Students, campus housing, veteran student services, community standards and wellness as well as provided the primary leadership for consolidating all centralized student services at the Downtown Denver and Anschutz Medical Center campuses. While at UC Denver Dr. Sanchez also secured a number of Federal and State grants in excess of $6 million for pre-collegiate and community college partnerships.

From 1999 to 2005 Dr. Sanchez was the Vice President of Student Affairs at Adams State College in Alamosa, Colorado. There he led significant increases in student enrollments and retention rates by reengineering admission and registration practices, establishing curricular-based learning communities and creating student-led campus traditions.

In 2008, Dr. Sanchez was appointed to the Governor's P-20 Education Council in Colorado and assisted with legislative recommendations aimed at increasing college degrees and certificates while also reducing the high school drop-out rate. In 2000, he presented at the Oxford Round Table Discussions in Oxford, England and, in 1999, received the Trustee Award of Merit from the University of Wyoming for his work with the Matthew Shepard crisis. Later that year Dr. Sanchez received the Association for Colleges and Universities Housing Officers International (ACUHO-I) Robert P. Cooke Article of the Year Award for his work entitled, Teaching and Learning in Social Contexts: Theory for Tomorrow's Residential Practice.

Dr. Sanchez holds a Bachelor of Arts degree in Psychology with minors in Communication and Chicano Studies from the University of Nebraska-Lincoln, a Master of Science degree in Student Affairs and Higher Education from Colorado State University and a Doctor of Philosophy in Higher Education Administration with a minor in Learning, Cognition and Instruction from Indiana University-Bloomington.

Pamela S. Silverblatt joined The City University of New York as Vice Chancellor for Labor Relations in January 2008 after nearly seven years in the New York City Mayor's Office of Labor Relations. Ms. Silverblatt oversees and manages CUNY's Labor Relations with its Faculty and Classified Staff unions, including negotiating the collective bargaining agreements and overseeing labor hearings and appeals.

Prior to joining CUNY, Ms. Silverblatt represented the Mayor in labor relations matters affecting New York City and over 100 labor organizations. This entailed managing the negotiation, implementation, and interpretation of collective bargaining agreements covering more than 200,000 employees in Mayoral and non-Mayoral agencies. Her responsibilities included managing the General Counsel's Office, negotiators, supervision of the budget, and personnel administration. Ms. Silverblatt was responsible for the management and oversight of the New York City Health Benefits Program that covers all New York City employees and retirees, as well as the Deferred Compensation Program, which included both Section 457 and 401K components, pre-tax benefits, and the Management Benefits Fund.

Prior to joining the Mayor's Office, Ms. Silverblatt served nearly 12 years at the NYC Health and Hospitals Corporation (HHC), holding a series of progressively more responsible human resources and labor relations positions. She left HHC as the Senior Assistant Vice President of Operations, with responsibilities for all of the Corporation's labor relations departments, including Labor Relations/Labor Counsel, Workforce Planning and Development, Personnel, Classification and Compensation, Examinations, and Certification.

Ms. Silverblatt is a graduate of the State University of NY at Binghamton and received her J.D. Degree from Hofstra University School of Law.

Dr. Gillian Small, Vice Chancellor for Research, received her Ph.D. in the Biological Sciences in 1983 from the University of Wolverhampton in England. She came to the US in 1985 to conduct postdoctoral research at the Rockefeller University in New York, in the laboratory of Nobel Laureate Dr. Christian DeDuve. Her research focus is organelle biogenesis and molecular regulation of lipid metabolism, and she has been consistently funded over a 20-year period by the National Institutes of Health, the National Science Foundation, and the American Heart Association. She has published widely in these areas and, in recognition of her research, was named an Established Investigator of the American Heart Association (1992-1997). She has presented her research at both national and international conferences, including as an invited speaker at the 1997 Nobel Conference on "Metabolic Functions, Proliferation, and Diseases of Peroxisomes" in Stockholm, Sweden.

In 1988, Dr. Small joined the faculty at the University of Florida, where she established her independent research program. In 1992, she returned to New York as a faculty member at Mount Sinai School of Medicine, where she directed a research laboratory and served as Director of the Interdisciplinary Graduate Program in Molecular, Cellular, and Developmental Biology.

Dr. Small joined the City University of New York in 2001, and served as University Dean for Research from 2003-2008. In her new position as Vice Chancellor for Research she is setting strategy for the University's research programs with a view toward fostering visionary initiatives and new models of participation, encouraging information and resource sharing, and connecting research and scholarly activities with emerging opportunities. Central to this strategy is the recruitment of distinguished research faculty across many disciplines, supporting faculty to enable them to achieve recognition in research and scholarship, and obtaining significant funding for recruitment and research instrumentation.

Gloriana (Ginger) Waters, Vice Chancellor for Human Resource Management, has spent her entire professional life in higher education, both as a teacher and an administrator. She worked at Columbia University and at three colleges in the CUNY system prior to joining the University's Central Office in 1994.

Appointed by the CUNY Board of Trustees in December 2008 as Vice Chancellor for Human Resources Management, Ms. Waters is responsible for developing and implementing the policies and procedures the University's human resources functions, which serve more than 37,000 employees system-wide. Her Office also monitors and ensures compliance with federal, state, and local employment laws, as well as the University's rules, regulations, and procedures regarding employment.

Ms. Waters received her B.A. from SUNY-Cortland, and earned a Masters in Educational Psychology from Teachers College at Columbia University. She holds an MPA in Higher Education Administration from Baruch College, and is a graduate of Harvard University's Institute for Educational Management. She has been inducted into Pi Alpha Alpha, a National Honor Society for Public Affairs and Administration.

Iris Weinshall was appointed Vice Chancellor for Facilities Planning, Construction, and Management at The City University of New York in April 2007, after having served the City of New York for more than 25 years, most recently as Commissioner of Transportation. As CUNY Vice Chancellor, Ms. Weinshall is responsible for physical plant maintenance and operations, facilities planning, and capital programs; planning, negotiating, and implementing capital construction and rehabilitation programs in consultation with a broad range of constituencies including the Dormitory Authority of the State of New York and the City University Construction Fund; and monitoring and providing technical assistance and support to the campuses for the operation and utilization of the 26-million-square-foot, 300-building CUNY plant.

An alumna of Brooklyn College, Ms. Weinshall has responsibility for the University's award-winning design and planning initiatives and a five-year capital construction budget of more than $3 billion for 23 colleges and University professional schools. During Ms. Weinshall's tenure CUNY has experienced a system-wide renaissance on its campuses fueled by state, city, and -- increasingly -- private philanthropic resources, characterized by bold new interpretations of the "urban campus" ideal by some of the world's best architects.

Appointed Commissioner of the New York City Department of Transportation (DOT) in September 2000, Ms. Weinshall supervised a $5 billion capital program that included the construction of the widely-praised Whitehall Ferry Terminal in lower Manhattan and the St. George Ferry Terminal on Staten Island. Under her leadership, the DOT consolidated its offices at 55 Water Street in lower Manhattan and launched a major program to rehabilitate and maintain the city's huge network of bridges and roadways, including the nearly $3 billion rehabilitation of the city's East River Bridges. Ms. Weinshall implemented programs to improve traffic flow and upgrade the city's infrastructure, while making the city's streets and sidewalks safer for millions of pedestrians, cyclists, and motorists.

Ms. Weinshall graduated cum laude from Brooklyn College, and earned her Master's Degree in Public Administration from New York University's Robert F. Wagner Graduate School of Public Service. In 2000, she was named Alumna of the Year by the Brooklyn College Alumni Association, the group's highest honor, in recognition of her commitment to the betterment of the community through her many professional and civic achievements.

Brian Cohen, Associate Vice Chancellor for Technology and University CIO, in December 2001 Mr. Cohen joined the City University of New York as Chief Information Officer. Brian has invaluable experience in technology and running large-scale and complex business and technology projects. In this role, Mr. Cohen is responsible for developing the University's technology strategy and providing leadership and direction in the operation of CUNY's enterprise technology systems, including core business applications, voice and data networks, IT Security, data center operations, and the implementation of the University's enterprise resource planning project – CUNYfirst.

From 2000 to 2001 Mr. Cohen served as the Deputy Commissioner in the New York City Department of Information Technology and Telecommunications (DoITT), where he was responsible for identifying, funding, and implementing information technology solutions that supported the City's business operations, and overseeing the City's E-Government Office, internal consulting technology staff, and technology recruitment staff.

From August 1997 to January 2000, Mr. Cohen served as the Executive Director of the New York City's Mayor's Office of Operations' Year 2000 Project, reporting to the Deputy Mayor for Operations. In this position, Mr. Cohen was responsible for the implementation and maintenance of the City's Year 2000 planning methodology, for facilitation and oversight of all Year 2000-related projects, for identifying and relaying critical Year 2000-related issues to senior management, oversight of funding in excess of $300 million, as well as the coordination and deployment of consultant services. Under Mr. Cohen's direction, each City agency successfully completed its Year 2000 inventory, conducted impact analyses on critical and high-priority systems, implemented and managed Year 2000 strategic planning, and developed and maintained a system for project review and reporting.

Mr. Cohen graduated cum laude from St. John's University with a BS in Computer Science, and in 1991 he received a Juris Doctor from the Touro College Jacob D. Fuchsberg Law Center, where he also served as an editor on the *Touro Law Review*.

Matthew J. Sapienza, Associate Vice Chancellor for Budget, Finance and Financial Policy, was the University Budget Director from October 2004 until January 2010. He has provided more than 21 years of distinguished public service in senior-level budget and finance administration, including five years as CUNY's University Budget Director, 11 years at the New York City Department of Education, including as Deputy Budget Director for the public school system, and five years as a Senior Budget Analyst for The New York City Fire Department. Mr. Sapienza has responsibility for the overall management of $2.6 billion in city and state tax-levy operating funds, including more than $1.0 billion in tuition revenues.

Before becoming University Budget Director, Mr. Sapienza worked for 11 years at the New York City Department of Education, the last four as Deputy Budget Director. At the DOE he provided leadership to line managers and was responsible for maintenance, oversight and reporting of the school system's $12 billion budget and for being the organization's main liaison with financial oversight agencies. Mr. Sapienza also served as a policy-level resource to the DOE's executive management on key financial issues and represented the agency in high-level dealings with all fiscal oversights at the city, state and federal levels. This included ensuring data integrity in public reporting of the agency's budget, the technical administration of the overall operating budget, and the issuance of public documents such as the Financial Status Report, Chancellor's Budget Request, and School-Based Expenditure Reports.

Mr. Sapienza holds a BBA in Finance from Pace University's Lubin School of Business, and an MBA in Finance from St. John's University.

Eduardo Marti was appointed the first Vice Chancellor for Community Colleges on July 1, 2010 by the Board of Trustees of The City University of New York. Dr. Martí came to CUNY in 2000 as President of Queensborough Community College. Prior to that, he served for six years as President of Corning Community College of the State University of New York (SUNY), and for eight years, as President of SUNY's Tompkins Cortland Community College. Dr. Martí also served as Executive Dean of Tunxis Community College (Campus CEO, CAO) and Acting President of Middlesex Community College, both located in Connecticut.

Dr. Martí serves on the Board of Trustees of Teachers College at Columbia University, as well as the Community College Research Center Advisory Board of Teachers College at Columbia University. Having previously served on the Board of the American Association of Community Colleges (AACC), he was elected once again in March 2009. He was elected as a member of the Middle States Commission on Higher Education in October, 2010.

He has served as past President of the Association of Presidents of Public Community Colleges of the State of New York, a member of the ACE Commission on International Education, on the Board of the Cornell Institute for Community College Development, Chair of the Small and Rural Commission of the American Association of Community Colleges, member of the Executive Committee of the American Association of Community College President's Academy, member of the Commission on Secondary Education of the Middle States Association.

In November, 2006, Dr. Marti had the distinction of being asked by the transition team for New York Governor-elect Elliot Spitzer to serve on an Education Policy Advisory Committee. In May 2007, he was appointed by Governor Spitzer to the New York State Commission on Higher Education. In that capacity, he chaired the Workforce & Economic Development Committee of the Commission.

Dr. Martí has held positions as President of the United Way of Tompkins County, member of the Private Industry Council of Steuben, Schuyler and Chemung Counties, and honorary member of the Ithaca and Corning Rotary Clubs. Also, he served as a member of the Board of Directors of the Queens Chamber of Commerce and of the Board of Directors of the Queens Symphony Orchestra.

Three times a graduate of New York University, Dr. Martí holds the Bachelor of Arts, Master of Science, and Ph.D. degrees in biology from the institution. He is the recipient of the Founders Day Award from New York University and was chosen as the recipient of the New York University Alumni Association's Distinguished Alumnus Award in November 2007. In October 2008, the New York Post honored Dr. Marti with their Liberty Medal Award as a champion of human rights. He was previously named to the Honor Roll of the Phi Theta Kappa, the international honor society for two-year colleges.

As the recipient of a Fulbright-Hays Seminars Abroad award, he spent June 2004 traveling in China with leaders of minority serving institutions.

UNIVERSITY RELATED ORGANIZATIONS

City University Construction Fund

The City University Construction Fund, a public benefit corporation, was established on July 5, 1966 and is continued pursuant to Article 125-B of the New York State Education Law, (the Fund Act). Originally created to provide facilities for the senior colleges of the University, the Fund was authorized to provide facilities for the University's community colleges by legislation enacted in 1972. The Fund reviews and approves proposals for the acquisition, design and/or construction of University facilities at the request of the Board of Trustees of the University and arranges for the financing of these facilities through the issuance of taxable and tax-exempt bonds by the Dormitory Authority of State of New York (DASNY). The Fund pays annual rentals to DASNY in amounts sufficient to pay the debt service on such bonds and related costs. In addition to providing facilities to the University, the Fund is authorized to support the educational purposes of the University. Under this authority, the Fund has provided planning, financial, legal and other forms of support to the University.

The Fund is administered by seven Trustees. The Chairman of the Board of Trustees of the University and the Director of the State Division of the Budget serve as ex officio Trustees. Two Trustees are appointed by the Governor: one with the advice and consent of the State Senate and the other from among the Trustees of the University. The remaining three Trustees are appointed as follows: one by the Mayor of the City of New York with the advice and consent of the State Senate, one by the Temporary President of the State Senate, and one by the Speaker of the State Assembly. The Chairman and Vice Chairman of the Fund are appointed from among these seven Trustees by the Governor.

The resources of the Fund include tuition and fees of the University that are paid to the Fund by the University. The tuition and fees are released by the Fund to the City as required with respect to operating costs for the college facilities of the University. The Fund's resources also include payments from the City and the State required by the Fund Act to be appropriated and paid to the Fund (in additional to other City and State financial assistance) in amounts equal to (a) with respect to the State, the amounts payable to DASNY for the bonds issued to finance the Senior College facilities and one-half of the amounts payable to DASNY for the bonds issued to finance the Community College facilities, and (b) with respect to the City, one-half of the amounts payable to DASNY for the bonds issued to finance the Community College facilities.

The Fund is not a source of payment or security for the Series 2012 Bonds.

Research Foundation of The City University of New York

The Research Foundation (the RF) is a private, not-for-profit educational corporation chartered by the State of New York in 1963. The RF supports CUNY faculty and staff in identifying and obtaining external support (pre-award) from government and private sponsors and is responsible for the administration of all such funded programs (post-award). According to the most recent annual report, issued for 2008, awards exceeded $344 million. Program areas include, but are not limited to, research in the natural and social sciences, training, curriculum planning, assessment, job placement, program evaluation, media production, and software development. Special responsibilities include management of a planned giving program; liaison with governmental agencies and foundations; negotiation of agreements; facility construction and renovation; protection and commercialization of intellectual property; and compliance with applicable standards in research involving human subjects, animal care, environmental and radiological safety, and conflicts of interest.

Although the RF works closely with CUNY, it is governed by its own Board of Directors. The RF owns and operates out of its headquarters, issues its own independently-audited financial statements, operates its own payroll system and fringe benefits plan, and purchases a wide variety of goods and services in accordance with its own rules and regulations. Approximately 12,000 full- and part-time staff are employed by the RF annually and can be found in the various facilities and offices of CUNY's 23 colleges and professional schools, as well as at numerous off-campus sites. In addition to supporting CUNY, the RF provides direct administrative services to other not-for-profit organizations through GrantsPlus.

OPERATING INFORMATION

Enrollment

The University is committed to providing first-rate academic opportunities for students of New York State and beyond. CUNY students are remarkably diverse, tracing their ancestries to 205 countries. African-American, white, and Hispanic undergraduates each comprise more than a quarter of the student body, and Asians more than 15%. Forty-three percent of undergraduates have a native language other than English and 65% attend school full time. Nearly 60% are female, and 72% are under the age of 25. Of first-time freshmen, 37% are born outside the U.S. mainland, and nearly 71% attended New York City public high schools.

Admission to the University is open to residents and non-residents of New York State on a competitive basis. In the Fall 2011 semester, New York residents accounted for approximately 92% and 84% of the University's total undergraduate and graduate Fall enrollment, respectively.

The University is experiencing record enrollment growth. The number of students enrolled in credit-bearing courses in Fall 2011 is almost 271,000, an increase of more than 3% over Fall 2010 and the highest in its history. CUNY's senior colleges saw an enrollment increase of 12% from Fall 2007, while the community colleges experienced a 25.5% increase over Fall 2007 enrollment.

Total Full-Time Equivalent Enrollment, Fall 2007 - 2011

	2007	2008	2009	2010	2011
Undergraduate	151,217	159,323	172,270	174,881	181,359
Graduate	18,010	18,872	20,659	21,178	20,761
Total	169,227	178,195	192,929	196,059	202,120

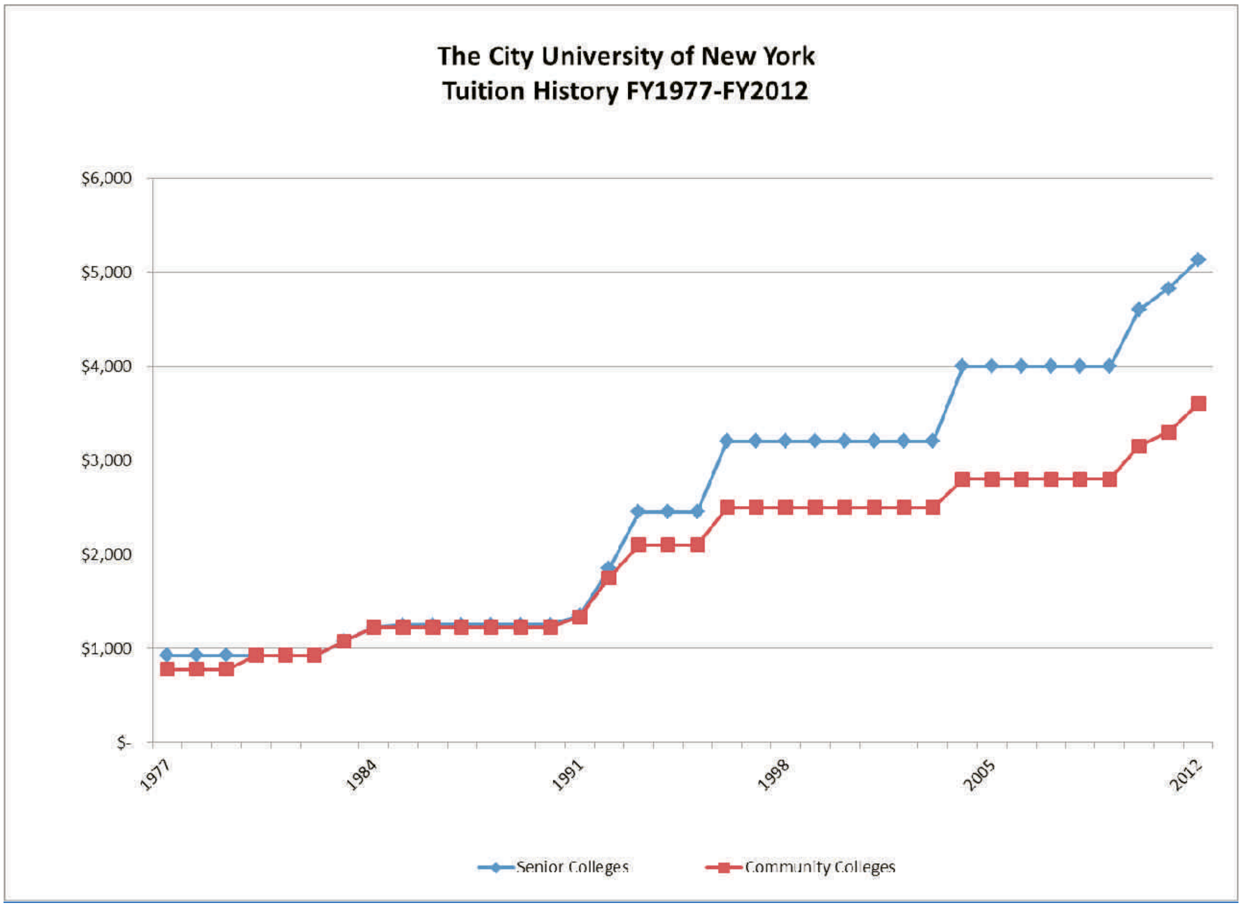
Headcount

	2005-06	2006-07	2008-09	2009-10	2010-11
Continuing Education	244,040	231,090	272,909	257,819	223,237

Tuition and Fees

The City University of New York did not charge tuition (although there were fees) until 1976. The first tuition rates were implemented as a result of New York City's fiscal crisis.

Below is chart displaying the historical resident tuition rates charged by the University:



Tuition. Effective in the Fall of 2011, tuition charges at CUNY's Four Year Colleges and Community Colleges are as follows:

Senior Colleges

Undergraduate		Resident Students	Non-Resident Students
Full-time		$2,565 per Semester	$460 per Credit
Part-time		$215 per Credit	$460 per Credit
Non-Degree		$320 per Credit	$680 per Credit
Masters Students including the Graduate School			
Full-time		$4,105 per Semester	$640 per Credit
Part-time		$345 per Credit	$640 per Credit
Maintenance of Matriculation		$170 per Semester	$280 per Semester
Other Masters Program			
Baruch	Masters in Business Administration		
	Full-time	$6,030 per Semester	$820 per Credit
	Part-time	$545 per Credit	$820 per Credit
City	Masters in Architecture		
	Masters in Engineering		
	Full-time	$4,810 per Semester	$710 per Credit
	Part-time	$405 per Credit	$710 per Credit
Hunter Lehman	Masters in Social Work		
	Full-time	$5,425 per Semester	$730 per Credit
	Part-time	$460 per Credit	$730 per Credit
Hunter CSI	Masters in Physical Therapy		
	Full-time	$4,490 per Semester	$670 per Credit
	Part-time	$365 per Credit	$670 per Credit
Baruch City	Masters in Public Administration		
John Jay	Full-time	$4,720 per Semester	$740 per Credit
	Part-time	$400 per Credit	$740 per Credit

		Resident Students	Non-Resident Students
Doctoral Students			
	Level I Full-time	$3,670 per Semester	$715 per Credit
	Level I (per credit)	$415 per Credit	$715 per Credit
	Level II	$2,300 per Semester	$5,110 per Semester
	Level III	$910 per Semester	$1,820 per Semester
Doctor of Nursing Practice			
	Level I Full-time	$5,425 per Semester	$730 per Credit
	Level I (per credit)	$460 per Credit	$730 per Credit
	Level II	$5,425 per Semester	$730 per Credit
	Level III	$5,425 per Semester	$730 per Credit
Law School			
	Full-time	$5,710 per Semester	$9,490 per Semester
	Part-time	$475 per Credit	$795 per Credit

Community Colleges

Undergraduate		Resident Students	Non-Resident Students
	Full-time	$1,800 per Semester	$240 per Credit
	Part-time	$150 per Credit	$240 per Credit
	Non-Degree	$205 per Credit	$320 per Credit

Fees. Each student attending CUNY's Four Year Colleges and Community Colleges must pay a Technology Fee to help improve computer services in the colleges. Effective Fall 2011, the Technology Fee for full-time students is $100.00 per semester and for part-time student, $50.00 per semester. Students are also required to pay Activity Fees to support student clubs, student government, various campus services and a variety of student activities. Such fees range from around $55.00 to $124.00 per semester for a full-time student and are less for part-time students. In addition, each student must pay a Consolidated Service Fee of $15.00 per semester.

Student Financial Aid

	2007	2008	2009	2010	2011
	(in millions)				
Federal					
Pell Grants	$249.00	$282.45	$334.00	$541.26	$540.99
Federal Supplemental Educational Opportunity Grants	$ 8.40	$ 8.60	$ 7.70	$ 6.90	$ 6.94
Work-Study	$ 9.38	$ 9.20	$ 9.20	$ 9.20	$ 9.25
Perkins Loan Program	$ 11.16	$ 10.66	$ 11.60	$ 6.50	$ 6.51
Direct Loan Programs	$161.70	$163.50	$191.00	$272.40	$272.12
State - TAP	$173.17	$172.65	$181.00	$221.90	$212.00
City - Vallone Scholarships	$ 12.29	$ 12.63	$ 6.00	$ 6.40	$ 6.38
Total Aid	$625.10	$659.69	$740.50	$1,064.56	$1,054.19

Eligibility for most Federal and State aid programs is based on financial need and several other factors. Students' eligibility is determined by the information provided on the student's FAFSA and TAP applications. In addition, students must maintain satisfactory academic progress once in school.

Various forms of financial assistance are offered to students to help pay their college expenses. Grants and scholarships represent financial aid that does not require repayment by the student. The primary grants and scholarships disbursed to eligible University students in fiscal year 2011 were the Federal Pell Grant, Federal Supplemental Education Opportunity (FSEOG) Grant, TAP and New York City Vallone Scholarship. During fiscal year 2011, the University awarded approximately $541 million in Federal Pell Grants, $6.9 million in FSEOG, $212 million in TAP and $6.4 million in N.Y.C. Vallone Scholarship to eligible students. Eligible students also received approximately $9.3 million through the Federal Work-Study Program for the year ended June 30, 2011. The University also processed approximately $6.5 million in the Federal Perkins Loan program and approximately $272.1 million in the Federal Direct Loan programs.

There are more than 1,000 scholarships, awards, and special program opportunities offered throughout the CUNY campuses. Some are designed to help students as they begin their college careers, others are awarded as they progress in their major -- be it the arts, sciences, or the humanities. Some are based on need, others on merit.

CUNY students are also eligible for the New York State Scholarship for Academic Excellence awards. The Hope Scholarship, the Life-Long Learning Tax Credit, and the Section 529 Plan can also help. Part-time students also have financial assistance available.

The World Trade Center Memorial Scholarships cover tuition and allow for living expenses, books and supplies for eligible students. Other memorial awards provide assistance to spouses and children of firefighters and police, correction, and peace officers who have died in the line of duty. There are additional benefits for students who are active in the National Guard and for veterans of the Persian Gulf and Vietnam Wars.

The Peter F. Vallone Academic Scholarship Program is available to full-time students who enroll in a CUNY college within a year of graduating from a New York City high school, public or private.

There are many more scholarships available at the CUNY colleges. The scholarships at the colleges are far too numerous to list them all.

FINANCIAL INFORMATION

University Revenues and Budgeting

State and City Appropriations

The 2011-2012 tax-levy operating budget for the City University totals $2.6 billion. The budget for the University is appropriated by the State and the City. The State of New York is the principal funding source of the University, financing 46.6 percent of the cost of operating the system. Tuition revenue, which must be recognized and appropriated by the City and the State, is the second largest source of funding, comprising 42.4 percent of revenue. The City of New York finances the remaining 11.0 percent of the cost of operating the City University.

New York State provides funding for the senior colleges using line-item appropriations. It includes line items for each senior college, the Central Administration, and various University programs. New York City provides budget amounts for the University by units of appropriation in its adopted budget. CUNY's budget is comprised of four major components: College base budgets, which are appropriated to the colleges and expended locally; Central Administration; the funding of Fringe Benefits, Energy, and Building Rental costs; and University-wide programs, which are lump-sum appropriations that are largely allocated to the colleges via formulae. Colleges receive an initial allocation of their annual budgets at the beginning of the academic year. Subsequent allocations are made during the year to adjust for revenue collections and to disburse additional funds.

The State Budget for the senior colleges includes $175 million in appropriations for special revenue accounts, including the Income Fund Reimbursable Account (IFR), the City University Tuition Reimbursement Account (CUTRA), and the City University Stabilization Account. The IFR is mostly made up of self-supporting adult and continuing education programs. Colleges can spend what they collect. The IFR programs, however, are subject to a 14.0 percent cost recovery target. The CUTRA account enables the colleges to roll over into subsequent fiscal years excess tuition revenue. It gives colleges the ability to plan better for the use of additional revenue and, in effect, grants the colleges additional appropriation authority, albeit limited by the non-recurring nature of these resources. The Stabilization account enables the colleges and University to carry over into subsequent fiscal years unexpended tax-levy appropriations. Current annual expenditure level is limited to $5 million.

The City's budget includes funding for Associate's Degree programs at the College of Staten Island, New York City College of Technology, Medgar Evers College, and John Jay College. Funding is also provided for a share of the costs of University Management, and an amount for its pre-financing of senior college operations. The City's budget also includes an amount for the Hunter Campus Schools, which are run by Hunter College. The City and State Adopted Budgets also include legislative member initiatives for specific items or activities at the colleges.

State Education Tuition Plan Agreement

In June 2011, the state approved the State Education Tuition Plan Agreement, which is a five year tuition plan for SUNY and CUNY that will replace large unexpected tuition increased with small, predictable annual increases. Dubbed the "rational" tuition plan, it calls for an annual $300 increase in the resident undergraduate tuition rate. Per the agreement, the increases in tuition cannot be used to fund state deficits or offset reduced state appropriations. In exchange for annual tuition increases, the agreement includes a maintenance-of-effort provision that states funding cannot be less than the preceding year (beginning with FY2011-12 levels) unless the governor declares a fiscal emergency, at which point state support for operating expenses may be reduced.

To insulate lower income students from the increases, students receiving the maximum award under the Tuition Assistance Program will have the entire increase credited to them by their campus. The credit by the college will be proportional to the amount of TAP a student receives; therefore, a student receiving 100 percent of the maximum TAP award will have the entire increase credited, while a student receiving 50% of the maximum award will have half of the increase credited.

Operating Budget and Procedures

The University submits an operating tax-levy budget request to the State and the City that is comprised of both the mandatory, or base-line needs, and the programmatic request. The mandatory request includes contractual salary increases and other-than-personal-service (OTPS) inflationary increases. It also includes requests for rent increases, fringe benefits, energy, and new building needs. The programmatic request is based on University Program initiatives outlined in the Master Plan and is developed by the University's central leadership in consultation with various CUNY constituencies, including members of the Board of Trustees, College Presidents, and faculty and student representatives.

In 2006, the University proposed a new vehicle for financing its Master Plan – the Compact. The Compact calls for the leveraging of resources from the key stakeholders:

- The State and City, which contribute 100 percent of mandatory costs, plus a portion of the Investment Program.
- Friends of the colleges, through an unprecedented focus on philanthropy.
- The University, through its continuing drive toward greater efficiencies, restructuring, and improved productivity.
- The Students, through continued targeted enrollment growth and predictable tuition increases that do not exceed the rate of inflation.

The FY2007 Operating Budget Request and each subsequent were formulated utilizing the Compact.

The Allocation processes for the senior and community colleges differ significantly. The senior college process is predicated on base budgets. The community college process is zero-based and utilizes an enrollment-driven model. Both the senior and community colleges also receive lump sum allocations for University wide programs.

Senior College, University Management and COMPACT Allocations. The senior college allocation starts with the base budget for each college and Central Office unit. This is followed by the allocation of various lump-sum appropriations. Additional allocations for University initiatives and other miscellaneous items are added throughout the year. The first step in developing allocations is determining the amounts needed for the support of any under-funded priorities. The University must determine what budget items to reduce in order to fund these priorities. The remaining appropriation is allocated to existing programs and the colleges.

Beginning in FY2007, the University implemented a Senior College Allocation Model via the COMPACT allocations. The Senior College Allocation Model is tailored from the Community College Allocation Model and incorporates the instructional staff model (ISM). College COMPACT allocations were mainly determined by comparing model funding levels against actual college expenditures for Master Plan areas (e.g., Flagship Environment, Academic Support, Student Services, etc.).

<u>Lump sum allocations</u> **--** These include adjuncts, child care, collaborative programs with the NYC Dept. of Education, Coordinated Undergraduate Education, fuel oil, language immersion programs, SEEK, and services for the disabled. Throughout the year, the colleges may receive additional allocations for various miscellaneous items.

<u>Programmatic Lump Sums</u> **--** The majority of these (child care, services for students with disabilities, collaborative programs, College Now, coordinated undergraduate education, SEEK, etc.) are determined by the Office of Academic Affairs and the Office of Student Development, and are based on existing or planned activities at the colleges.

<u>Fringe Benefits, Energy, and Building Rentals</u> **--** While these items are college-specific, they are budgeted centrally, except for building rentals for the community colleges, which is part of the college allocations.

Community Colleges. As at the senior colleges, the first step in developing allocations for the community colleges is to determine the level of funding required for University priorities. This amount is taken off the top of the community college budget. Colleges receive an allocation that is determined by the community college allocation model plus lump-sum amounts, the majority of which are determined by the Office of Academic Affairs. While the model determines 100 percent of the funding needs at the colleges, the actual allocation that the colleges receive is discounted, because the overall appropriation is not sufficient to fund all priorities and 100 percent of the model. In 2011-2012, the model is funded at 86.0 percent (net of revenue over-collections).

The community college allocation model is zero-based and predicated on an enrollment-driven budget model. It incorporates a 3-year weighted average of enrollment to develop the allocation for the following functions: teaching, instructional support, library, student services, general administration, and general institutional services. As with the senior college adjunct model, teaching needs are determined using the instructional staff model, which generates these needs according to enrollment and student faculty ratios by discipline. Filled full-time positions are funded and, if additional teaching FTEs are required, they are funded at the adjunct rate. Allocations for plant maintenance and operations, continuing education, and student aid are driven by college-specific criterion.

The tuition revenue budget is appropriated by the State to the senior colleges as a lump sum and by the City to the community colleges as part of the overall budget. Because tuition revenue represents a component of each college's budget, it is critical that colleges collect revenue at or above their established targets, in order for the University to expend its total budgetary appropriation.

Capital Plans, Capital Budget and Capital Budget Procedures

Capital Plans and Budget. CUNY must follow certain procedures for State capital spending as defined by the New York State Division of the Budget (DOB) and the laws of the State of New York. Such spending may be financed through the issuance of State general or special obligation bonds or other designated revenue, including capital funds budgeted from the State's General Fund. The Dormitory Authority of the State of New York (DASNY) issues the bonds to finance major capital projects, acts as the project manager for certain major capital projects, and aids in the management of cash expenditures against the University's capital plan. The University works closely with DASNY and DOB to ensure that the priorities of the University are included in the State's Financial Plan for capital spending.

The University's capital plan for State Fiscal Year 2011-12 exceeds $4.2 billion in funds received and includes projects which are ongoing as well as new projects recommended by the colleges and CUNY's Office of Facilities Planning, Construction, and Management (FPCM). The University generally has funded its capital projects through a combination of funds received from bonds issued by DASNY against State appropriations, capital commitments from the City of New York, and private fundraising. Funding for community colleges must be appropriated in equal amounts by the State and the City of New York.

The major projects in the 2011-12 capital plan with full funding are as follows: (a) University-wide the construction of the Advanced Science Research Center and CCNY Science Facility funded at $705,821,000; (b) at John Jay College, the expansion of the John Jay Building funded at $587,341,000; (c) at the Borough of Manhattan Community College, the replacement of Fiterman Hall funded at $325,000,000; (d) at CUNY Law, the creation of a brand-new facility for the Law School funded at $25,000,000; (e) at Bronx Community College, the construction of the North Instructional Building funded at $102,300,000 and phase one of the upgrades to the campus-wide utilities funded at $50,500,000; (f) at Lehman College, phase one of the New Science Facility funded at $78,700,000; (g) at Hunter College, creation of new science lab research facilities funded at $65,000,000; (h) at New York City College of Technology, the replacement of the façade and roof of Voorhees Hall as well as various internal upgrades funded at $37,653,000; (i) at Queens College, upgrades to the Kupferberg Center for the Performing Arts funded at $14,456,000; (j) at Queensborough Community College, phase one of campus electrical upgrades funded at $18,000,000; (k) at Kingsborough Community College, upgrades to the campus central boiler plant funded at $18,700,000; (l) at Hostos Community College, the renovation of the 5th floor, roof and bathrooms of the 500 Grand Concourse Building funded at $9,154,000.

The major projects in the 2011-12 capital plan with partial funding are as follows: (a) at New York City College of Technology, the construction of Academic Building I funded at $252,336,000; (b) University-wide, the implementation of CUNY FIRST (Fully Integrated Resources and Services Tool) funded at $142,000,000 and a new University Data Center funded at $5,000,000; (c) at LaGuardia Community College, design and first phase of construction of the Center 3 Building façade replacement funded at $39,000,000; (d) at Baruch College, the initial renovations of the 17 Lexington Ave Building funded at $40,000,000; (e) at Brooklyn College, the renovation of Roosevelt Hall funded at $59,500,000; (f) at York College, design of the Academic Village/Conference Center funded at $11,000,000; (g) at The College of Staten Island, design of an interdisciplinary high-performance computing center funded at $6,500,000.

The 2011-12 Enacted Budget approved an increase of $284.2 million in appropriations for Senior Colleges for critical maintenance projects and $31.2 million in appropriations for Community College projects that have received funding from the City of New York.

The University is committed to continuing to move forward with its five-year capital plan request for fiscal years 2012-13 through 2016-17. However, due to the current challenging economic times, the University continues to reassess its capital priorities and implementation schedule in order to get the most impact out of any capital dollars spent.

Beginning in Fiscal Year 2008-09, the University enhanced its program to address deferred maintenance needs at its campuses. As a result, the University has made investments to address its backlog of health and safety, MEP, code compliance, and other facility preservation needs at University's campuses from a combination of University sources, including bonds issued by DASNY against State appropriations and funding support from the City of New York. Addressing deferred maintenance remains a priority within the University's capital plan request. The University's FY 2012-13 through FY 2016-17 capital plan request includes approximately $2.6 billion of deferred maintenance projects.

Capital Budget Process. Unlike the State of New York, whose fiscal year runs from April 1 through March 31, the University's fiscal year runs from July 1 through June 30. The State budget process begins in the Fall with a call letter from DOB, on behalf of the Governor, outlining the parameters for State budget requests. The University submits its five-year capital plan request to both the Governor and the Legislature (State Senate and Assembly). The Governor then acts on the request by mid-January in the form of an Executive Budget. The Executive Budget is then submitted to the Legislature, which has the authority to veto, increase, or reduce the appropriations set forth in the Governor's Executive Budget. The Legislature then presents a budget bill to the Governor which encompasses their changes. At that point, the Governor can either sign their changes into law or veto them. If the Governor decides to veto their modifications, the Legislature can bypass the Governor's veto with a veto override. Once the Governor has either signed the budget bill into law or there has been a veto override, the budget is considered enacted into law. An Enacted Budget must be produced by April 1.

The fiscal year for the City of New York mirrors the University's, July 1 through June 30. The City also has an Executive Budget (completed in April) and an Adopted Budget (completed in September), but unlike the State, it has two other formal budget updates (completed in July and January). However, only during the Executive and Adopted Budget periods do the elected officials (City Council and Borough Presidents) have direct input into the process. For each budget period, CUNY updates its City capital plan against targets identified by the City's Office of Management and Budget (OMB). During a budget period, the University generally has 2-3 weeks to make its capital plan updates. During the January budget period, the University will generally include any major capital requests they hope the Mayor will fund over the next few years. The first allocation of elected official or Resolution A (RESO A) funds occurs during the Executive Budget period to the Borough Presidents and then another allocation is added during the Adopted Budget period for both Borough Presidents and the City Council. Adoption is a special period in that it is for the inclusion of RESO A funds that were negotiated with the Borough Presidents and City Council for their discretionary projects.

Financial Statements of the University can be found on the University's Web Site, www.cuny.edu

Below is a five-year presentation of the Statement of Net Assets and Statements of Revenues, Expenses and Changes in Net Assets for fiscal years ended June 30, 2007, 2008, 2009, 2010 and 2011.

Statements of Net Assets

For The Years Ended June 30 (in thousands of dollars)

		2007	2008	2009	2010	2011
ASSETS		**University**	**University**	**University**	**University**	**University**
Current Assets	$	1,131,052	1,476,717	1,539,127	1,371,462	1,508,251
Noncurrent Assets						
Investment in Plant Net of Accumulated Depreciation		3,019,461	3,160,935	3,440,866	3,792,754	4,355,779
All other Noncurrent Assets		924,565	645,739	415,456	602,738	921,292
Total Assets		**5,075,078**	**5,283,391**	**5,395,449**	**5,766,954**	**6,785,322**
LIABILITIES						
Current Liabilities		806,545	1,123,986	1,231,927	978,600	1,157,322
Noncurrent Liabilities		3,791,039	3,588,158	3,674,886	4,353,113	4,979,526
Total Liabilities		**4,597,584**	**4,712,144**	**4,906,813**	**5,331,713**	**6,136,848**
NET ASSETS (DEFICIT)						
Invested in Capital Assets Net of Related Debt		(217,627)	(70,565)	(142,524)	(91,607)	95,380
Restricted						
Nonexpendable		36,669	38,510	36,558	41,387	42,088
Expendable		534,526	497,302	514,039	431,194	466,286
Unrestricted		123,926	106,000	80,563	126,149	108,941
Total Net Assets	$	**477,494**	**571,247**	**488,636**	**507,123**	**712,695**

Statements of Revenues, Expenses, and Changes in Net Assets

For The Years Ended June 30 (in thousands of dollars)

REVENUES		2007	2008	2009	2010	2011
Operating Revenues		**University**	**University**	**University**	**University**	**University**
Tuition and Fees (net of scholarship allowance of 289,510 at June 30, 2009, $351,593 at June 30, 2008, $334,584 at June 30, 2007, $329,897 at June 30, 2006, and $319,141 at June 30, 2005)	$	607,572	625,262	655,303	735,969	739,242
Federal Grants and Contracts		380,559	419,799	473,682	666,698	783,030
State Grants and Contracts		224,221	225,311	245,167	272,286	234,525
Local Grants and Contracts		105,005	94,618	88,119	74,535	81,808
Private Grants and Contracts		82,576	83,121	81,081	82,936	82,937
Auxiliary Enterprises		21,668	24,852	24,886	23,221	24,050
Other Operating Revenues		39,866	38,315	36,517	45,521	52,488
Total Operating Revenues		**1,461,467**	**1,511,278**	**1,604,755**	**1,901,166**	**1,998,080**

Source: Audited Financial Statements for Fiscal Years 2007 - 2011. (Certain prior year amounts have been reclassified and the beginning net asset balances for fiscal year 2007 was restated to conform with the current year presentation.)

(continued)

Statements of Revenues, Expenses, and Changes in Net Assets

For The Years Ended June 30 (in thousands of dollars)

EXPENSES		**2007**	**2008**	**2009**	**2010**	**2011**
Operating Expenses:		**University**	**University**	**University**	**University**	**University**
Educational and General						
Instruction		1,202,935	1,267,466	1,387,015	1,492,990	1,601,543
Research		96,069	101,520	106,722	117,723	126,872
Public Service		44,768	41,980	45,137	47,802	32,295
Academic Support		130,053	150,580	154,576	161,252	162,820
Student Services		233,648	268,322	277,060	305,306	308,038
Institutional Support		417,553	455,447	495,470	522,095	490,571
Operation and Maintenance of Plant		336,676	395,689	485,112	404,150	396,273
Depreciation and Amortization Expense		177,139	186,129	190,120	200,914	211,803
Scholarships and Fellowships		216,231	223,135	217,389	346,011	379,428
Auxiliary Enterprises		18,482	21,079	22,080	33,323	37,067
Other Expenditures		133,837	87,464	93,324	98,226	81,104
Total Operating Expenses		**3,007,391**	**3,198,811**	**3,474,005**	**3,729,792**	**3,827,814**
Operating Loss		**(1,545,924)**	**(1,687,533)**	**(1,869,250)**	**(1,828,626)**	**(1,829,734)**
NONOPERATING REVENUES (EXPESNES)						
State Appropriations		994,781	1,169,297	1,205,534	1,228,751	1,224,263
City Appropriations		252,704	282,059	292,929	307,158	318,681
Federal Appropriations		-	-	-	13,730	32,779
Gifts and Grants		24,353	7,813	11,466	9,481	32,430
Investment Income		75,495	60,482	20,728	10,498	6,131
Interest Expense		(192,198)	(202,766)	(201,231)	(181,484)	(160,955)
Net Appreciation (Depreciation)						
in Fair Value of Investments		21,661	(23,477)	(28,325)	13,049	27,219
Other Nonoperating (Expenses) Revenues, Net		(1,296)	1,556	3,995	(4,421)	512
Net Nonoperating Revenues		**1,175,500**	**1,294,964**	**1,305,096**	**1,396,762**	**1,481,060**
Loss Before Other Revenues		**(370,424)**	**(392,569)**	**(564,154)**	**(431,864)**	**(348,674)**
Capital Appropriations		426,208	512,139	480,813	450,153	554,146
Additions to Permanent Endowments		1,438	2,057	2,711	198	100
Total Other Revenues		**427,646**	**514,196**	**483,524**	**450,351**	**554,246**
Increase (Decrease) in Net Assets		**57,222**	**121,627**	**(80,630)**	**18,487**	**205,572**
NET ASSETS						
Net Assets at Beginning of Year		420,272	477,494	571,247	488,636	507,123
Effect of adoption of GASB 49		-	(27,874)	-	-	-
Macaulay Honors College Foundation		-	-	(1,981)	-	-
Net Assets at End of Year	$	**477,494**	**571,247**	**488,636**	**507,123**	**712,695**

Source: Audited Financial Statements for Fiscal Years 2007 - 2011. (Certain prior year amounts have been reclassified

Endowment and Fundraising

Invest in CUNY, Invest in New York, The Campaign for the Colleges of The City University of New York was launched in **2004.** The overwhelming response from alumni, businesses, foundations, and friends in support of the colleges of CUNY has helped the campaign surpass its goal of $1.2 billion four years ahead of the 2012 target date. This unprecedented level of philanthropic investment has grown past $1.9 billion, including funds raised by each of the 24 colleges and professional schools. The colleges and university have received more than 400 leadership gifts that represent almost 50 percent of the total raised. This investment in CUNY and the City of New York is providing:

- Student Support in the form of endowments and scholarships to help attract top students, encourage diversity, and educate the leaders of tomorrow.

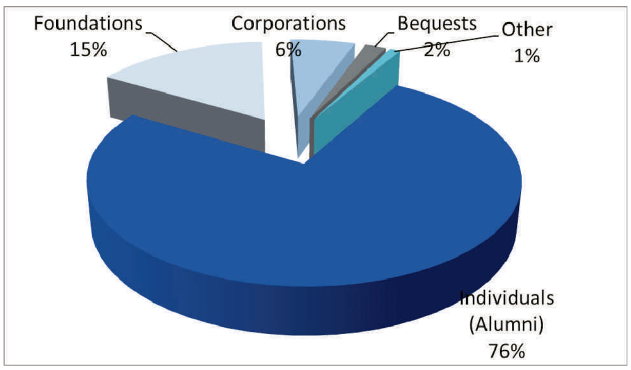
- Faculty Support to assist in the recruitment and retention of eminent scholars, scientists, artists, and professionals as full-time faculty.

- Program Support to foster a research environment, promote interdisciplinary approaches, facilitate ground-breaking research, leverage connections to industry, and lead the nation in creating the latest educational technologies.

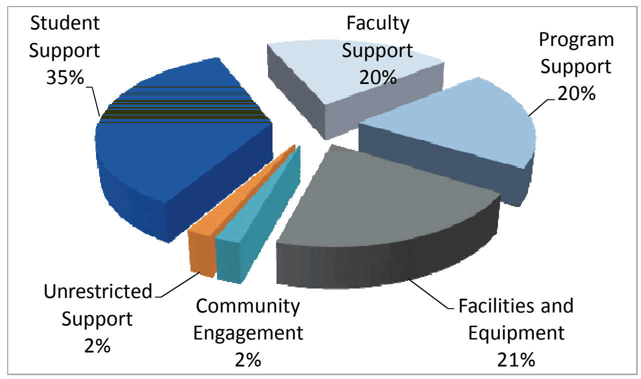
- Facilities and Equipment to supplement implementation of the Master Facilities Plan, create an environment that supports the work of students and scholars, renovate buildings, equip new scientific facilities, and build strong and diverse communities within the commuter colleges.

The success is driven by initiatives at the campuses. Colleges are strategically identifying program priorities, determining their timelines and establishing targets. Invest in CUNY also includes fundraising to support University-wide initiatives such as the School of Professional Studies, the Macaulay Honors College at CUNY, the Decade of Science, the Black Male Initiative, and the Graduate School of Journalism. The University's leadership is embarking on a bold and ambitious second phase. Chancellor Matthew Goldstein, Chairman Benno C. Schmidt, Jr., and the presidents of the colleges have announced the launch of Invest in CUNY: Expanding the Vision, which sets a new total goal of $3 billion by 2015.

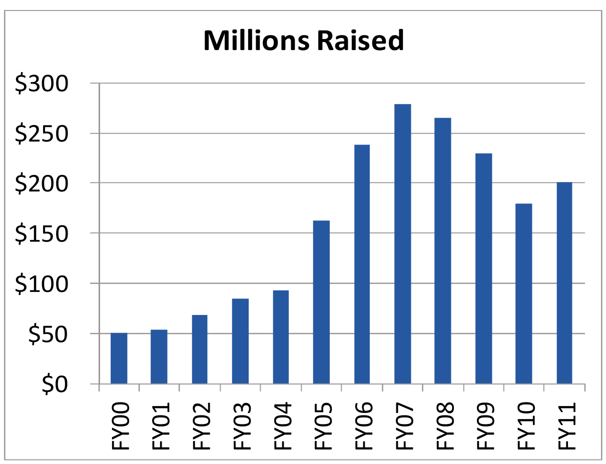
Sources of Philanthropy at CUNY



Impact of Philanthropy at CUNY



Fundraising By Year at CUNY (FY00 – FY11)



Total Philanthropy Received "Invest in CUNY Campaign" through June 30, 2011 and Projected Philanthropy through June 30, 2015

		Total Raised		***Total Projected***
Bernard M. Baruch College	$	290,729,569	$	400,000,000
Brooklyn College	$	120,463,307	$	200,000,000
The City College of New York	$	420,903,214	$	600,000,000
Hunter College	$	207,412,127	$	320,000,000
John Jay College of Criminal Justice	$	26,383,073	$	50,000,000
Herbert H. Lehman College	$	34,805,170	$	80,000,000
Medgar Evers College	$	11,837,352	$	16,000,000
New York City College of Technology	$	13,301,604	$	18,000,000
Queens College	$	153,312,316	$	250,000,000
The College of Staten Island	$	16,508,466	$	34,000,000
York College	$	4,438,999	$	10,000,000
Borough of Manhattan Community College	$	27,094,226	$	45,000,000
Bronx Community College	$	12,171,890	$	20,000,000
Hostos Community College	$	6,353,197	$	11,000,000
Kingsborough Community College	$	14,141,362	$	26,000,000
LaGuardia Community College	$	14,325,278	$	22,000,000
Queensborough Community College	$	21,346,547	$	35,000,000
The Graduate Center	$	79,454,775	$	112,000,000
CUNY School of Law	$	9,084,034	$	14,000,000
CUNY Graduate School of Journalism	$	25,822,290	$	45,000,000
Macaulay Honors College at CUNY	$	54,110,584	$	85,000,000
CUNY System Wide Initiatives	$	345,000,000	$	525,000,000
Total Philanthropic Support (FY00-FY11)	**$**	**1,908,999,380**	**$**	**2,918,000,000**

INSURANCE

CUNY and its 24 constituent colleges is an independent system of higher education created by New York State legislature pursuant to New York Education Law Article 125 to be responsible for the maintenance and operation of various institutions of higher learning in the City of New York. The University is held harmless and indemnified pursuant to Education Law Section 6205, and University employees are covered by New York Public Officers Law Section 17; therefore, the University and its constituent units are not required to purchase insurance.

LITIGATION

There are various claims and pending litigation matters to which CUNY is a party. CUNY believes, based upon the opinions of the counsel handling such matters, that they would not individually, or in the aggregate, materially affect the ability of CUNY to meet its commitments.

THE COLLEGE OF STATEN ISLAND

The College of Staten Island ("CSI") was founded in 1976 through the union of two existing colleges—Staten Island Community College and Richmond College. Staten Island Community College, the first community college in the University, opened in 1955. Richmond College, an upper-division college that offered undergraduate and graduate degrees to students who had successfully completed the first two years of college study elsewhere, was founded in 1965. The merger of these two colleges resulted in the only public four-year institution of higher learning on Staten Island.

Today, CSI is a senior college within CUNY offering programs in liberal arts and sciences and professional studies. CSI has 15 associate degree programs, 67 bachelor's degree programs, and 17 master's degree programs. The College also offers three 6-year certificate programs and participates in several doctoral programs in cooperation with the CUNY Graduate School and University Center.

CSI Historic Enrollment

In the Fall of 2010, CSI had a total enrollment of 14,188. Since the Fall 2007 undergraduate and graduate enrollment increased by 16.9% and 20.8% respectively. The following chart illustrates the historical enrollment and matriculation rates at CSI:

	2007	2008	2009	2010	2011	% Change 2010/2011	% Change 2007/2011
Regularly Admitted First-time Freshmen	2,348	2,371	2,499	2,166	2,342	8.1	-0.3
SEEK/CD First-time Freshmen	131	144	189	176	117	-33.5	-10.7
Total First-time Freshmen	2,479	2,515	2,688	2,342	2,459	5.0	-0.8
Transfers from Outside CUNY	369	452	435	350	456	30.3	23.6
Transfers from CUNY Colleges	806	1,201	1,054	1,187	928	-21.8	15.1
Total Advanced Standing Transfers	1,175	1,653	1,489	1,537	1,384	-10.0	17.8
Total New Students	3,654	4,168	4,177	3,879	3,843	-0.9	5.2
Undergraduate Readmits	844	940	983	696	1,003	44.1	18.8
Continuing Undergraduate Degree Enrollment	6,699	6,793	7,418	7,879	7,960	1.0	18.8
Nondegree Undergraduate Enrollment	391	282	308	375	342	-8.8	-12.5
Total Undergraduate Enrollment	11,588	12,183	12,886	12,829	13,148	2.5	13.5
New Graduate Enrollment	203	211	302	309	309	0.0	52.2
Continuing Graduate Degree Enrollment	663	618	595	669	638	-4.6	-3.8
Nondegree Graduate Enrollment	63	80	75	87	93	6.9	47.6
Total Graduate Enrollment	929	909	972	1,065	1,040	-2.3	11.9
Total Enrollment	12,517	13,092	13,858	13,894	14,188	2.1	13.3
Undergraduate FTEs	8,993	9,525	10,136	10,236	10,515	2.7	16.9
Graduate FTEs	481	450	512	593	581	-2.0	20.8
Total FTEs	9,474	9,975	10,648	10,829	11,096	2.5	17.1

Applied	7,956	8,284	7,601	8,455	10,700
Admitted	7,796	8,242	7,510	7,605	10,475
Enrolled	2,479	2,688	2,515	2,342	2,459

* 2011 applications are estimated. The official CUNY report is not yet available.

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SPECIMEN BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By __________________________________
Authorized Officer

MARKET STUDY

THE CITY UNIVERSITY OF NEW YORK

COLLEGE OF STATEN ISLAND

College of Staten Island

Campus Housing Market Study

Final Report
August 2010



BRAILSFORD & DUNLAVEY

AMERICAN CAMPUS COMMUNITIES

Section
1……Executive Summary
2……Demographic Profile
3……Survey Analysis
4……Demand Analysis
5……Off-Campus Market Analysis

Appendices
A……Survey Results
B……Survey Comments
C……Off-Campus Market Charts

Tab 1

Executive Summary

Objectives and Methodology

In June 2010, Brailsford & Dunlavey ("B&D") was retained to perform a market analysis to determine the feasibility of a proposed student housing project at the College of Staten Island ("CSI" or 'College"). This market analysis is a follow-up to a similar study B&D conducted in May 2007.

B&D's scope included a CSI student demographic analysis, a detailed off-campus market analysis, and a student survey. Based on the survey analysis, B&D constructed a housing demand model. The model quantifies the demand for the proposed units at specific rental rates in the context of CSI's enrollment projections.

Proposed Project

The proposed project will be located near the Campus Center as shown in the diagram below.

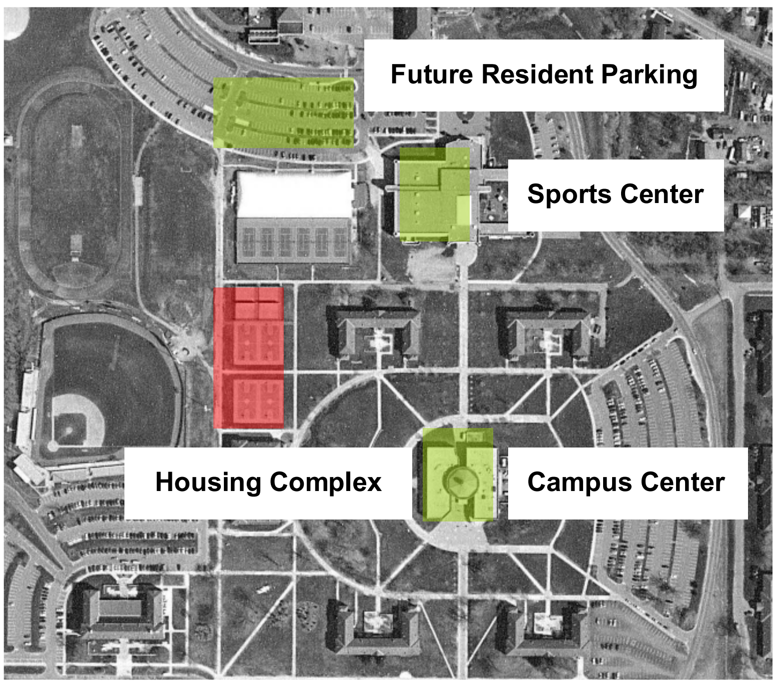

Exhibit 1.1: Proposed Project Location Diagram

The facility will provide 440 apartment-style beds in two- and four-bedroom units (in both single and double-occupancy bedrooms). The following unit mix is contemplated:

- 156 beds in two-bedroom units (double-occupancy bedrooms); monthly rental rate per person: approximately $952 including utilities,
- 272 beds in four-bedroom units (single-occupancy bedrooms); monthly rental rate per person: approximately $1,090 including utilities, and

- 12 beds in two-bedroom units (single-occupancy bedrooms); monthly rental rate per person: approximately $1,375 including utilities.

Key Market Research Findings

Although CSI has a high percentage of non-traditional and local students, there are demographic characteristics that allow defining a target market for student housing. Most of the traditionally aged students (18-22) attend the College on a full-time basis. In addition, even though most of the CSI students reside in Staten Island and Brooklyn, a significant percentage of them deal with time-consuming commutes which may entice them to choose on-campus accommodations. The survey results, as shown in the exhibit below, suggest that nearly 20% of the CSI students spend over 60 minutes to get to campus from where they live.

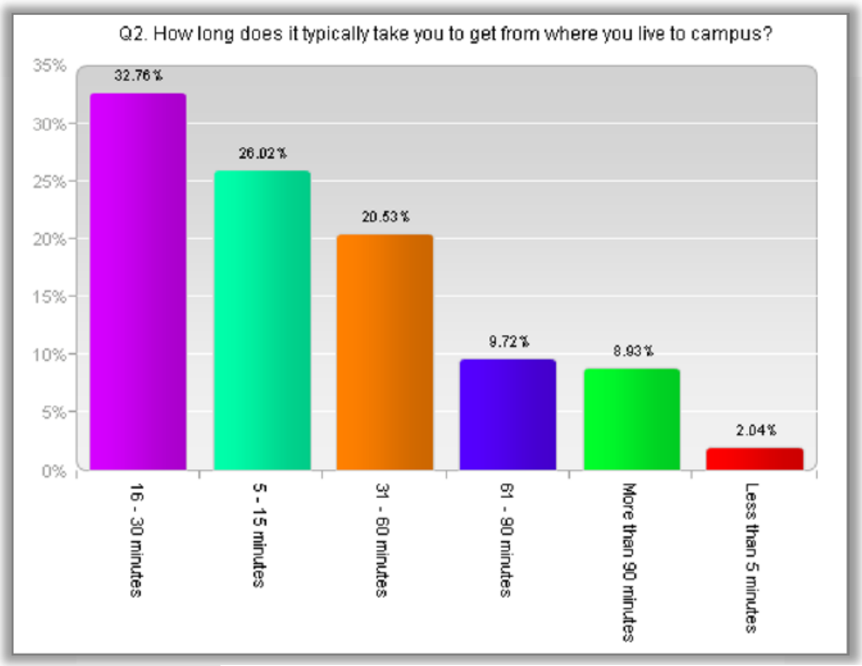

Exhibit 1.2: Travel Time to Campus

Staten Island and Brooklyn offer a very diverse mix of housing options. However, since there are no student-oriented residential properties near the CSI campus, similar in size and character to the proposed on-campus development, and most of the students reside with their parents, the feasibility of the contemplated development will depend on the students' willingness to pay for college residential experience rather than specific characteristics of the off-campus market.

In order to take a conservative, yet realistic approach to the demand assessment for CSI, an institution pursuing its first on-campus residential project, B&D divided the target market into two segments. Within each segment, an individual had to fall within all the categories below to qualify for the calculations:

<u>Segment 1 - Renters:</u>

- Full-time students;
- Single students without children;
- Those who rent an apartment, a house, or a room in a private home; and
- Pay at least $700/month for rent. In combination with a $150/month for utilities (based on the survey results), these students pay approximately $850/month. They would have to pay a premium of $100/month to live in the least expensive unit on campus, which B&D believes is a realistic assumption.

<u>Segment 2 – Non-renters:</u>

- Full-time students;
- Single students without children;
- Those who live with parents or in a parent-owned property; and
- Commute more than 60 minutes from where they live to campus (two-hour total daily commute).

B&D's analysis, within the context of the target market, indicates that in the academic year 2012/2013, the projected year of completion, there will be a demand for approximately 1,400 beds in units proposed by American Campus Communities, as shown in the exhibit below.

2012-2013 - Demand at Proposed Opening

				Distribution of Demand		
Class	Enrollment Projection	Potential Capture Rate	Maximum Potential Demand	Unit A Double-Occupancy 2-Bedroom	Unit B Single-Occupancy 4-Bedroom	Unit C Single-Occupancy 2-Bedroom
Freshmen	5,160	15%	754	362	181	211
Sophomores	2,929	11%	335	183	91	61
Juniors	2,260	7%	155	99	28	28
Seniors	2,261	8%	179	67	67	45
Graduate	1,022	0%	0	0	0	0
Total	**13,632**	**10%**	**1,423**	**711**	**367**	**345**
Proposed Project by Unit Type			**440**	**156**	**272**	**12**
Proposed Surplus / (Deficit) of Beds			**(983)**	**(555)**	**(95)**	**(333)**

Exhibit 1.3: Demand-Supply Reconciliation

The demand exceeds supply for all proposed unit types. In addition, the overall capture rate of 10% is consistent with the capture rate established in the market analysis conducted in 2007.

Conclusions

Based on the data gathered through the research process, B&D concludes that the housing project proposed by ACC is feasible. The data suggests that the quantity of beds, the unit mix, and the tested rental rates are appropriate.

Despite the demonstrated demand, B&D recommends that:

- The rental rates stay within the tested ranges when the project pro forma is finalized; and
- The project be marketed early to the current and prospective students to broaden the target audience and capture students for whom availability of housing is a critical college selection criterion.

Tab 2

Demographic Profile

Methodology

With the use of the CSI student demographic database (Spring 2010), B&D analyzed the student population of the College to better understand its demographic profile. The goal of the analysis was to determine if, within the entire CSI student population, there is a potential target market for student housing, based on demographic characteristics.

Demographic Profile Findings

The CSI student population for Spring 2010 was 13,632, with over 2,300 more female students than male students. Some of this disparity shown in **Exhibit 2.1** can be attributed to the large Liberal Arts and Sciences program along with programs in Nursing, Education, and Health Sciences that generally have higher female enrollments. The fact that more female students are enrolled at CSI is important for the proposed project because females are more likely to live in on-campus housing than males.

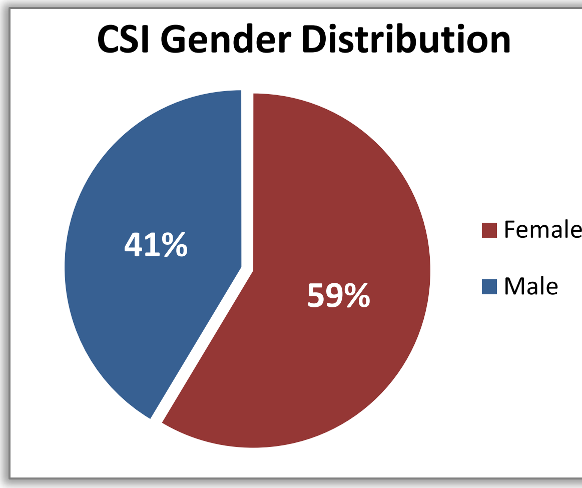

Exhibit 2.1: CSI Gender Distribution (Spring 2010)

CSI has a relatively old student population. Much of this can be attributed to the many working professionals taking classes part-time at the College. The average age of a CSI student is 25.3 years with approximately 28% of the population being 26 years and older. However, CSI does have a large proportion (67%) of students falling within the traditional college age range of 18 to 24.

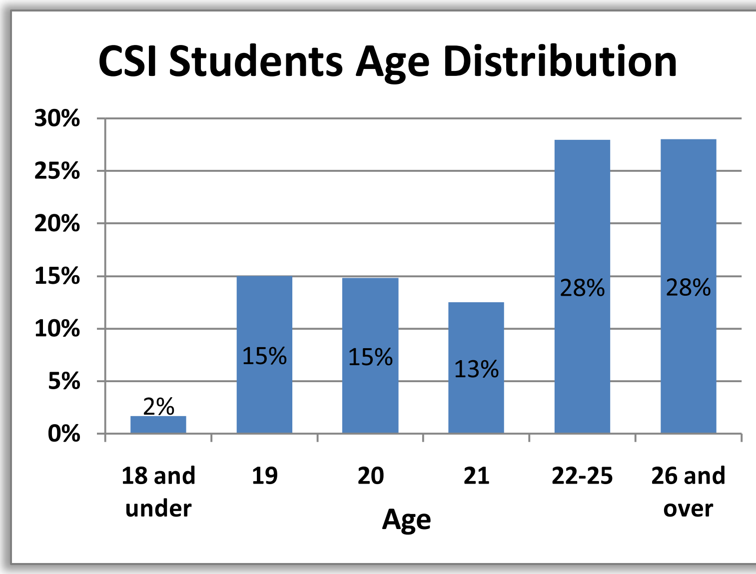

Exhibit 2.2: CSI Age Distribution (Spring 2010)

Exhibit 2.3 further illustrates the gender disparity within the student population. Female students outnumber males in every age range defined in the chart below. Female students make up approximately two-thirds of all CSI students 18 years and younger as well as 26 years and older.

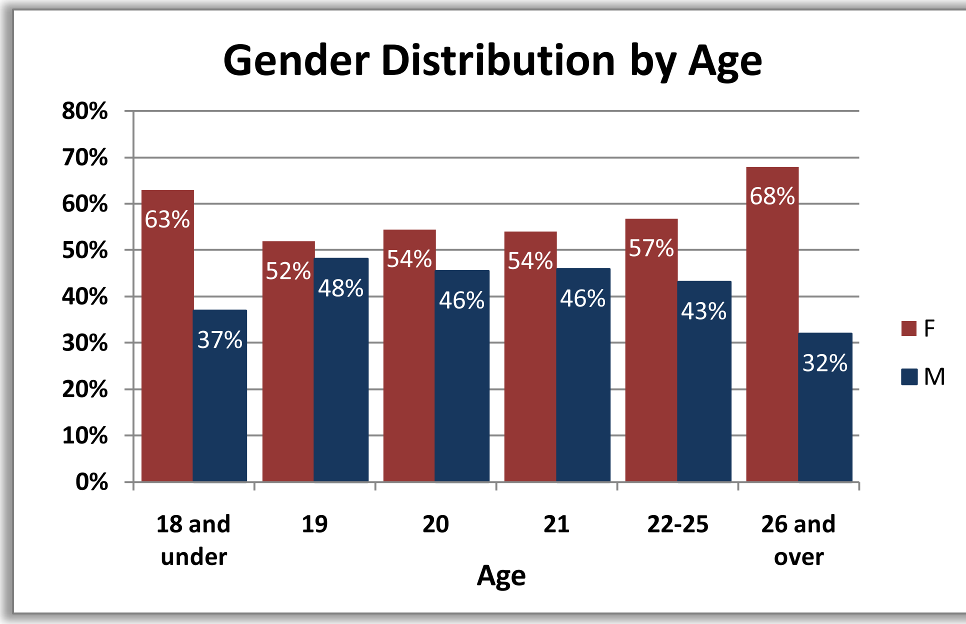

Exhibit 2.3: CSI Gender Distribution by Age (Spring 2010)

CSI has a high percentage of part-time students (shown in **Exhibit 2.4**), however the majority of these students are not within the traditional college age range. Only 14% of students between the ages of 18 and 22 are part-time compared to 58% part-time for students older than 23 years old. This is important because part-time and older students are less likely to be interested in on-campus housing. Conversely, students who are within the traditional college age range and are full-time make up the target demographic for the proposed development.

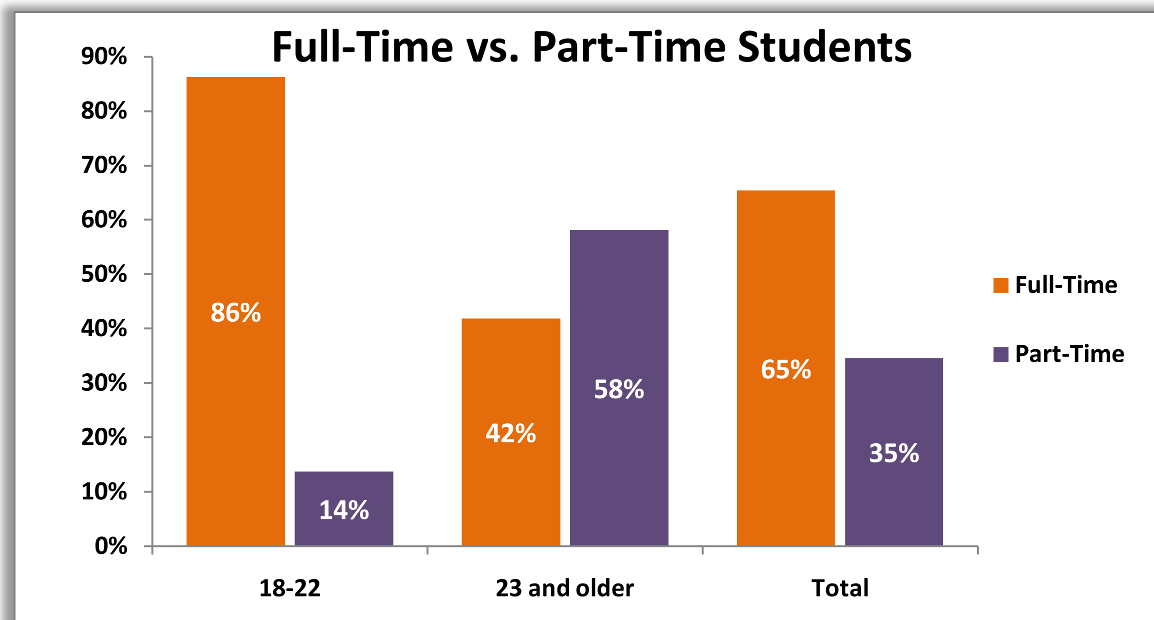

Exhibit 2.4: CSI Full-Time vs. Part-Time Students (Spring 2010)

Over 99% of CSI students come from the State of New York. **Exhibit 2.5** shows the breakdown of where students reside within the State of New York. Of all the CSI students who reside in the State of New York, 76% live in Staten Island and 17% live in Brooklyn. As the survey results show (discussed in *Section 3*), the majority of students live with their parents and drive or take public transportation to campus. A large percentage, 19%, of survey respondents reported that their one-way commute time to the CSI campus is more than 60 minutes.

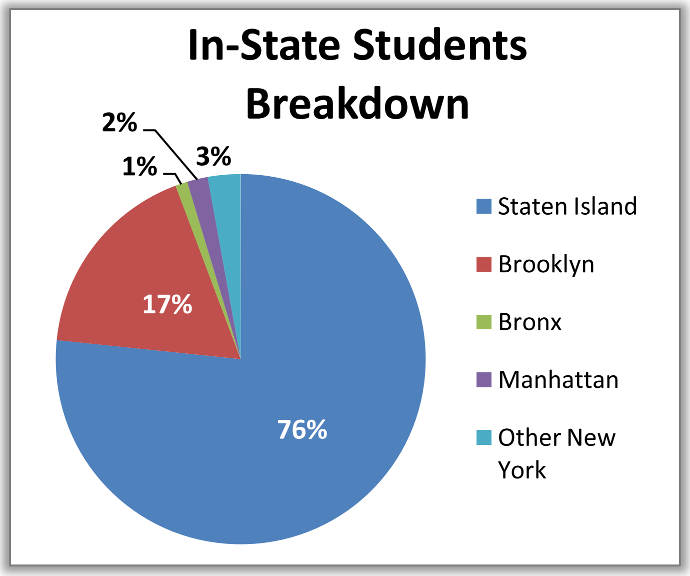

Exhibit 2.5: New York CSI student's place of residence (Spring 2010)

Summary

Although CSI has a high percentage of non-traditional and local students, there are demographic characteristics that allow for defining a target market for student housing. Most of the traditionally aged students (18-22) attend the College on a full-time basis. In addition, even though most of the CSI students reside in Staten Island and Brooklyn, a significant percentage of them deal with time-consuming commutes which may entice them to choosing on-campus accommodations.

Tab 3

Survey Analysis

Objectives

B&D conducted an electronic survey through the Internet that tested the housing preferences of the CSI students. Data collected through the survey also forms the basis for B&D's recommendations of the types and amount of housing projected in *Section 4: Demand Analysis.*

Methodology

CSI students completed the electronic survey online after an email notification was sent to the entire student population. As an incentive for survey participation, prizes were awarded to random respondents.

Survey questions were designed to assess current housing preferences and arrangements, housing selection criteria, price sensitivities, unit type preferences, and demographic information. Response options were structured to maximize information in the projection of desirable facility characteristics and demand for specific housing amenities. Demographic questions allow B&D to organize the response and analyze demand based on different student characteristics.

Survey Significance

A total of 640 CSI students responded to the survey between June 24, 2010 and July 9, 2010. Assuming a student population of 13,632, the margin of error is +/- 3.9% at a 95% confidence level. With 640 responses, the survey captured approximately 5% of CSI students.

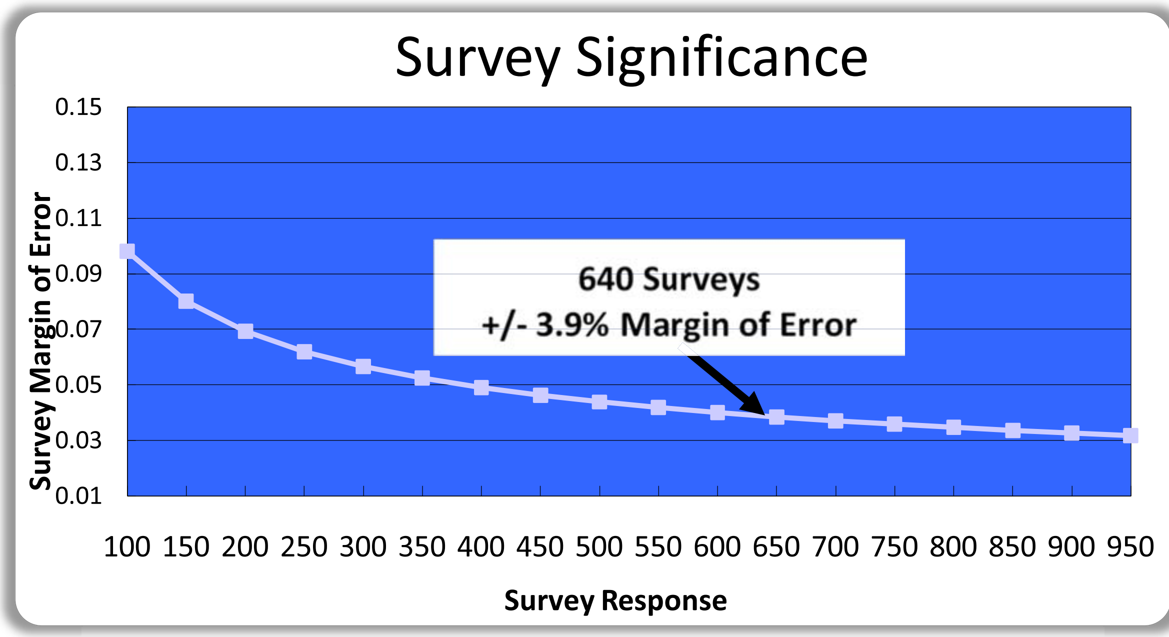

Exhibit 3.1: Survey Margin of Error Diagram

Summary of Findings

Survey respondents were asked questions on the type of housing they live in while attending CSI. **Exhibit 3.2** graphs the responses, excluding those respondents who are homeowners (homeowners are not part of the target market). Of those respondents remaining, over 77% live with parents or in a parent-owned property. In addition, approximately 75% of the students who rent, live in apartments.

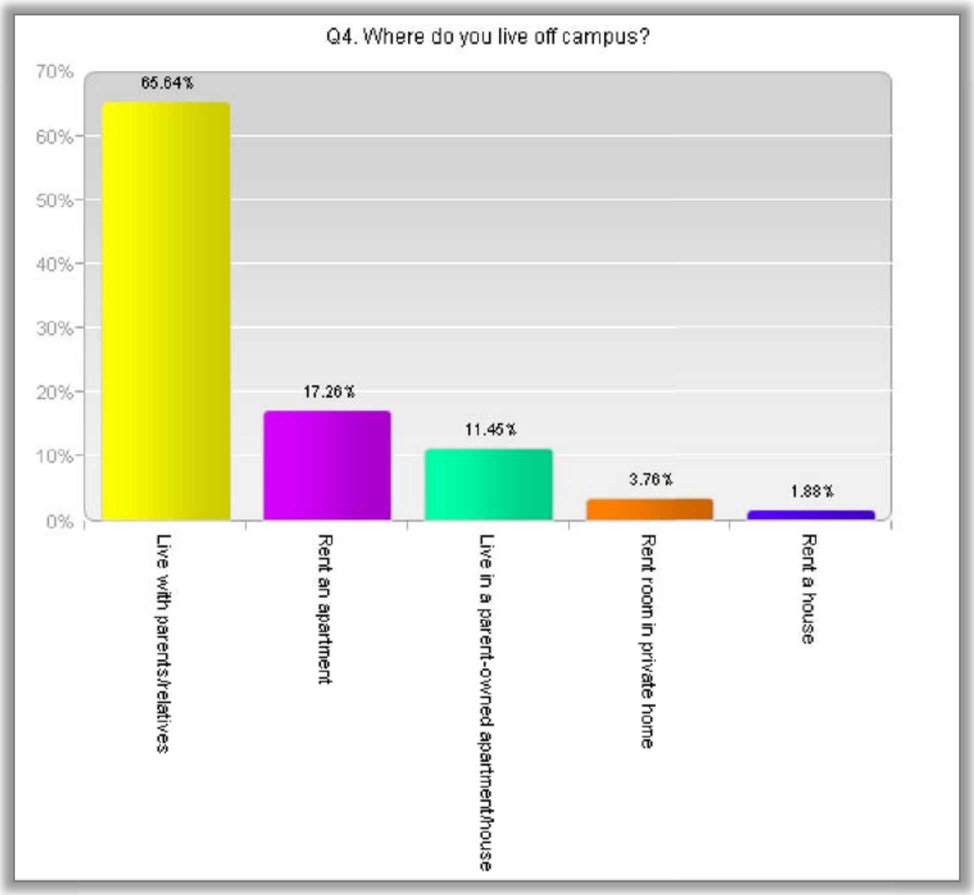

Exhibit 3.2: Responses to Question #4 – *Excludes property owners*

Based on the survey responses shown in **Exhibit 3.3**, long commute times are common for CSI students. Nearly 40% of students travel over 30 minutes to get to campus and almost 19% travel over one hour. Commuters with long travel times to CSI may be interested in on-campus housing that would eliminate their commute time.

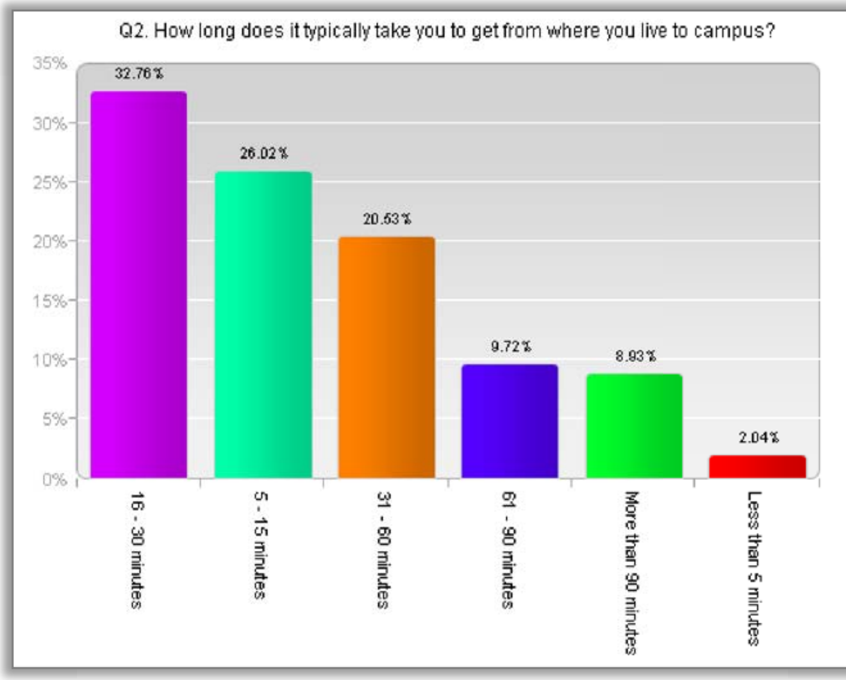

Exhibit 3.3: Responses to Question #2

The survey asked questions dealing with housing costs associated with the different living arrangements. **Exhibit 3.4** shows a wide range of monthly rent paid by students. A large proportion of renters (approximately 39%) pay relatively low monthly rent between $300-$599. However, another large group of students (approximately 21%) pay over $900 for their personal share of monthly rent.

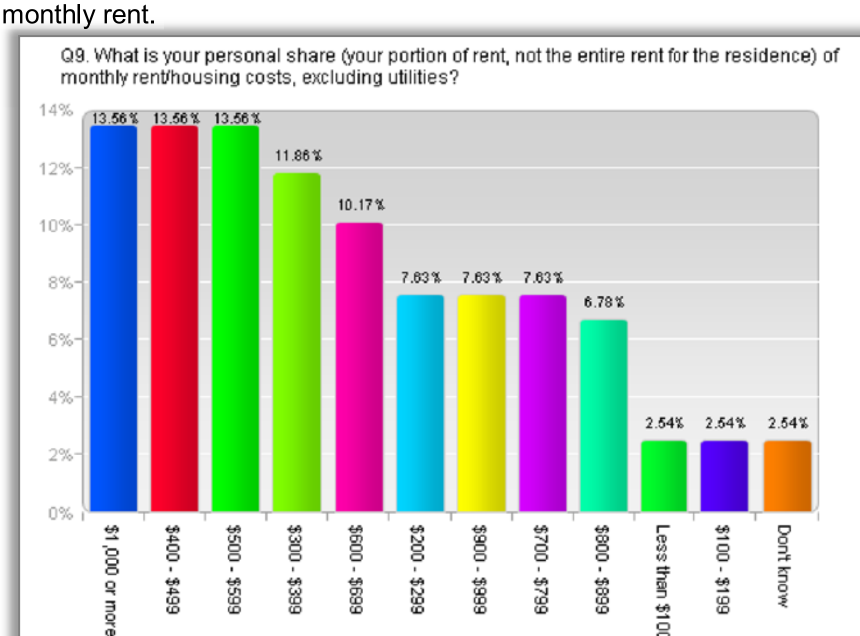

Exhibit 3.4: Responses to Question #9- *Renters Only*

In addition to the rent, the survey asked about utility costs associated with housing. As the graph below shows, more than 75% of renters pay for Internet, electricity, and cable/satellite TV while the majority do not pay for water, trash, and sewer.

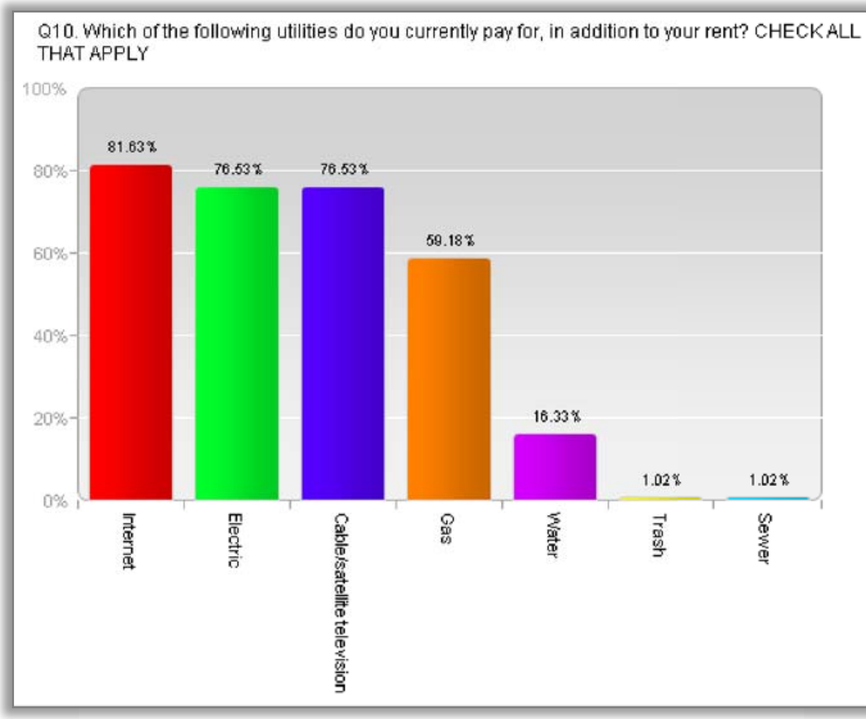

Exhibit 3.5: Responses to Question #10- *Renters Only*

According to the survey results, student-renters' personal share of utility costs are high with approximately 32% paying $200 or more per month. Overall, close to two-thirds of all renters pay more than $100 a month in utilities.

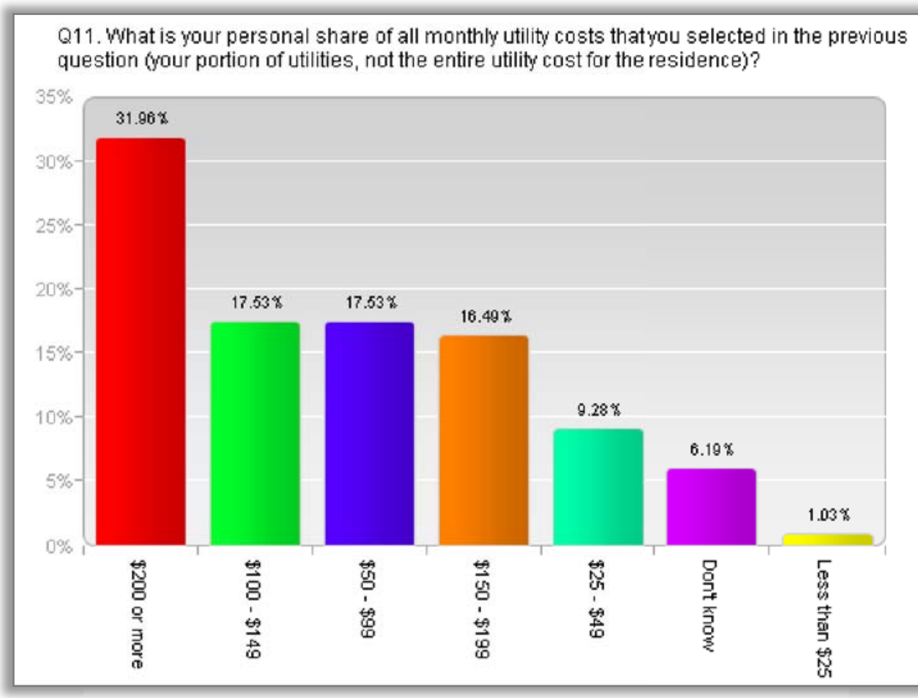

Exhibit 3.6: Responses to Question #11- *Renters Only*

Approximately 70% of student renters reported they signed a 12-month lease. Month-to-month leases also are fairly common with a 20% response rate.

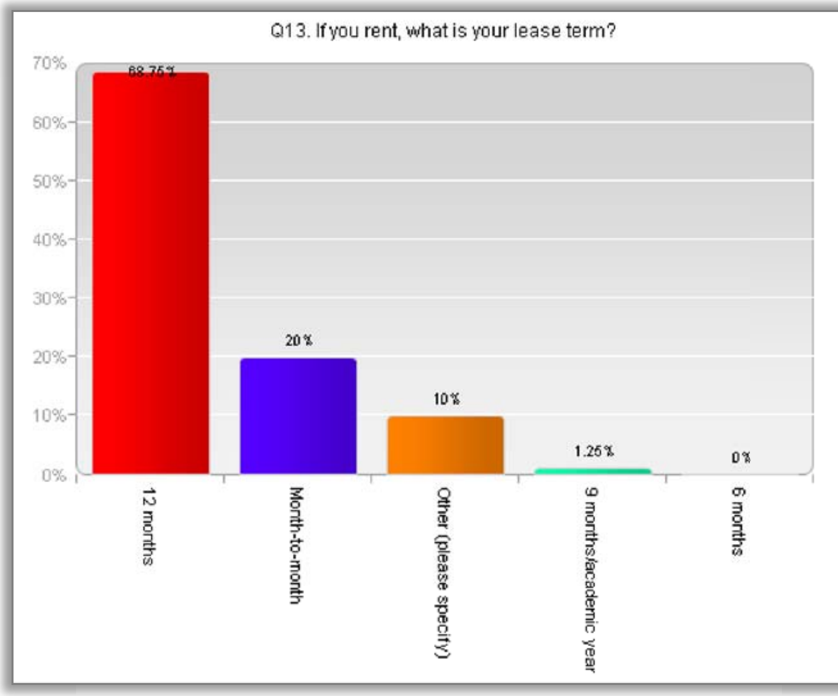

Exhibit 3.7: Responses to Question #13- *Renters Only*

In addition to questions about housing costs, the survey asked questions about CSI students' satisfaction with their current living situation. According to the survey results, property owners (**Exhibit 3.10**) are the most satisfied with their living conditions with two-thirds responding that they are 'Very Satisfied' and approximately 90% either 'Very Satisfied' or 'Somewhat Satisfied'. Student renters and those living with parents have very similar satisfaction with their living conditions with close to 45% in each category responding that they are 'Somewhat Satisfied'. Students living with parents had a higher percentage responding that they are 'Very Satisfied' (35%) compared to 24% for renters.

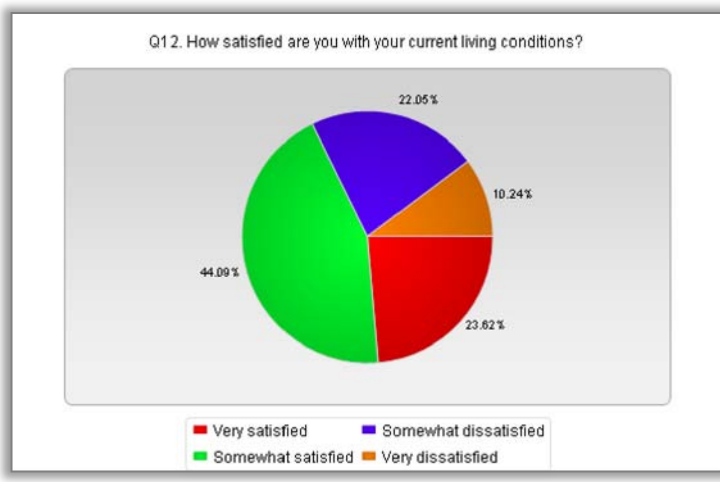

Exhibit 3.8: Responses to Question #12- *Renters*

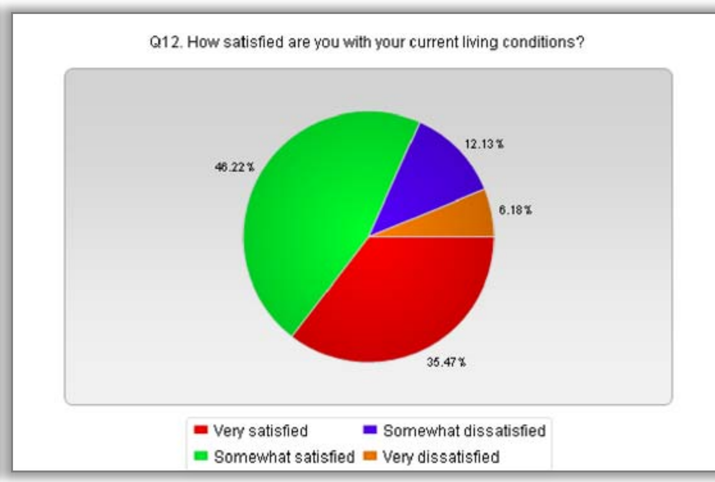

Exhibit 3.9: Responses to Question #12- *Living with Parents*

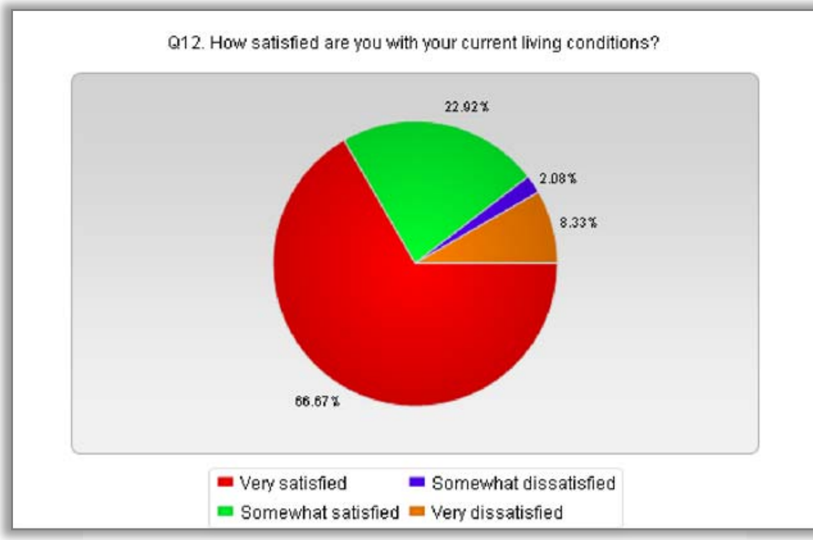

Exhibit 3.10: Responses to Question #12- *Property Owners*

Of all tested amenities, in-room Internet access and a quiet place to study were the most popular. The chart below shows the top 10 choices based on students' "High Interest" or "Somewhat High Interest" in the tested features.

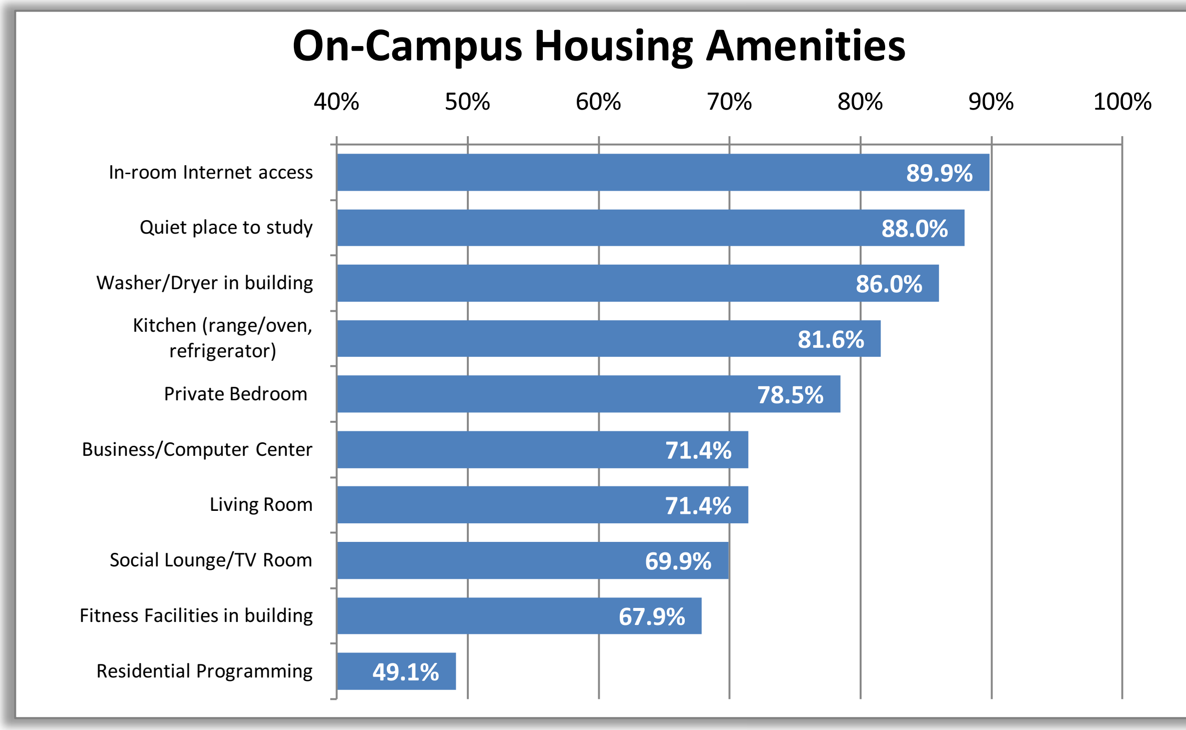

Exhibit 3.11: Questions #15-32 - Top 10 Responses (Total of 'High Interest' and 'Somewhat High Interest')

Summary

B&D uses the survey results to help quantify the overall demand and to understand student housing preferences at the College of Staten Island. Several general conclusions can be drawn from this analysis:

- A large percentage of students (75%) who do not own properties live with parents or in parent-owned properties. Many of these students, however, deal with long commute times, often of 60 minutes or more (one way).
- While many students pay low rent (between $300-$600 a month), a large percentage of respondents reported paying more than $900 a month, a figure consistent with the contemplated on-campus development.
- Most student-renters pay at least $100 a month in utilities (personal share), with many paying more than $200 a month.
- Twelve-month leases are most common.
- Students are generally satisfied with their current living conditions. Renters are less satisfied than students living with parents or those who own property.

Overall, the survey results suggest that there is a target market for the proposed development at CSI and it will likely consist of those who rent expensive properties and those who live with parents or in parent-owned properties but seek the residential experience while trying to eliminate their commute. Detailed demand calculations are included in *Section 4* of this report.

Tab 4

Demand Analysis

Objectives and Methodology

B&D developed a student housing demand model to project the specific quantity of demand for the proposed unit types. The model projects demand under the assumption that the future housing would be designed to match the characteristics of the units presented to respondents in the survey. The model derives the demand figures based on responses from the student survey as well as enrollment numbers provided by the College. These figures may be reanalyzed in the future as necessary to reflect changes in enrollment.

Capture Rates and Demand / Supply Reconciliation

The model allowed B&D to analyze each class (enrollment level) to project housing demand. The capture rates reflect the percentages of students in the target market who indicated their intention to live in the proposed units. For example, the number of all juniors included in the target market and interested in living in the proposed units, divided by the junior sample size, results in the capture rate for the current academic year (2009/2010). These capture rates are then applied to the enrollment figures for each class generating the projected demand. Finally, the projected demand is multiplied by weight factors to ensure a demographic balance between the survey respondents and the entire target market population.

Target Market & Capture Rate Considerations

For the purposes of the capture rate calculation, B&D divided the entire target market into two segments. Within each segment, an individual had to fall within <u>all</u> the categories below to qualify for the calculations:

<u>Segment 1 - Renters:</u>

- Full-time students;
- Single students without children;
- Those who rent an apartment, a house, or a room in a private home; and
- Pay at least $700/month for rent. In combination with a $150/month fee for utilities (based on the survey results), these students pay approximately $850/month. They would have to pay a premium of $100/month to live in the least expensive unit on campus, which B&D believes is a realistic assumption.

<u>Segment 2 – Non-renters:</u>

- Full-time students;
- Single students without children;
- Those who live with parents or in a parent-owned property; and
- Commute more than 60 minutes from where they live to campus (two-hour total daily commute).

These assumptions allowed for the most conservative, yet realistic, approach to the demand assessment for an institution pursuing its first on-campus residential project. In addition, they are consistent with the assumptions made by B&D in the 2007 Campus Housing Market Study at CSI.

Student Enrollment

The College provided B&D with enrollment projections indicating the growth of the entire student body to approximately 17,000 students in ten years. These figures, shown below, display an average annual enrollment growth of approximately 2.5% and are consistent with the assumptions used in the recently completed campus master plan.

Headcounts

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Freshman	5,160	5,289	5,421	5,557	5,696	5,838	5,984	6,134	6,287	6,444
Sophomore	2,929	3,002	3,077	3,154	3,233	3,314	3,397	3,482	3,569	3,658
Junior	2,260	2,317	2,374	2,434	2,495	2,557	2,621	2,686	2,754	2,822
Senior	2,261	2,318	2,375	2,435	2,496	2,558	2,622	2,688	2,755	2,824
Graduate	1,022	1,048	1,074	1,101	1,128	1,156	1,185	1,215	1,245	1,276
Total Enrollment	**13,632**	**13,973**	**14,322**	**14,680**	**15,047**	**15,423**	**15,809**	**16,204**	**16,609**	**17,025**

Exhibit 4.1: CSI Enrollment Projections

Project Description - Tested Location, Units, and Price Points

The capture rates were calculated for the specific project (location, unit types, and amenities) proposed by American Campus Communities. The following description of the proposed housing facility was included in the survey:

A new on-campus housing complex is being developed for CSI students. Location of the housing facility is shown on the diagram below (IN RED):

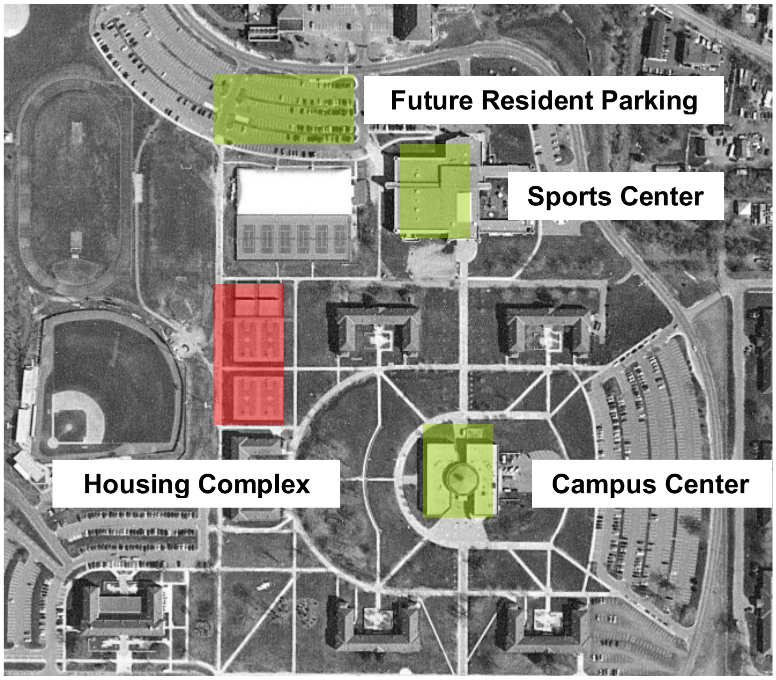

Exhibit 4.2: Proposed Project Location Diagram

The following unit types were tested:

A. TWO-BEDROOM / TWO-BATHROOM APARTMENT – DOUBLE-OCCUPANCY BEDROOM

The unit will be occupied by 4 students. The bedroom will be shared by 2 students. The bathroom will be shared by 2 students but each student will have a private vanity. ***The rental rate for this double-occupancy bedroom is $4,760 per person per semester (approximately $952 per month)****. The rent includes utilities (electrical allowance, Internet, basic cable, local phone, water / sewer and trash removal). The lease term is the academic year. The unit will be furnished.*

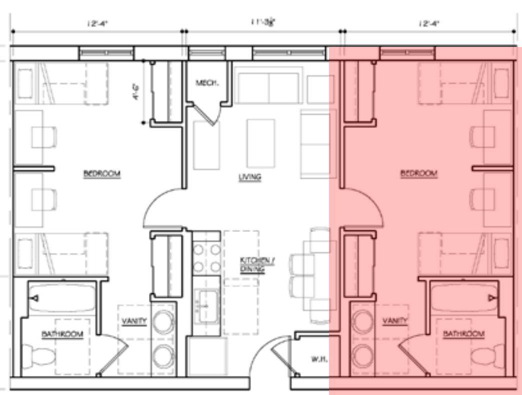

Exhibit 4.3: Unit A Diagram

B. FOUR-BEDROOM APARTMENT / TWO-BATHROOM APARTMENT – PRIVATE BEDROOM

The unit will be occupied by 4 students. The bedroom will be private. The bathroom will be shared by 2 students but each student will have a private vanity. ***The rental rate for this private bedroom is $5,450 per person per semester (approximately $1,090 per month)****. The rent includes utilities (electrical allowance, Internet, basic cable, local phone, water/sewer and trash removal). The lease term is the academic year. The unit will be furnished.*

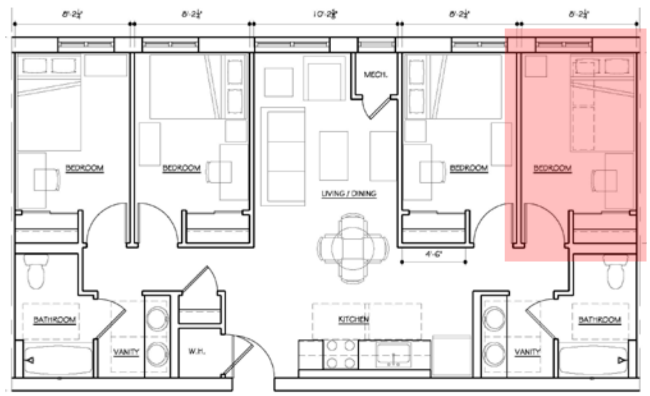

Exhibit 4.4: Unit B Diagram

C. TWO-BEDROOM / ONE-BATHROOM APARTMENT – PRIVATE BEDROOM

The unit will be occupied by 2 students. The bedroom will be private. The bathroom will be shared by 2 students but each student will have a private vanity. ***The rental rate for this private bedroom is $6,880 per person per semester (approximately $1,375 per month).*** *The rent includes utilities (electrical allowance, Internet, basic cable, local phone, water/sewer and trash removal). The lease term is the academic year months. The unit will be furnished.*

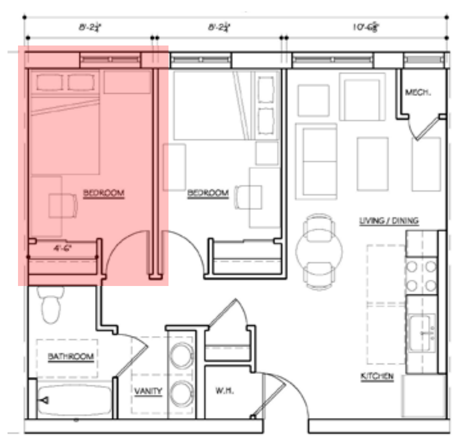

Exhibit 4.5: Unit C Diagram

The proposed project will consist of 440 beds. Detailed breakdown by unit type is shown below in demand-supply reconciliation.

Demand Projections – Demand-Supply Reconciliation

B&D's analysis, within the context of the target market, indicates that in the academic year 2012/2013, the projected year of completion, there will be a demand for approximately 1,400 beds in units proposed by American Campus Communities.

2012-2013 - Demand at Proposed Opening

Class	Enrollment Projection	Potential Capture Rate	Maximum Potential Demand	Distribution of Demand: Unit A Double-Occupancy 2-Bedroom	Unit B Single-Occupancy 4-Bedroom	Unit C Single-Occupancy 2-Bedroom
Freshmen	5,160	15%	754	362	181	211
Sophomores	2,929	11%	335	183	91	61
Juniors	2,260	7%	155	99	28	28
Seniors	2,261	8%	179	67	67	45
Graduate	1,022	0%	0	0	0	0
Total	**13,632**	**10%**	**1,423**	**711**	**367**	**345**
Proposed Project by Unit Type			**440**	**156**	**272**	**12**
Proposed Surplus / (Deficit) of Beds			**(983)**	**(555)**	**(95)**	**(333)**

Exhibit 4.6: Demand-Supply Reconciliation

Unit A – The demand exceeds proposed supply by approximately 550 beds in Unit A configuration (double-occupancy in a two-bedroom apartment).

Unit B – The demand for beds in Unit B (single-occupancy in a four-bedroom apartment) exceeds the proposed supply by roughly 90 beds.

Unit C – The demand exceeds proposed supply by approximately 330 beds in Unit C configuration (single-occupancy in a two-bedroom apartment).

Summary of Findings

Based on the demand analysis described above, B&D concludes the following:

- **Quantity of Beds**. The proposed 440-bed project is sized appropriately as a first phase of a residential program at the College of Staten Island.
- **Unit Mix**. The proposed unit mix appears appropriate as sufficient demand was shown for each unit type.
- **Pricing Structure**. The survey data supports the proposed pricing structure. While the demand exceeds supply for the proposed unit types, B&D does not recommend any further increases beyond the rent levels in the survey.
- **Continuity of Demand**. The 2007 market study showed a strong interest in on-campus housing. The current analysis confirms the 2007 conclusions with respect to demand.
- **Future Demand**. While B&D's study focused exclusively on the current student population at CSI, it is likely that the proposed housing project will allow the College to attract other

students for whom availability of on-campus housing is a key college selection factor, therefore, strengthening demand for housing in the future.

- **Marketing**. Despite demonstrated demand, B&D recommends that the project is marketed early to a wide target audience to increase the awareness of housing availability among the current and prospective CSI students.

Tab 5

Off-Campus Market Analysis

Objectives

The objective of the off-campus housing market analysis was to identify the nature of the private rental housing market, allowing a comparison of non-university housing options that are available to students at the College of Staten Island. This analysis highlights the prices, quality, availability, and development of private rental units near CSI as of June/July 2010.

Methodology

Using the CSI demographic database (Spring 2010), B&D performed a zip code analysis to identify specific off-campus areas that have high concentrations of CSI students. Once the areas were defined, B&D conducted Internet research and telephone interviews to enhance the overall understanding of the areas' characteristics. Quantitative information, such as rental rates, lease terms, and amenities, were also analyzed. A detailed example of one student-oriented property located on Staten Island is included near the end of this section.

Zip Code Analysis Findings

B&D performed a zip code analysis to determine the place of residence of all CSI students according to data provided by the College for the Spring 2010 semester. The zip code analysis shows that over 93% of CSI students live on either Staten Island or in Brooklyn. Staten Island residents make up 76% and Brooklyn residents make up around 17% of the total CSI enrollment. In total, over 99% of CSI students come from within the state of New York. Shown in **Exhibit 5.1**, the largest concentration of CSI students is in the 10314 zip code where the College is located.

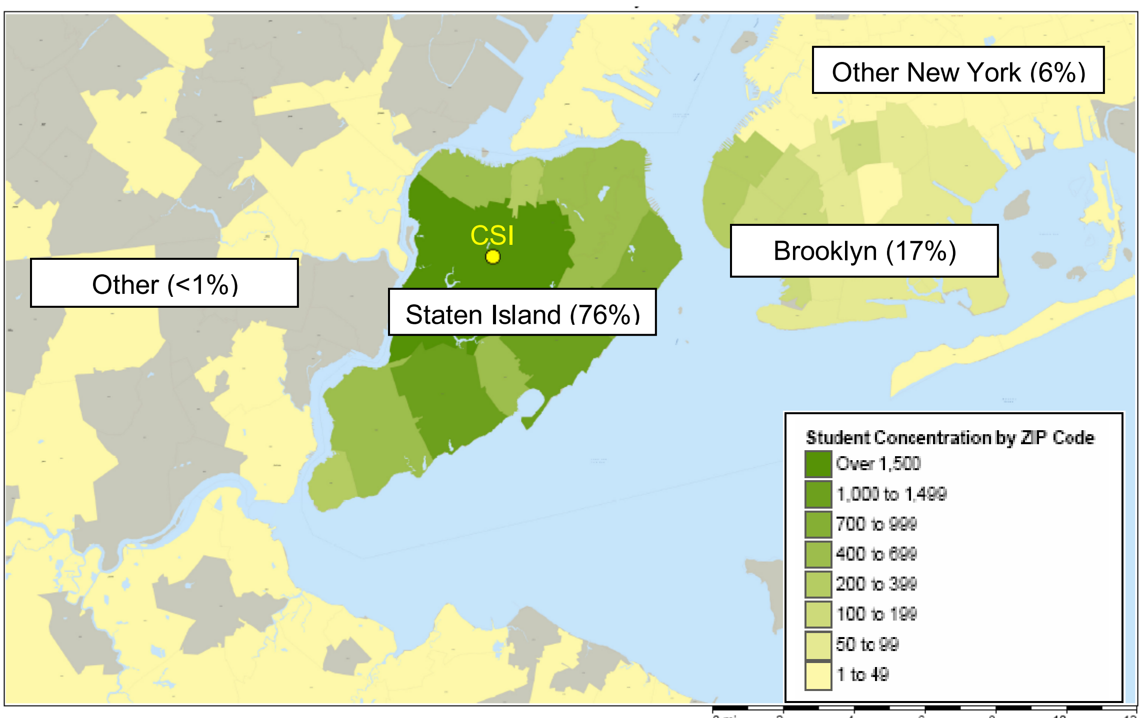

Exhibit 5.1: CSI Student Concentration by Zip Code (Spring 2010)

Since the majority of CSI students reside in either Staten Island or Brooklyn, these two areas are the focus of the report. Rental characteristics and residential markets within these two boroughs are reviewed in greater detail.

Staten Island

Character of Residential Market

Staten Island leads the five boroughs of New York City in a variety of housing and neighborhood indicators. According to the 2009 edition of the *State of New York City's Housing and Neighborhoods Report* published by The Furman Center for Real Estate & Urban Policy, Staten Island has the highest median household income of all the boroughs at $73,619. Staten Island has more suburban characteristics than the rest of the city with the lowest population, lowest population density, and highest home ownership rate (by a wide margin) of any borough. Staten Island saw significant construction activity during the most recent New York City building boom with the largest percentage increase in its housing stock at over 12%. This new construction made up a high percentage of sales with nearly 14% of all units sold in Staten Island during 2000-2008 constructed during that same time period. This building construction frenzy came to a halt in 2009 when the number of building permits issued city-wide dropped to a level lower than any time since 1992. The number of new residential building permits authorized in 2009 was only 256 compared to 2,660 issued in 2000 for Staten Island. Nearly 99% of these residential building permits issued were for one- and two-family houses.

2008	Staten Island	New York City
Population	487,407	8,363,710
Population Density (1,000 persons per square mile)	8.3	27.6
Median Household Income	$73,619	$50,934
Number of Housing Units	179,190	3,350,926
Homeownership Rate	70.9%	33.8%
Rental Vacancy Rate	7.4%	3.7%
Units Authorized by New Residential Building Permits	256	3,275
Median Monthly Rent	$934	$935

Exhibit 5.2: Staten Island vs. New York City – Housing Statistics

Residential Market Forecast

The Borough of Staten Island is expected to grow by approximately 65,000 residents and 25,000 residential units by 2030. According to the New York City Economic Development Corporation, nearly 91% of this projected growth is attributable to Staten Island residents living longer and having more children. While Staten Island continues to grow at a substantial pace, most of the growth is coming from the older demographic groups and new born babies. Staten Island has seen its population continue to age. In addition, the out-migration of the 18-35 year old demographic group has occurred.

In an effort to attract younger residents to the borough and update the housing stock, Staten Island has several large scale projects planned. These will attempt to make Staten Island a more desirable destination so that the city does not continue to lose residents from the 18-35 year old demographic group.

Staten Island Residential Rental Market

Staten Island is divided into three community districts. **Exhibits 5.3** and **5.4** are maps and a chart to help explain each community district's boundaries and characteristics. College of Staten Island is located in the South Beach/ Willowbrook community district.


St. George / Stapleton


South Beach / Willowbrook


Tottenville / Great Kills

Exhibit 5.3: Staten Island Community District Maps

2008	St. George/ Stapleton	South Beach/ Willowbrook	Tottenville/ Great Kills
Population	179,225	142,188	165,994
Population Density (1,000 persons per square mile)	13	6.5	7.2
Median Household Income	$55,415	$75,171	$90,464
Homeownership Rate	56.3%	74.1%	84.3%
Rental Vacancy Rate	8.7%	5.3%	8.9%
Units Authorized by New Residential Building Permits	82	78	96
Median Monthly Rent	$929	$926	$954

Exhibit 5.4: Staten Island Community District Statistics

Staten Island Apartment Rental Findings

Based on Internet searches and phone calls, B&D found 15 apartment complexes located on Staten Island. Properties were found in all three community districts, and only three properties were located less than three miles from campus. Additionally, most properties have a minimum annual income requirement between $30,000 and $40,000, and some properties do not accept guarantors or co-signers to help secure the rental units.

None of the apartment complexes researched could be defined as “student-focused”, meaning that they did not actively market to a student population by offering amenities and unit styles attractive to students. Due to the minimum income requirement (along with other factors), some of these properties do not currently have any students living there. Out of the 640 CSI student survey respondents, only 10 students said they lived in one of the large apartment complexes on Staten Island. Of these, the only complexes that had multiple students living in them were Willowbrook, Grymes Hill, Tysen Park, and Seaview Apartments. Grymes Hill Apartments is the only one of these properties that could be considered “student-friendly”. This means that although it did not market directly to CSI students, it did have a significant population of college students living there from CSI as well as from St. John’s University and Wagner College. This property, Grymes Hill Apartments, will be discussed in greater detail later on in this section.

The above-mentioned apartment complexes generally charge a refundable security deposit equivalent to one month’s rent. Most properties also charge a non-refundable application fee ranging from $25 to $175.

Average rental rates for the various unit types in Staten Island apartments are listed below. More detailed information on rental rates and property characteristics can be found in *Appendix C*.

- Eight properties offer studio units with an average rental rate of $888 per unit per month.
- Thirteen properties offer one-bedroom units with an average rental rate of $1,086 per unit per month.
- Thirteen properties offer two-bedroom units with an average rental rate of $1,416 per unit per month ($708 per bedroom per month).
- Six properties offer three-bedroom units with an average rental rate of $1,567 per unit per month ($522 per bedroom per month).
- Only one property offers four-bedroom units with an average rental rate of $2,066 per unit per month ($517 per bedroom per month)

When considering current rental rates, it is important to note that NYC has a system of rent regulation known as “rent stabilization”. The system was enacted in 1969 when rents were rising sharply in many post-war buildings. The system has been extended and amended frequently, and now about one million apartments in the City are covered by rent stabilization. Rent stabilized tenants are protected from sharp increases in rent and have the right to renew their leases. The Rent Guidelines Board sets the allowable percentage increase for renewal leases each year.
In NYC, rent stabilized apartments are those apartments in buildings of six or more units built between February 1, 1947 and January 1, 1974. Tenants in buildings of six or more units built before February 1, 1947, who moved in after June 30, 1971 are also covered by rent stabilization. Another category of rent stabilized apartments covers buildings subject to regulation as a result of governmental supervision or a tax benefit program. Besides regulating rental amounts, tenants

are entitled to receive required services, to have their leases renewed, and not to be evicted except on grounds allowed by law. Through rent stabilization, leases may be entered into and renewed for one- or two-year terms, at the tenant's choice.

In a large rental market such as New York City, it is difficult to understand the full effect rent stabilization has on current market rental rates. This rent-stabilization discussion is included in B&D's report to emphasize that some of the rental rates are affected by more than just supply and demand.

Amenities

The apartment complexes on Staten Island offer very limited amenities. Though all but three of the 15 apartment complexes have some type of community laundry facility, only one of these has a washer/dryer in-unit. Two of the apartment complexes have a gym or fitness center. Over half (eight of the 15) apartment complexes mention some type of parking available but only one of these offers it for free. Eight of these apartments also have some type of on-site management or security to ensure the safety of tenants.

Utilities

Eleven properties offer hot water and twelve offer heat as a part of the rental price. Six of the properties include gas for cooking in the monthly rental price. Only three (20%) of the properties do not include any utilities as a part of the rent.

Detailed Example – Grymes Hill Apartments

The Grymes Hill Apartment complex accommodates students from St. John's University and Wagner College through master leases with the universities. This makes Grymes Hill the most student-friendly complex in Staten Island, especially because most other complexes in the area do not cater to student residents. Although Grymes Hill houses students, the property staff made it very clear that "Grymes Hill does not want to become a dorm". Grymes Hill will accept student residents but is very selective when considering students who are independent from St. John's or Wagner's master leases.

The Grymes Hill apartment complex offers 416 units in studio, one-, two-, and three-bedroom configurations. Unit prices (as of June/July 2010) are $775, $1000, $1,300 ($650 per bedroom), and $1,500 ($500 per bedroom), respectively. Hot water and heat are covered in the monthly rental rate. Additionally, residents must each pay a non-refundable application fee of $150 and the unit must pay a refundable security deposit equivalent to one month's rent. Each applicant is checked for credit history, and a minimum annual income of $25,000 to $50,000 is required, depending on the unit size. Guarantors are allowed but must reside in either New Jersey, New York, or Connecticut.

Residents must sign a minimum 12-month lease and have the option to sign a 24-month lease with no rent increase between the years. Parking is offered at Grymes Hill for $88 a month for a parking space, $110 a month for a non-heated garage space, and $138 a month for a heated garage space.

Staten Island House Rental Findings

In addition to the apartment units available to students, there are many different houses or condominiums that students have the option of renting from a private owner. B&D used www.craiglist.org and www.sublet.com, both free Internet-based classified advertisement websites, to understand the price points for house rentals. The information below summarizes B&D's findings. A more detailed presentation of this information can be found in *Appendix C*.

- The average price per bedroom for a two-bedroom house is $766.
- The average price per bedroom for a three-bedroom house is $700.
- The average price per bedroom for a four-bedroom house is $595.

Houses typically have better amenities than apartment complexes, such as washer/dryers in-unit, private outdoor space, and free parking. Tenants choosing to live in a house also have more location options as well. The downsides are that tenants in these houses are generally responsible for all utility costs along with interior and exterior maintenance.

Brooklyn

Character of the Residential Market

Brooklyn is the most populous borough in NYC with over five times the amount of residents as Staten Island. The borough has been under intense development pressure the last several years and saw a steady increase in the number of certificates of occupancy issued before the recession slowed down this trend citywide. After rising sharply for most of the decade, home prices have also declined significantly with the median price of a one-family building falling from $498,221 to $459,500 from 2008 to 2009 according the *State of New York City's Housing and Neighborhood Report*. A significant project underway in Brooklyn is the Sunset Park Waterfront Vision Plan. This plan calls for redeveloping 2.5 miles of Brooklyn's waterfront for commercial development along with modernizing the transportation infrastructure in the area to help spur job creation. The following chart (**Exhibit 5.5**) compares Brooklyn to Staten Island and entire New York City based on several housing indicators from 2008 provided by the Furman Center for Real Estate and Urban Policy.

2008	Brooklyn	Staten Island	New York City
Population	2,556,598	487,407	8,363,710
Population Density (1,000 persons per square mile)	36.3	8.3	27.6
Median Household Income	$43,224	$73,619	$50,934
Number of Housing Units	967,751	179,190	3,350,926
Homeownership Rate	30.8%	70.9%	33.8%
Rental Vacancy Rate	3.6%	7.4%	3.7%
Units Authorized by New Residential Building Permits	531	256	3,275
Median Monthly Rent	$892	$934	$935

Exhibit 5.5: Brooklyn, Staten Island, and New York City Housing Characteristics

Brooklyn Residential Rental Market

Brooklyn is divided into 18 community districts. Based on proximity to campus and the student concentration patterns seen in the zip code analysis, B&D identified three community districts for detailed review. **Exhibits 5.6** and **5.7** show maps and a chart detailing the characteristics of the Sunset Park, Bay Ridge/ Dyker Heights, and Bensonhurst community districts.

Sunset Park

Bay Ridge/ Dyker Heights

Bensonhurst

Exhibit 5.6: Brooklyn Community District Maps

2008	Sunset Park	Bay Ridge/ Dyker Heights	Bensonhurst
Population	147,678	121,390	183,083
Population Density (1,000 persons per square mile)	35.6	31	53.4
Median Household Income	$43,750	$54,644	$38,518
Homeownership Rate	28.3%	39.6%	35.5%
Rental Vacancy Rate	1.9%	4.0%	3.3%
Units Authorized by New Residential Building Permits	11	1	53
Median Monthly Rent	$949	$983	$881

Exhibit 5.7: Brooklyn Community District Statistics

This section of the report provides an overview of the price points for various unit configurations in select areas of Brooklyn. The community districts' proximity to Staten Island and the Verrazano-Narrows Bridge make these locations the most convenient for CSI students. B&D used two Internet-based apartment searching websites (craigslist.org and streeteasy.com) to research the rental rates. This section is only meant to provide an overview - detailed information can be found in *Appendix C*.

Brooklyn Housing Rental Findings

B&D analyzed price differentiation as a result of location and unit type. Bay Ridge was the most expensive of the three locations with Bensonhurst and Sunset Park being slightly cheaper.

- Bay Ridge average monthly rent per bedroom is $932,
- Bensonhurst average monthly rent per bedroom is $844, and
- Sunset Park average monthly rent per bedroom is $856.

In addition, B&D analyzed price differentiation by the various unit types offered in these three community districts of Brooklyn. Based on these findings, studios/one-bedroom units were the most expensive per bedroom, with two- and three-bedroom units being considerably cheaper per bedroom.

- Studio/one-bedroom unit's average monthly rental rate is $1,153,
- Two-bedroom unit's average monthly rental rate per bedroom is $779, and
- Three-bedroom unit's average monthly rental rate per bedroom is $635.

In general, Brooklyn properties charged a refundable security deposit equivalent to one month's rent and a non-refundable application fee ranging from $25 to $200. If tenants decide to use a broker they could be paying a brokers fee up to 15% of the annual rent.

Utilities

Approximately half of the apartments researched in Brooklyn covered heat and water in the cost of rent. At the remaining properties, the tenant was responsible for all utilities.

Amenities

The residential properties researched in Brooklyn did not offer many amenities. Most complexes offered community laundry facilities, but did not provide free parking, in-unit laundry, fitness centers, or on-site management.

Summary

Through Internet research, telephone interviews and campus visits, B&D gained a thorough understanding of the off-campus housing market offerings available to students at the College of Staten Island. While it can be difficult to make overall conclusions when dealing with a student population in a market such as New York City, a few general characteristics shown below will have an impact on the feasibility of an on-campus housing facility:

- The vast majority of CSI students come from Staten Island and Brooklyn.
- Based on the student survey results, 75% of the CSI students live with parents or in parent-owned properties.
- Although most of these students live in close proximity to the campus, 19% of survey respondents report that their commute to CSI takes more than an hour.
- Of the students who do not live at home (25%), most rent either apartments or houses in Staten Island or Brooklyn.
- There are several large apartment complexes on Staten Island, but most do not accept or market to students.
- As a result, there is no concentration of CSI students in any housing complex. Students are dispersed across Staten Island and Brooklyn in many different types of living arrangements.
- Of the different rental options analyzed in this section, Brooklyn apartments are the most expensive averaging over $850 as a monthly rental rate per bedroom. Staten Island rental units average under $700 as a monthly rental rate per bedroom.

Since there are no student-oriented residential properties near the CSI campus, similar in size and character to the proposed on-campus development, and most of the students reside with their parents, the feasibility of the contemplated development will depend on the students' willingness to pay for college residential experience rather than specific characteristics of the off-campus market.

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PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION

Upon delivery of the 2012 Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, proposes to issue its approving opinion in substantially the following form:

NEW YORK CITY HOUSING
DEVELOPMENT CORPORATION
110 William Street
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $65,800,000 Residential Revenue Bonds (College of Staten Island Residences), 2012 Series A (the "2012 Series A Bonds") and $2,000,000 Residential Revenue Bonds (College of Staten Island Residences), 2012 Series B (the "2012 Series B Bonds" and together with the 2012 Series A Bonds, the "2012 Bonds") of the New York City Housing Development Corporation (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation, created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the "Act").

The 2012 Bonds are authorized to be issued pursuant to the Act and the Residential Revenue Bonds (College of Staten Island Residences) Bond Resolution of the Corporation, adopted on February 15, 2012 (herein called the "Resolution"). The 2012 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution).

The 2012 Bonds are dated, mature, are payable, bear interest and are subject to redemption as provided in the Resolution.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2012 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2012 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the Mortgage, nor are we passing upon the Loan Agreement, the Mortgage, the other Mortgage Documents or the Support Agreement (as such terms are defined in the Resolution). In rendering this opinion, we have assumed the validity and enforceability of the Loan Agreement, the Mortgage, the other Mortgage Documents and the Support Agreement.

Upon the basis of the foregoing, we are of the opinion that:

1. The Corporation has been duly created and validly exists as a corporate governmental agency constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the Mortgage Loan, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2012 Bonds, and to perform its obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

2. The Resolution has been duly adopted by the Corporation, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms.

3. The 2012 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State of New York (the "State"), including the Act.

4. The 2012 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

5. The Bonds, including the 2012 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

6. Pursuant to the Resolution, the Corporation has validly covenanted in the manner and to the extent provided in the Resolution, among other things, to finance the Mortgage Loan, subject to the requirements of the Resolution with respect thereto.

7. The 2012 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2012 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged for the payment thereof.

8. Under existing statutes and court decisions, (i) interest on the 2012 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2012 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor (as defined in the Resolution) and others, in connection with the 2012 Series A Bonds, and we have assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2012 Series A Bonds from gross income under Section 103 of the Code. In addition, we have relied on the opinion of counsel to the Mortgagor regarding, among other matters, the current qualifications of the sole member of the Mortgagor as an organization described in Section 501(c)(3) of the Code.

9. The original issue discount on the 2012 Series A Bonds that has accrued and is properly allocable to the owners thereof is excludable from gross income for Federal income tax purposes to the same extent as other interest on such 2012 Series A Bonds.

10. Interest on the 2012 Series B Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

11. Under existing statutes, interest on the 2012 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the 2012 Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2012 Series A Bonds, or the exemption from personal income taxes of interest on the 2012 Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2012 Bonds and the Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2012 Series A Bond and an executed 2012 Series B Bond and in our opinion the forms of said Bonds and their execution are regular and proper.

Very truly yours,

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT dated as of March 1, 2012 (this "Continuing Disclosure Agreement") is executed and delivered by CSI STUDENT HOUSING, LLC, a New York limited liability company (the "Borrower"), THE CITY UNIVERSITY OF NEW YORK ("CUNY") and DEUTSCHE BANK TRUST COMPANY AMERICAS, as dissemination agent (the "Dissemination Agent").

RECITALS

1. This Continuing Disclosure Agreement is being executed and delivered in connection with the $67,800,000 aggregate principal amount of New York City Housing Development Corporation Residential Revenue Bonds (College of Staten Island Residences), 2012 Series A (the "2012 Series A Bonds") and Residential Revenue Bonds (College of Staten Island Residences), 2012 Series B (the "2012 Series B Bonds" and collectively with the 2012 Series A Bonds, the "2012 Bonds") issued or to be issued pursuant to a Resolution, duly adopted by the Corporation on February 15, 2012 (as the same may be supplemented from time to time, the "Resolution), the proceeds of which will be used to finance the construction, furnishing and equipping of a new 133-unit student housing facility to house up to 454 residents located at 2800 Victory Boulevard on the campus of The College of Staten Island, in the Borough of Staten Island, County of Richmond, State of New York (the "Project"), and pay certain related costs.

2. The Borrower, CUNY and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds, including to provide disclosure in a manner consistent with the requirements of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

In consideration of the mutual covenants and agreements in this Continuing Disclosure Agreement, the Borrower, CUNY and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this section and in the Recitals above, the following capitalized terms shall have the following meanings:

"**Annual Financial Information**" means, in the case of the Borrower, the financial information or operating data with respect to the Project, provided at least annually, of the type included in **Exhibit B** hereto.

"**Annual Reports**" means, collectively, the Borrower Annual Reports and the CUNY Annual Reports.

"**Audited Financial Statements**" means the audited financial statements of the Borrower and CUNY prepared (i) with respect to the Borrower, in accordance with generally accepted accounting principles for nonprofit corporations as promulgated from time to time by the Financial Accounting Standards Board and (ii) with respect to CUNY, in accordance with generally accepted accounting principles for special purpose governments as promulgated from time to time by the Governmental Accounting Standards Board.

"**Beneficial Owner**" means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"**Borrower Annual Reports**" means any annual report provided by the Borrower pursuant to, and as described in, Section 2(a) of this Continuing Disclosure Agreement.

"**Corporation**" means the New York City Housing Development Corporation.

"**CUNY Annual Reports**" means any annual report provided by CUNY pursuant to, and as described in, Section 2(b) of this Continuing Disclosure Agreement.

"**Material Events**" means any of the events listed in Section 3(a) of this Continuing Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB's Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

"**Official Statement**" means the Official Statement dated February 24, 2012, relating to the 2012 Bonds.

Section 2. Provision of Annual Reports; Other Reporting Requirements.

(a) The Borrower shall, or shall cause the Dissemination Agent to, provide to the MSRB the following information:

(i) during construction and until substantial completion of the Project, within thirty (30) days of the end of each calendar month, commencing with the calendar month ending June 30, 2012, monthly construction progress reports received by the Borrower from the Developer (as defined in the Resolution);

(ii) not later than ninety (90) days following the end of each of the Borrower's fiscal semi-annual periods:

(A) commencing with the fiscal semi-annual period ending December 31, 2013, unaudited financial statements for such fiscal semi-annual period; and

(B) commencing with the fiscal semi-annual period ending December 31, 2013, occupancy reports relating to the Project for the most recent semester received by the Borrower from The College of Staten Island; and

(iii) not later than one hundred eighty (180) days after the end of each of the Borrower's fiscal years:

(A) commencing with the fiscal year ending June 30, 2014, Audited Financial Statements of the Borrower for such fiscal year, and

(B) commencing with the fiscal year ending June 30, 2012, updates of the information contained in the Official Statement under the captions "THE PROJECT AND THE MORTGAGOR" and "NO LITIGATION—The Mortgagor."

(b) CUNY shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of CUNY's fiscal year, commencing within 180 days following the end of CUNY's current fiscal year, provide the CUNY Annual Reports to the MSRB consisting of the following information:

(i) Audited Financial Statements of CUNY; and

(ii) CUNY's enrollment information of the type under the heading in Appendix C to the Official Statement.

(c) Any or all of the items listed in (a) and (b) above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Borrower or CUNY or any affiliate of either is an "obligated person" (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. The Borrower and CUNY shall clearly identify each such other document so included by reference.

(d) In each case, the Annual Reports may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this section; provided, that the

Audited Financial Statements of the Borrower and CUNY may be submitted separately from the balance of the Annual Reports and later than the date required above for the filing of the Annual Reports if they are not available by that date. If either the Borrower's or CUNY's fiscal year changes, notice of such change shall be given in the same manner as for a Material Event under Section 3(d).

(e) Not later than 15 Business Days prior to the date specified in subsections (a) and (b) for providing the Annual Reports to the MSRB, each of the Borrower and CUNY shall provide its respective Annual Report to the Dissemination Agent or shall certify in writing that such Annual Report has been submitted to the MSRB.

(f) If the Dissemination Agent has not received an Annual Report or has not received a written certification from the Borrower or CUNY that an Annual Report has been provided to the MSRB by the date required in subsections (a) and (b), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A-1 in the case of the Borrower (with a copy thereof to the Borrower) or in substantially the form attached as Exhibit A-2 in the case of CUNY (with a copy thereof to CUNY).

(g) The Dissemination Agent shall, unless the Borrower and CUNY have certified in writing that each has provided an Annual Report to the MSRB, file a report with the Borrower, CUNY and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement and stating the date it was provided.

Section 3. Reporting of Material Events. (a) This Section 3 shall govern the giving of notices of the occurrence of any of the following events (each, a "Material Event"):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulty;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulty;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2012 Bonds, or other material events affecting the tax status of the 2012 Bonds;

(vii) Modifications to rights of Bondholders, if material;

(viii) Bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the 2012 Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Material Event, provide the Borrower with notice (by facsimile transmission confirmed by telephone). The Dissemination Agent shall not be deemed to have actual knowledge of those items listed in clauses (a)(ii), (vi), (vii), (x), and (xi) without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Borrower, the Dissemination Agent shall assume that the unscheduled draws described in clauses (a)(iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Material Event, because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Material Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (d) or (e) below, as applicable.

(d) If the Borrower has determined that a Material Event is required to be disclosed then the Borrower shall prepare a written notice describing the Material Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (f) below.

(e) If the Borrower determines that an event is not required to be disclosed as a Material Event then the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been provided with a written notice describing a Material Event and is instructed by the Borrower to report the occurrence of such Material Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Material Event, file the notice with the MSRB and send a copy to the Borrower. The foregoing notwithstanding, notice of a Material Event described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected 2012 Bonds pursuant to the Resolution.

Section 4. Termination of Reporting Obligation. The Borrower’s and CUNY’s obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2012 Bonds. If the Borrower's obligations 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 Borrower and the Borrower shall have no further responsibility hereunder. The Borrower, in connection with such assumption, shall require the other entity to specifically assume in writing the obligations of the Borrower hereunder, which written instrument shall be filed with the Dissemination Agent. If such termination or substitution occurs prior to the final maturity of the 2012 Bonds, the Borrower shall give notice of such termination or substitution in the same manner as for a Material Event under Section 3(d).

Section 5. Dissemination Agent. The Borrower and CUNY may, from time to time, appoint or engage a Dissemination Agent to assist the Borrower and CUNY in carrying out their obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without cause and without the necessity of stating a cause, and with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower or CUNY pursuant to this Continuing Disclosure Agreement.

Section 6. Amendment; Waiver.

(a) Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower, CUNY and the Dissemination Agent may amend this Continuing Disclosure Agreement (provided the Dissemination Agent's agreement to enter into an amendment requested by the Borrower will not be unreasonably withheld) and any provision of this Continuing Disclosure Agreement may be waived, provided that counsel experienced in federal securities law matters provides the Borrower, CUNY and the Dissemination Agent with its written opinion that the undertaking of the Borrower and CUNY contained herein, as so amended or after giving effect to such waiver, is consistent with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

(b) In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower shall describe such amendment in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower and CUNY. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under Section 3(d), and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower or CUNY from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Borrower Annual Report or notice of occurrence of a Material Event or if CUNY chooses to include any information in any CUNY Annual Report, in addition to that which is specifically required by this Continuing Disclosure Agreement, neither the Borrower nor CUNY shall have any obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or, in the case of the Borrower, notice of occurrence of a Material Event.

Section 8. Default. In the event of a failure of the Borrower, CUNY or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Trustee may (and, at the request of the owners of at least 25% aggregate principal amount of Outstanding 2012 Bonds, shall), or any Beneficial Owner of the 2012 Bonds may as its sole and exclusive remedy seek specific performance by court order, to cause the Borrower, CUNY or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Resolution or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower, CUNY or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against, any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this section shall survive resignation or removal of the Dissemination Agent and payment of the 2012 Bonds.

Section 10. No Obligation on Part of Corporation. The Corporation shall have no responsibility or liability in connection with the Borrower's or CUNY's compliance with the Rule, the filing obligations under this Continuing Disclosure Agreement or in connection with the contents of such filings. The Borrower will indemnify and save the Corporation, and its members, officers, employees and agents, harmless against any loss, expense (including reasonable attorneys' fees) or liability arising out of (i) any breach by the Borrower of this Continuing Disclosure Agreement or (ii) any Borrower Annual Report or notices under this Continuing Disclosure Agreement or any omissions therefrom. CUNY will indemnify and save the Corporation, and its members, officers, employees and agents, harmless against any loss, expense (including reasonable attorneys' fees) or liability arising out of (x) any breach by CUNY of this Continuing Disclosure Agreement or (y) any CUNY Annual Report under this Continuing Disclosure Agreement or any omissions therefrom.

Section 11. Notices. All notices or other communications shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been personally delivered or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

To the Borrower: CSI Student Housing, LLC
College of Staten Island
2800 Victory Boulevard
Staten Island, New York 10314
Attention: Ira Persky
Facsimile: (718) 982-3010

with a copy to: Nixon Peabody LLP
Clinton Square
P.O. Box 31051
Rochester, New York 14603
Attention: Jeffrey Wright
Facsimile: (585) 263-1600

To CUNY: City University of New York
555 W. 57th Street, 10th Floor
New York, New York 10019
Attention:
Facsimile:

with a copy to: Nixon Peabody LLP
Clinton Square
P.O. Box 31051
Rochester, New York 14603
Attention: Jeffrey Wright
Facsimile: (585) 263-1600

To the Dissemination Agent:
Deutsche Bank Trust Company Americas
Corporate Trust Americas
60 Wall Street, 27th Floor
New York, New York 10005-2836
Attention: Corporate Trust Services
Facsimile: (212) 797-8619

Any person may, by written notice to the other persons listed above, designate a different address or telephone number to which subsequent notices or communications should be sent.

Section 12. Borrower's and CUNY's Obligations Non-recourse. In any action or proceeding brought hereon and except as otherwise provided in the Mortgage or the Loan Agreement (with respect to the Borrower), the liability of the Borrower and CUNY under this Continuing Disclosure Agreement shall be limited to the Project and, any other collateral securing the Loan Agreement, the Resolution or the 2012 Bonds.

Section 13. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Borrower, CUNY the Dissemination Agent and the Beneficial Owners from time to time of the 2012 Bonds, and shall create no rights in any other person or entity.

Section 14. Severability. If any provision in this Continuing Disclosure Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 15. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

BORROWER:

CSI STUDENT HOUSING, LLC,
a New York limited liability company

By: ___________________________
Name: Ira Persky
Title: President

THE CITY UNIVERSITY OF NEW YORK:

By: ___________________________
Name:
Title:

DISSEMINATION AGENT:

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: ___________________________________
Authorized Officer

EXHIBIT A-1

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issue:	$67,800,000 New York City Housing Development Corporation Residential Revenue Bonds (College of Staten Island Residences) 2012 Series A 2012 Series B (Federally Taxable)
CUSIP:	
Name of Obligated Person:	CSI Student Housing, LLC
	Date of Issuance: March __, 2012

NOTICE IS HEREBY GIVEN that CSI Student Housing, LLC has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of January __, 2012, between CSI Student Housing, LLC and Deutsche Bank Trust Company Americas. [The Borrower has notified the Dissemination Agent that the Borrower anticipates that the Annual Report will be filed by ______________.]

Dated:_______________

____
Deutsche Bank Trust Company Americas, as Dissemination Agent, on behalf of CSI Student Housing, LLC

cc: CSI Student Housing, LLC

EXHIBIT A-2

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issue:	$67,800,000 New York City Housing Development Corporation Residential Revenue Bonds (College of Staten Island Residences) 2012 Series A 2012 Series B (Federally Taxable)
CUSIP:	
Name of Obligated Person:	The City University of New York
	Date of Issuance: March __, 2012

NOTICE IS HEREBY GIVEN that The City University of New York has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of March __, 2012, among CSI Student Housing, LLC, The City University of New York and Deutsche Bank Trust Company Americas. [The City University of New York has notified the Dissemination Agent that The City University of New York anticipates that the Annual Report will be filed by ______________.]

Dated:_______________

____

Deutsche Bank Trust Company Americas, as Dissemination Agent, on behalf of The City University of New York

cc: The City University of New York

EXHIBIT B

ANNUAL FINANCIAL INFORMATION

$67,800,000
New York City Housing Development Corporation
Residential Revenue Bonds
(College of Staten Island Residences),
2012 Series A
2012 Series B (Federally Taxable)
Report for Period Ending

THE PROJECT

Name: ________________________
Address:________________________
Number of Spaces Available for Residents: 454
Number of Residents as of Report Date ________________________

The following table sets forth a summary of the operating results of the Project for fiscal year ended ___________, as derived from the Borrower's audited financial statements.

Revenues
Operating Expenses[1]
Net Operating Income
Debt Service on the Loan
Net Operating Income/(Loss)
After Debt Service

The average occupancy of the Project for the fiscal year ended [___] was [___]%.

[1]Excludes depreciation and other non-cash expenses, includes portion of management fee payable for reporting period.

AUDITED FINANCIAL STATEMENTS OF CUNY

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KPMG

THE CITY UNIVERSITY OF NEW YORK

Basic Financial Statements,
Supplementary Schedules, and
Management's Discussion and Analysis

June 30, 2011

(With Independent Auditors' Report Thereon)

THE CITY UNIVERSITY OF NEW YORK

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
The City University of New York:

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The City University of New York (the University), as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University's discretely presented foundations, component units of The City University of New York. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University's discretely presented foundations, is based on the reports of other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of The City University of New York, as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 17 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

November 18, 2011

INTRODUCTION

The intent of Management's Discussion and Analysis (MD&A) is to provide readers with an overview of the changes in the financial position of The City University of New York (the "University" or "CUNY") as of and for the years ended June 30, 2011 and 2010. Prior year balances have been reclassified to conform to the current year presentation.

The MD&A is designed to focus on current activities, resulting changes, and currently known facts with respect to the University's financial position. It should be read in conjunction with the accompanying basic financial statements and related footnotes.

For financial reporting purposes, the University's reporting entity consists of eleven (11) senior colleges, six (6) community colleges, three (3) Graduate and Professional Schools, and a School of Professional Studies, School of Biomedical Education, and an Honors College. The University's financial statements also include the financial activity of the following other related organizations: Research Foundation of the City University of New York (RF-CUNY), the 230 West 41st Street LLC, the City University Construction Fund (CUCF), the City University Economic Development Corporation (CUEDC), auxiliary enterprise corporations, college associations, child care centers of the individual colleges, and other entities deemed includable in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

The University also includes twenty-one (21) college foundations as part of its reporting entity. These fund-raising organizations follow the Financial Accounting Standards Board (FASB) standards. The financial activities of these organizations are maintained in their original FASB format and are not included in the discussion presented below. The basis for determining which University related organizations are considered to be part of the University's reporting entity is included in note 1 of the financial statements.

FINANCIAL HIGHLIGHTS (COMPARISON OF FISCAL YEARS 2011 AND 2010)

- For fiscal year 2011, the State of New York ("the State") imposed $84.4 million in operating budget reductions for the senior colleges. Combined with the reductions from the past two fiscal years, the University has now sustained over $205 million in State cuts to the senior colleges since fiscal year 2009. For the community colleges in fiscal year 2011, State base aid per FTE was lowered by $285, resulting in an operating budget reduction to the community colleges of approximately $20 million. In the City of New York ("the City") adopted budget, the community colleges also sustained a $12.3 million reduction from Program to Eliminate the Gap (PEG) initiatives.

- During fiscal year 2011, the State and City both announced mid-year budget reduction targets for the University. The State's reduction to the senior colleges was $11.9 million; approval to enact this cut was not granted by the State Legislature, and therefore this reduction was rolled into fiscal year 2012's budget. On the City side, the community colleges were allocated a $7.8 million budget reduction, net of a $4.0 million restoration from the City Council. In an effort to mitigate the effect of these mid-year reductions, as well as prior year baseline cuts, the CUNY Board of Trustees approved a 5% tuition increase effective for the Spring 2011 semester.

- The State of New York also authorized an Early Retirement Incentive (ERI) during fiscal year 2011. CUNY's senior colleges, community colleges, and central administration participated in the program. As a result, 667 employees separated from the University.

– Enrollment at the University continues to be strong. Annual Full-Time Equivalent (FTE) enrollments increased by 3.4%, between fiscal years 2010 and 2011. Total headcount enrollment is in excess of 260,000 students.

– In fiscal year 2011, the CUNY Investment Pool increased 21.3%, or $27.5 million.

– The University received American Recovery and Reinvestment Act (ARRA) funds totaling $32.8 million for the community colleges. These funds were used to keep tuition levels as low as possible and pay for part-time faculty salaries. CUNY also received $49.9 million in ARRA funds for the TAP program. These funds were used in accordance with the guidelines for these programs.

FINANCIAL POSITION

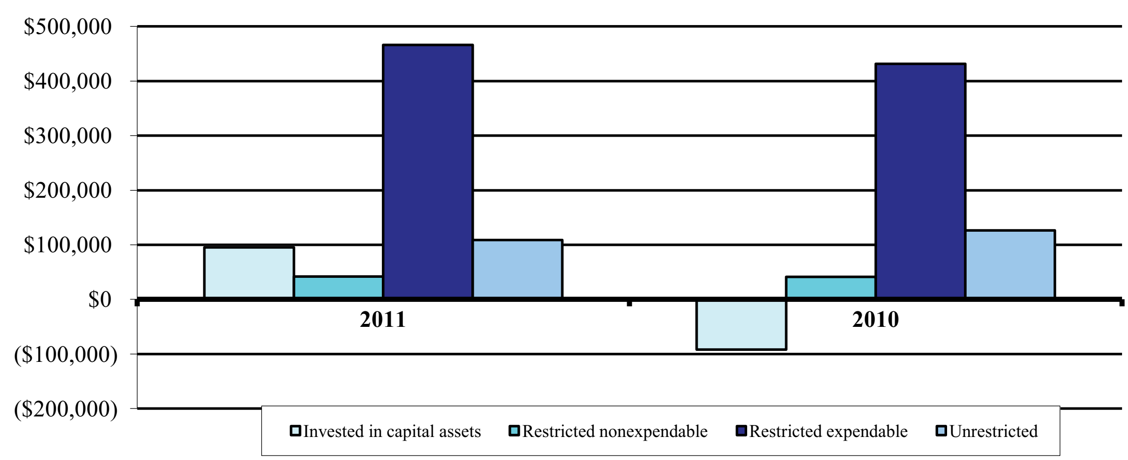
An institution's net assets (assets minus liabilities) are one measure of financial health or financial position. Increases and decreases in the University's net assets over time are indicators of whether its financial health is sound or not.

CUNY's total net assets increased by $206 million, or 40.5%, between fiscal years 2010 and 2011.

The 2011 variance was due to the following: (i) a $187 million increase in invested in capital assets, net of related debt, primarily due to pay-down of debt of $428 million and capitalizing more capital assets, offset by depreciation and amortization expense of $212 million; (ii) a $35.1 million increase in restricted expendable net assets, which is primarily comprised of a $27.5 million increase in the University's Investment Pool, reflecting the strong performance of the combined managers in this globally-diversified portfolio; and (iii) a $17.2 million decrease in unrestricted net assets mainly due to an increase in OPEB liability of $50 million, offset by an increase in tuition revenue of $35.9 million.

The major components of the University's net assets at June 30, 2011 and 2010 follow:

Net Assets
(in thousands)



NET ASSETS (in thousands)	2011	2010
Invested in capital assets, net of related debt	$ 95,380	$ (91,607)
Restricted nonexpendable	42,088	41,387
Restricted expendable	466,286	431,194
Unrestricted	108,941	126,149
Total net assets	$ 712,695	$ 507,123

Several nonfinancial factors are also relevant to the University's financial health. These include changes in the number and quality of its applicants, size of the first-year class, number of full-time faculty, student retention, graduation rates, building conditions, and campus safety. For example, an increase in the size of the first-year class could result in an increase of tuition and fees revenues.

ASSETS AND DEFERRED OUTFLOWS

At June 30, 2011, the University's total assets increased by $884 million, or 15%. The variance was primarily attributable to increases in capital assets, net and restricted deposits held by bond trustees and investments, offset by a decrease in restricted amounts held by DASNY.

The major components of the University's assets and deferred outflows at June 30, 2011 and 2010 follow:

Assets (in thousands)	**2011**	**2010**
Cash and cash equivalents	$ 633,265	633,752
Investments	263,487	226,428
Restricted deposits held by bond trustees	840,516	542,311
Restricted amounts held by DASNY	52,421	66,112
Receivables, net	567,516	570,017
Capital assets, net	4,355,779	3,792,754
Deferred financing costs	51,307	40,547
Prepaid expenses and other assets	21,031	29,421
Total Assets	$ 6,785,322	5,901,342

Deferred Outflows (in thousands)		
Interest rate swap agreements	$ 64,221	76,112
Total Deferred Outflow	$ 64,221	76,112

The most significant fluctuations are discussed below:

Investments increased by $37 million, or 16%, between fiscal years 2010 and 2011. The variance was due to increases in the University's Investment Pool of approximately $27.5 million.

Restricted Deposits Held by Bond Trustees includes bond proceeds not yet expended for construction projects and debt service and related accumulated investment income. Bond proceeds and investment income in excess of construction costs are restricted for future projects and debt service; these funds are invested in highly liquid assets, such as treasury bills. The balance increased by $298 million, or 55%, between fiscal years 2010 and 2011. The 2011 variance was primarily due to bond proceeds associated with new debt issuances of $1.1 billion and receipt of capital appropriations of $554 million, offset by construction disbursements of $797 million, bond payments of $428 million, and interest payments of $160 million.

Restricted Amounts Held by DASNY represents funds remitted to the Dormitory Authority of the State of New York (DASNY) to be used for the rehabilitation of existing plant facilities and administrative costs. The balance decreased by $13.7 million, or 20.7%, between fiscal years 2010 and 2011. The 2011 variance was mainly due to project funds received of $40 million, offset by payments of $49 million for the rehabilitation of Fiterman Hall.

Capital Assets, net includes land, land improvements, building, building improvements, leasehold improvements, construction in progress, infrastructure, infrastructure improvements, intangible assets, artwork and historical treasures, and equipment, reduced by related depreciation. The balance increased by $563 million, or 14.8%, between fiscal years 2010 and 2011. The 2011 variance was primarily due to capital asset additions of $789 billion offset by depreciation expense of $208 million.

Deferred Financing Costs represent costs incurred for the issuance of bonds that are capitalized and amortized over the life of the related debt. The balance increased by $10.8 million, or 27% between fiscal years 2010 and 2011 due to DASNY bond issuance costs of $10.3 million offset by amortization expense of $3 million on DASNY bonds.

Prepaid Expenses and Other Assets decreased by $8.4 million, or 29%, between fiscal years 2010 and 2011. The main reason for the decrease stems from the settlement of interest rate swap agreements of $4.2 million.

Deferred Outflows decreased by $11.9 million, or 16%, between fiscal years 2010 and 2011. The swap agreements entered into by the University were deemed to be effective and the decrease reflects the changes in the fair value of swap.

LIABILITIES AND DEFERRED INFLOWS

At June 30, 2011, the University's total liabilities increased by $671 million, or 12%, between fiscal years 2010 and 2011. The variance was primarily due to the increases in long-term debt and OPEB liability, offset by decreases in accounts payable and accrued expenses, interest rate swap agreement, federal refundable loans and other liabilities.

The following summarizes the liabilities and deferred inflows at June 30, 2011, and 2010:

Liabilities (in thousands)	**2011**	**2010**
Accounts payable and accrued expenses	$ 556,590	$ 572,221
Compensated absences	139,396	135,535
OPEB liability	353,541	303,488
Deferred tuition and fees revenue	78,623	78,475
Accrued interest payable	81,324	80,560
Long-term debt	4,700,789	4,030,253
Deferred grant revenue	67,166	67,879
Federal refundable loans	32,811	43,969
Interest rate swap agreements	64,221	76,112
Other liabilities	62,387	77,609
Total liabilities	$ 6,136,848	$ 5,466,101

Deferred inflows (in thousands)		
Interest rate swap agreements	$ -	$ 4,230
Total deferred inflows	$ -	$ 4,230

The most significant fluctuations are discussed below:

Accounts Payable and Accrued Expenses decreased by $15.6 million, or 3%, between fiscal years 2010 and 2011. The 2011 variance was primarily due to decreases in capital projects payable of $19.9 million.

OPEB Liability increased by $50 million, or 16%, between fiscal years 2010 and 2011. The 2011 increase was comprised of annual OPEB cost of $104 million, offset by payments made during the fiscal year of $31 million and decreases in OPEB liability of $23.4 million related to RF-CUNY.

Long-Term Debt increased by $670.5 million, or 17%, between fiscal years 2010 and 2011. The 2011 variance reflects $1.1 billion in new debt issued, offset by $428 million debt service payments in long-term debt.

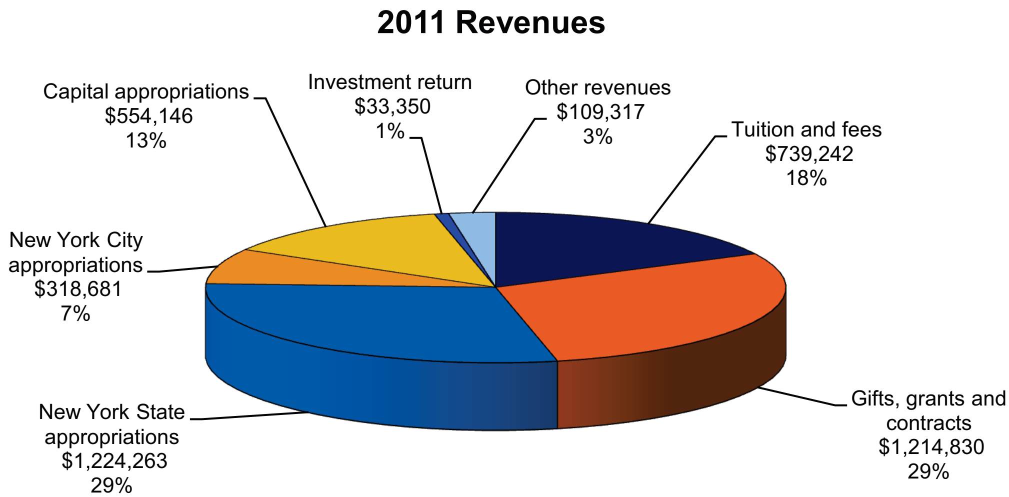
Interest Rate Swap Agreements decreased by $11.9 million, or 15.6%, between fiscal years 2010 and 2011. The swap agreements entered into by the University were deemed to be effective. The decrease was due to the changes in the fair value of the swap.

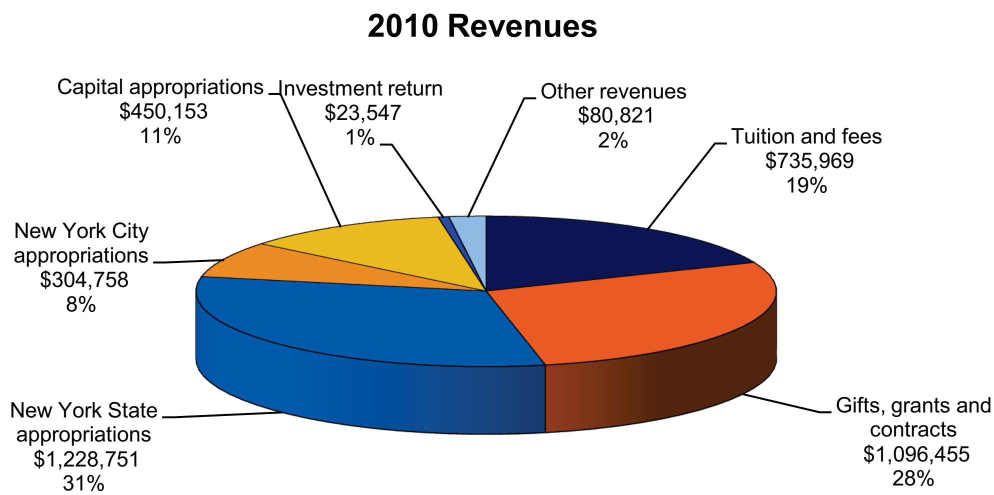
Deferred Inflows decreased by $4.2 million, or 100%, between fiscal years 2010 and 2011. The swap agreement was terminated during fiscal year 2011.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the University, as well as non-operating revenues and expenses. New York State and City appropriations/transfers ("appropriations"), while budgeted for operating activities, are presented as non-operating revenues as prescribed by GASB. The major components of revenues are presented below:

REVENUES





The University's revenues for the fiscal years ended June 30, 2011, and 2010 are presented below:

REVENUES
(in thousands)

	2011	2010
Operating Revenues		
Tuition and fees, net	$ 739,242	$ 735,969
Grants and contracts	1,182,300	1,096,455
Auxiliary enterprises	24,050	23,221
Other operating revenues	52,488	47,921
Total operating revenues	1,998,080	1,903,566
Non-Operating and Other Revenues		
Federal appropriations	32,779	13,730
New York State appropriations	1,224,263	1,228,751
New York City appropriations	318,681	304,758
Capital appropriations	554,146	450,153
Investment income, net	6,131	10,498
Net appreciation in fair value of investments	27,219	13,049
Gifts and grants	32,530	9,679
Total non-operating and other revenues	2,195,749	2,030,618
Total revenues	$ 4,193,829	$ 3,934,184

The University's total revenue for fiscal year 2011 was $4.19 billion, which represents an increase of $260 million, or 7%, over the prior year. New York State appropriations and gifts, grants, and contracts each accounted for 29% of revenues generated by the University followed by tuition and fees at 18%, capital appropriations at 13%, and New York City appropriations at 7%.

The most significant fluctuations are discussed below:

Tuition and Fees, net of scholarships, increased by $3.3 million, or 0.4%, between fiscal years 2010 and 2011. The fiscal year 2011 variance can be primarily attributed to increases in tuition in Spring 2011 of 5% and a 3.4% increase in average annual FTE enrollment for 2011.

The following depicts the University's enrollment trends for the past five years:

STUDENT ENROLLMENT 2007 – 2011

Annual Average Headcount Enrollment and
Full-Time Equivalent (FTE) Student Enrollment

	Headcount			FTEs		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
2011	228,211	33,493	261,704	174,881	21,178	196,059
2010	225,681	33,076	258,757	169,080	20,523	189,603
2009	212,614	30,949	243,563	156,329	18,918	175,247
2008	202,222	29,401	231,623	147,378	17,944	165,322
2007	195,158	29,008	224,166	141,525	17,502	159,027

The University continues to experience record enrollment levels. Driven by value-seeking students, including surging numbers of high academic achievers and community college applicants enrollment has increased in every year since 2007. Between 2007 and 2011, headcount enrollment increased 17% and FTEs increased 23% bringing enrollment to an all-time high. This level of enrollment also reflects the economic challenges currently facing our country and our state, as increasing numbers of students look to gain advanced skills and reshape careers in order to compete successfully in a changing economic environment. At the same time, the enrollment increases are a measure of New Yorkers' increased confidence in CUNY, where students know they can find the high quality, affordable education that is the hallmark of public universities.

Grants and Contracts primarily consist of student financial aid and government and private funds to support the University's research initiatives. The 2011 balance increased by $85.8 million, or 7.8%, mainly due to a $79.9 million increase in the Federal Pell Grant program. The fiscal year 2011 increase in Pell funds was due to the following: the University implemented year-round Pell; more students were eligible for Pell as a result of the increase in enrollment; and, the maximum Pell grant increased from $5,350 to $5,550.

Auxiliary Enterprises revenue increased by $829 thousand or 3.6%, between fiscal years 2010 and 2011. The increase was mainly due to $1.7 million generated by the Baruch College Auxiliary Corporation from fees collected for a student housing arrangement that begun in fiscal year 2011.

Other Operating Revenues increased by $4.6 million, or 9.5% between fiscal years 2010 and 2011. The 2011 variance was primarily due to increased income from rentals on facilities and services at the colleges.

Federal Appropriations increased by $19.0 million, or 138.7% between fiscal years 2010 and 2011. The University received $32.8 million in federal stimulus (ARRA) funds as an offset against state reductions.

New York City Appropriations increased by $13.9 million, or 4.6%, between fiscal years 2010 and 2011. The 2011 variance was due to additional appropriations for mandatory needs such as collective bargaining, fringe benefits, building rentals, pensions, and energy, as well as for rental and start-up costs for CUNY's New Community College. The New Community College is scheduled to begin enrolling students in summer 2012.

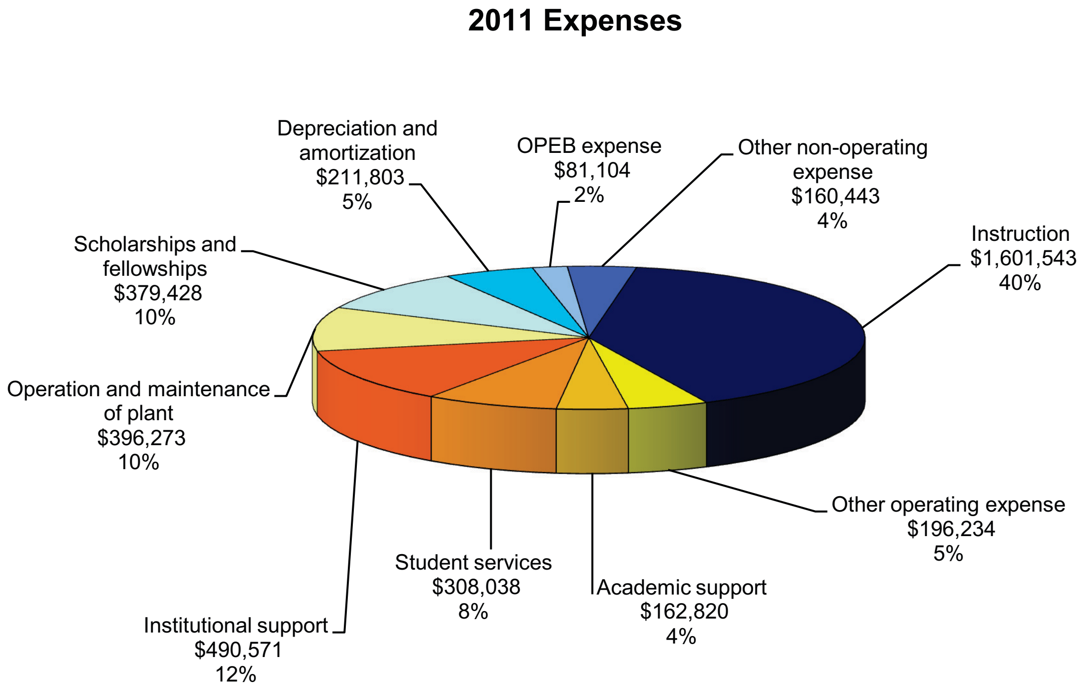
Capital Appropriations increased by $104 million, or 23.1%, between fiscal years 2010 and 2011. The 2011 variance was primarily due to an increase of $93.3 million related to debt service payments.

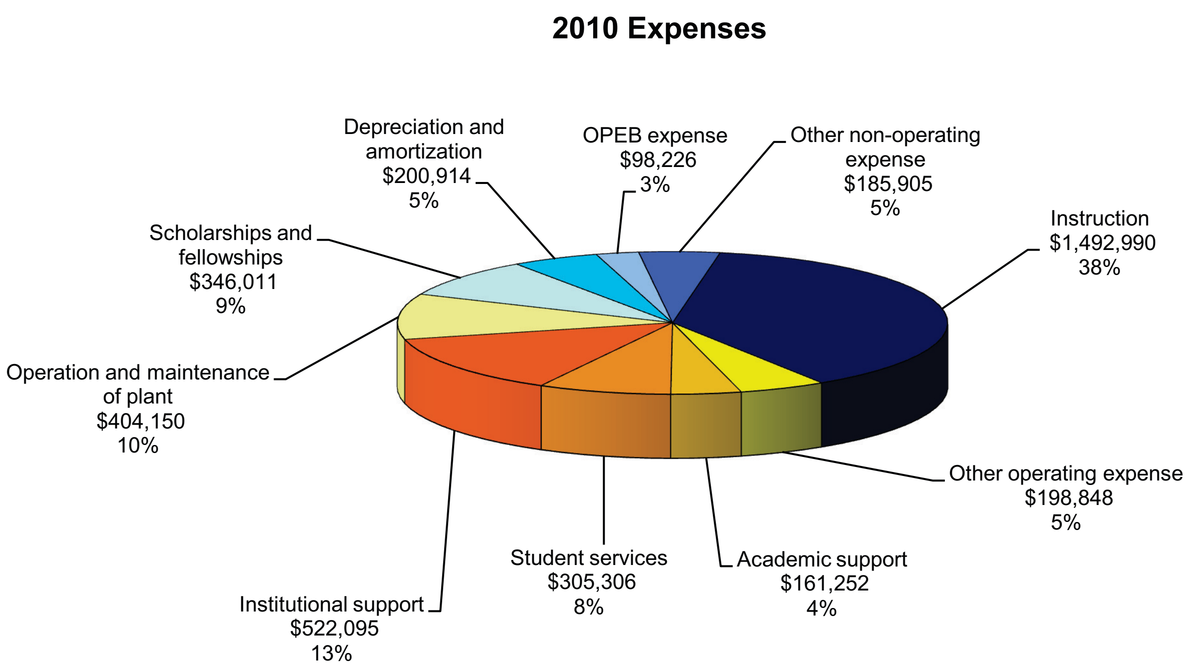
Investment Income, net decreased by $4.4 million, or 42%, between fiscal years 2010 and 2011. The variance was primarily as a direct result of lower interest rates in fiscal year 2011.

Net Appreciation in Fair Value of Investments represents net realized and unrealized gains on investments. The balance increase $14.2 million, or 109%, between fiscal years 2010 and 2011. The largest gain was from the University Investment Pool, which had a gain of $12.8 million.

Gifts and Grants include non-exchange contributions and additions to permanent endowment. The balance increased by $22.8 million, or 235%, between fiscal years 2010 and 2011. The 2011 change was mainly due to the following: (i) $7.5 million gift from the Silberman Fund for the School of Social Work and (ii) $3.9 million gift from the Queens College Foundation in support of Queens College.

EXPENSES


2011 Expenses
Depreciation and amortization $211,803 5%
OPEB expense $81,104 2%
Other non-operating expense $160,443 4%
Instruction $1,601,543 40%
Scholarships and fellowships $379,428 10%
Operation and maintenance of plant $396,273 10%
Other operating expense $196,234 5%
Student services $308,038 8%
Academic support $162,820 4%
Institutional support $490,571 12%


2010 Expenses
Depreciation and amortization $200,914 5%
OPEB expense $98,226 3%
Other non-operating expense $185,905 5%
Instruction $1,492,990 38%
Scholarships and fellowships $346,011 9%
Operation and maintenance of plant $404,150 10%
Other operating expense $198,848 5%
Student services $305,306 8%
Academic support $161,252 4%
Institutional support $522,095 13%

The University's expenses for the fiscal years ended June 30, 2011, and 2010 are presented below:

Expenses

(in thousands)

	2011	2010
Operating Expenses		
Instruction	$ 1,601,543	$ 1,492,990
Research	126,872	117,723
Public service	32,295	47,802
Academic support	162,820	161,252
Student services	308,038	305,306
Institutional support	490,571	522,095
Operation and maintenance of plant	396,273	404,150
Scholarships and fellowships	379,428	346,011
Auxiliary enterprises	37,067	33,323
Depreciation and amortization expense	211,803	200,914
OPEB expense	81,104	98,226
Total operating expenses	3,827,814	3,729,792
Non-Operating Expenses		
Interest expense	160,955	181,484
Other non-operating (revenues) expenses	(512)	4,421
Total non-operating expenses	160,443	185,905
Total expenses	$ 3,988,257	$ 3,915,697

Total expenses for fiscal year 2011 exceeded $3.9 billion, which reflected an increase of $73 million, or 2% over the prior year. Forty percent of the University's expenses were spent on instruction, followed by institutional support at 12%, operation and maintenance of plant at 10%, scholarships and fellowships at 10%, and student services at 8%. The 2011 increases can be attributed to overall increases in payroll and related fringe benefit costs, somewhat offset by early retirement savings, as well as increased spending levels in energy and building rentals.

Instruction expense increased by $108.6 million, or 7.3% between fiscal years 2010 and 2011. The 2011 increase is mainly due to the collective bargaining agreement between the University and its faculty union – the Professional Staff Congress. All instructional staff received a 3% salary increase in October 2009, the annualized cost of which was fully realized in fiscal year 2011. In addition, faculty at the top step of the salary scale received an additional 1% increase, as per the collective bargaining agreement. Faculty members also received annual salary (i.e. step) increments as per contractual obligations. Adjunct expenditures also increased as colleges were required to increase faculty and staff up in order to meet historically high enrollment levels.

Research expense increased by $9 million, or 8%, between fiscal years 2010 and 2011. The 2011 variances were due to the increase in research activities at RF-CUNY.

Public Services expense decreased by $15.5 million, or 32.4%, and represented reduced legislative member items from the State and City of New York.

Academic Support expenses increased by $1.6 million, or 1%, between fiscal years 2010 and 2011. The 2011 variance was mainly due to the payment for the library electronic subscription fees and collection fees.

Student Services expense increased by $2.7 million, or 0.9%, between fiscal years 2010 and 2011. The 2011 variance was mainly due to several new private and federally sponsored programs in support of student activities at the Research Foundation of CUNY. Also in fiscal year 2011, the University self-funded the CUNY LEADS (Linking Employment, Academics, and Disability Services). This program was previously funded through a grant from the NYSED.

Institutional Support decreased by $31.5 million, or 6%, between fiscal years 2010 and 2011. The decrease is mainly due to planned spending reductions in this area as a result of State and City budget cuts, as colleges attempted to protect core instructional areas from the effects of diminished support. Included in this reduced spending was personal services savings as a result of the Early Retirement Initiative, as many newly created vacancies were not immediately backfilled.

Operation and Maintenance of Plant expenses decreased by $7.9 million, or 2%, between fiscal years 2010 and 2011. The decrease is mainly due to planned spending reductions in this area as a result of State and City budget cuts, as colleges attempted to protect core instructional areas from the effects of diminished support. Included in this reduced spending was personal services savings as a result of the Early Retirement Initiative, as many newly created vacancies were not immediately backfilled.

Scholarships and Fellowships expense increased by $33.4 million, or 10%, between fiscal years 2010 and 2011. The 2011 increase stems from increases in allowable aide from federal and state grants and increases in enrollment.

Auxiliary Enterprises expenses increased by $3.7 million, or 11%, between fiscal years 2010 and 2011. The 2011 increases were primarily due to the operation of the student housing program at the Baruch College Auxiliary Corporation.

Depreciation and Amortization Expense increased by $10.9 million, or 5%, between fiscal years 2010 and 2011. The 2011 variance reflects more capital assets being depreciated and additional amortization due to deferred bond issuance costs.

OPEB Expense decreased by $17.1 million, or 17%, between fiscal years 2010 and 2011. This was mainly due to reduction of $23.4 million in OPEB expense at the Research Foundation of CUNY, offset by increased longevity. The changes in actuarial assumptions required from passage of the National Health Care Reform Act were adopted in fiscal year 2010 and were applied in a consistent manner in fiscal year 2011.

Interest Expense decreased by $20.5 million, or 11%, between fiscal years 2010 and 2011. The 2011 variance reflects primarily the exclusion of $46.2 million in capitalized interest affiliated with projects currently in construction in progress, offset by the increase in interest attributed to the issuance of new bonds during fiscal year 2011.

Other Non-Operating (Revenues) Expenses decreased by $4.9 million, or 112%, between fiscal years 2010 and 2011. The 2011 variance is primarily due to various non-operating expenses spread among the colleges.

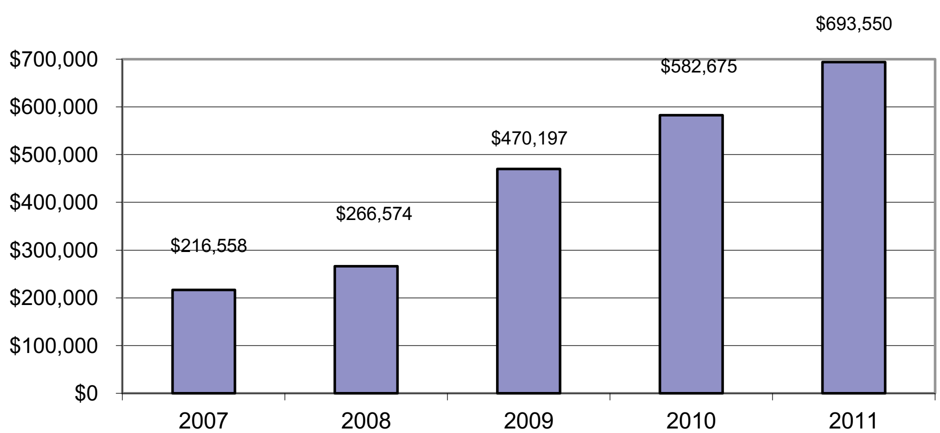
CAPITAL ASSETS

At June 30, 2011, the University had approximately $4.356 billion in capital assets, net of accumulated depreciation of $2.933 billion. Annual depreciation expense totaled $208.3 million for the year ended June 30, 2011.

The University's capital program addresses the major new construction, rehabilitation, and capital equipment needs of its colleges and is developed in accordance with the University's established priority system as articulated in its Master Plan. Funding is based upon a five-year capital plan, which is subject to final approval by the State. A complete list of project and construction costs is included in the Master Plan. Most of CUNY's capital program is conducted through DASNY on behalf of CUNY.

The following depicts disbursements made by DASNY for the University's capital construction projects over the last five years:

DASNY Capital Construction Disbursements
(in thousands)

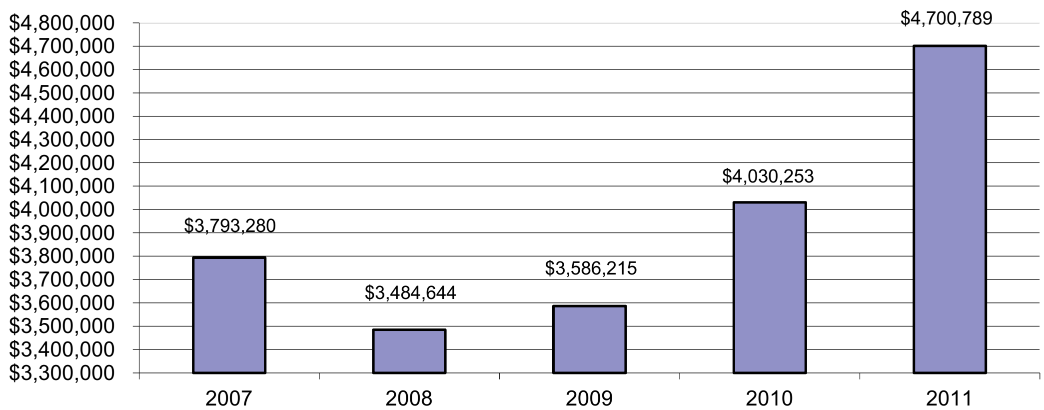


Capital construction disbursement increased by $111 million, or 19%, between fiscal years 2010 and 2011. The 2011 increase reflects several major projects that began during this period or had progressed to a point in construction where the nature and magnitude of the activities being performed resulted in a higher rate of disbursements. The following projects had a significant impact on disbursements: a new building for the Law School, John Jay Phase 2, City College Science Building, Lehman Media Center, and School of Social Work building.

Funding for capital construction and rehabilitation of educational facilities is provided principally through the issuance of bonds authorized by the CUCF and funded through DASNY. Some rehabilitation projects are also funded through City and State capital appropriations.

The following summarizes the University's long-term debt:

Long-Term Debt
(in thousands)



Debt increased by $670.5 million, or 17%, between fiscal years 2010 and 2011. The 2011 variance reflects $1.1 billion in new debt issued, offset by debt service payments of $428 million in long-term debt.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The major economic factor affecting the future of The City University of New York continues to be the global economic situation and its impact on government entities at all levels. We first called attention to this in 2010, it was a concern in 2011 and remains so in 2012 and into the near term future.

Both the State and the City continue to experience challenges in dealing with forecasted budget gaps through 2013. Revenues are not keeping pace with expenses. New York State is projecting a deficit of $2.4 billion in fiscal year 2013, while New York City is projecting a gap of $4.6 billion. Since fiscal year 2009, CUNY has sustained $300 million in State budget reductions, including a $95.1 million reduction in fiscal year 2012.

In June 2011, the State of New York enacted legislation authorizing CUNY to implement a rational tuition policy by increasing its tuition up to $300 annually for five years (through fiscal year 2015-2016) for full-time undergraduate resident students, beginning with the fall 2011 semester. In addition, the new State legislation requires that a tuition credit be given to those students who are eligible for the State Tuition Assistance Program (TAP) when the annual tuition exceeds $5,000. The legislation also includes a Maintenance of Effort provision, whereby State funding for CUNY's senior colleges cannot be less than the preceding year (beginning with fiscal year 2011-fiscal year 2012 levels) unless the Governor declares a fiscal emergency, at which point state support for operating expenses at CUNY and SUNY may be reduced proportionate to each other.

For the better part of a decade, the University has been advocating a policy of modest, incremental tuition increases tied to state funding. Known as the CUNY Compact**,** now in its seventh year, funding is shared by the State and the City, the University (through internal efficiencies), philanthropic sources and students, through managed enrollment growth and modest, predictable tuition increases.

The State's rational tuition policy of modest increases enables multi-year planning and positions CUNY to compete more effectively in the national and international marketplace. It sends a powerful signal to families, donors, and the business community that New York is investing in its students and its future through stable support of its public university systems. This will allow families to plan for the costs of higher education and one that protects the neediest students. A portion of the revenues generated from the increased rates will be set aside for student financial aid. The University has announced a $3 billion capital campaign to conclude in 2015. To date, $2.1 billion has been raised.

THE CITY UNIVERSITY OF NEW YORK

Business-type Activities – University Only

Statement of Net Assets

June 30, 2011

(In thousands)

Assets:		
Current assets:		
Cash and cash equivalents (note 3)	$	633,265
Short-term investments (note 3)		22,853
Restricted deposits held by bond trustees (note 8)		238,191
Restricted amounts held by the Dormitory Authority of the State of New York (note 8)		52,421
Receivables (net of allowance for doubtful accounts of $62,738) (note 4)		544,253
Prepaid expenses and other current assets		17,268
Total current assets		1,508,251
Noncurrent assets:		
Restricted cash (note 3)		3,388
Long-term investments, unrestricted (note 3)		100,258
Long-term investments, restricted (note 3)		140,376
Restricted deposits held by bond trustees (note 8)		602,325
Student loans and accrued interest receivable (net of allowance for doubtful loans of $22,252) (note 4)		23,263
Deferred financing costs		48,257
Capital assets, net (note 5)		4,355,779
Other noncurrent assets		3,425
Total noncurrent assets		5,277,071
Total assets		6,785,322
Deferred outflows:		
Interest rate swap agreements (note 7)		64,221
Total deferred outflows		64,221
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses (note 6)		556,590
Compensated absences (note 7)		95,066
Deferred tuition and fees revenue		78,623
Accrued interest payable		81,324
Current portion of long-term debt (note 7)		232,783
Deferred grant revenue		67,166
Other current liabilities		18,624
Deposits held in custody for others		27,146
Total current liabilities		1,157,322
Noncurrent liabilities (note 7):		
Compensated absences		44,330
OPEB liability (note 10)		353,541
Long-term debt		4,468,006
Federal refundable loans		32,811
Interest rate swap agreements (note 7)		64,221
Other noncurrent liabilities		16,617
Total noncurrent liabilities		4,979,526
Total liabilities		6,136,848
Net assets:		
Invested in capital assets, net of related debt		95,380
Restricted:		
Nonexpendable		42,088
Expendable:		
Debt service		240,453
Scholarships and general educational support		104,485
Loans		12,165
Other		109,183
Unrestricted		108,941
Total net assets	$	712,695

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Discretely Presented Component Units – College Foundations

Combined Statement of Financial Position

June 30, 2011

Assets:		
Cash and cash equivalents	$	42,675,394
Accounts and other receivables, net		1,759,264
Prepaid expenses and other assets		2,490,368
Contributions receivable, net		119,038,884
Investments		474,407,624
Beneficial interest in remainder trusts		7,991,144
Remainder interest in real property		264,000
Capital assets, net		36,887,246
Total assets	$	685,513,924
Liabilities:		
Accounts payable and accrued expenses	$	5,228,489
Annuities payable		2,824,716
Due to affiliates		3,948,426
Deferred revenue		499,663
Loan payable		29,711,751
Other liabilities		1,040,124
Total liabilities		43,253,169
Net assets:		
Unrestricted		90,513,979
Temporarily restricted		253,733,568
Permanently restricted		298,013,208
Total net assets		642,260,755
Total liabilities and net assets	$	685,513,924

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Business-type Activities – University Only

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended June 30, 2011

(In thousands)

Revenues:		
Operating revenues:		
Tuition and fees (net of scholarship allowance of $533,258)	$	739,242
Grants and contracts:		
Federal		783,030
New York State		234,525
New York City		81,808
Private		82,937
Total grants and contracts		1,182,300
Sales and services of auxiliary enterprises		24,050
Other operating revenues		52,488
Total operating revenues		1,998,080
Expenses:		
Operating expenses:		
Instruction		1,601,543
Research		126,872
Public service		32,295
Academic support		162,820
Student services		308,038
Institutional support		490,571
Operation and maintenance of plant		396,273
Scholarships and fellowships		379,428
Auxiliary enterprises		37,067
Depreciation and amortization expense		211,803
OPEB expense (note 10)		81,104
Total operating expenses		3,827,814
Operating loss		(1,829,734)
Nonoperating revenues (expenses):		
Government appropriations/transfers:		
Federal		32,779
New York State		1,224,263
New York City		318,681
Gifts and grants		32,430
Investment income, net		6,131
Interest expense		(160,955)
Net appreciation in fair value of investments		27,219
Other nonoperating revenues, net		512
Net nonoperating revenues		1,481,060
Loss before other revenues		(348,674)
Capital appropriations		554,146
Additions to permanent endowments		100
Total other revenues		554,246
Increase in net assets		205,572
Net assets at beginning of year		507,123
Net assets at end of year	$	712,695

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Discretely Presented Component Units – College Foundations

Combined Statement of Activities

Year ended June 30, 2011

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:					
Gifts, grants, and contributions	$	22,796,844	47,937,053	13,818,696	84,552,593
Special events		3,244,194	578,718	14,570	3,837,482
Program service revenues		170,922	—	—	170,922
Investment income		20,698,919	29,463,473	39,747	50,202,139
Net realized and unrealized gains (losses) on investments		8,011,567	9,144,420	(382)	17,155,605
Change in value of split interest agreements/beneficial trust		(34,543)	272,407	3,523	241,387
Other income		1,207,274	208,935	—	1,416,209
Net assets released from restrictions		52,658,181	(33,754,146)	(18,904,035)	—
Total revenues, gains, and other support		108,753,358	53,850,860	(5,027,881)	157,576,337
Expenses:					
Program services		56,856,781	—	—	56,856,781
Management and general		8,232,106	—	—	8,232,106
Fundraising		6,487,500	—	—	6,487,500
Total expenses		71,576,387	—	—	71,576,387
Change in net assets before reclassifications and adjustments		37,176,971	53,850,860	(5,027,881)	85,999,950
Reclassifications and adjustments		(2,574,869)	4,071,841	(3,702,408)	(2,205,436)
Change in net assets		34,602,102	57,922,701	(8,730,289)	83,794,514
Net assets at beginning of year		55,911,877	195,810,867	306,743,497	558,466,241
Net assets at end of year	$	90,513,979	253,733,568	298,013,208	642,260,755

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Business-type Activities – University Only

Statement of Cash Flows

Year ended June 30, 2011

(In thousands)

Cash flows from operating activities:		
Collection of tuition and fees	$	753,402
Collection of grants and contracts		1,197,022
Collection of loans from students		6,998
Sales and services of auxiliary enterprises		24,050
Payments to suppliers		(395,471)
Payments for utilities		(101,092)
Payments to employees		(1,812,924)
Payments for benefits		(664,468)
Payments for scholarships and fellowships		(379,428)
Payments for OPEB		(31,051)
Loans issued to students		(34,689)
Net cash flows used by operating activities		(1,437,651)
Cash flows from noncapital financing activities:		
Federal, State, and City appropriations/transfers		1,442,199
Gifts and grants for other than capital purposes		32,430
Private gifts for endowment purposes		100
Increase in deposits held in custody for others		(8,889)
Disbursements to third parties		513
Net cash flows provided by noncapital financing activities		1,466,353
Cash flows from capital and related financing activities:		
Proceeds from capital debt		1,102,536
Capital appropriations		554,146
Purchases of capital assets		(797,070)
Principal paid on capital debt		(428,347)
Principal amount refunded		(4,714)
Interest paid on capital debt		(160,191)
Amounts paid for bond issuance costs		(10,309)
Increase in restricted deposits held by bond trustees		(298,205)
Decrease in restricted amounts held by the Dormitory Authority of the State of New York		13,691
Net cash flows used by capital and related financing activities		(28,463)
Cash flows from investing activities:		
Investment income		6,131
Proceeds from sales and maturities of investments		456,230
Purchases of investments		(466,070)
Decrease in restricted cash		2,983
Net cash flows used by investing activities		(726)
Decrease in cash and cash equivalents		(487)
Cash and cash equivalents at beginning of year		633,752
Cash and cash equivalents at end of year	$	633,265

(Continued)

THE CITY UNIVERSITY OF NEW YORK

Business-type Activities – University Only

Statement of Cash Flows

Year ended June 30, 2011

(In thousands)

Reconciliation of operating loss to net cash flows used by operating activities:		
Operating loss	$	(1,829,734)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation and amortization		211,803
Bad debt expense		23,326
Change in operating assets and liabilities:		
Receivables		(32,846)
Prepaid expenses and other assets		4,175
Accounts payable and accrued expenses		138,609
Deferred tuition and fees revenue		148
Compensated absences		3,859
OPEB liability		50,053
Deferred grant revenue		(713)
Other liabilities		(6,331)
Net cash flows used by operating activities	$	(1,437,651)

See accompanying notes to financial statements.

(1) Organization and Reporting Entity

The City University of New York (the University or CUNY) is a municipal college system located in the City of New York and is composed of the following colleges:

Senior Colleges

Bernard M. Baruch College
Brooklyn College
The City College
The College of Staten Island
Hunter College
John Jay College of Criminal Justice
Herbert H. Lehman College
Medgar Evers College
New York City College of Technology
Queens College
York College

Community Colleges

Borough of Manhattan Community College
Bronx Community College
Eugenio María de Hostos Community College
Kingsborough Community College
Fiorello H. LaGuardia Community College
Queensborough Community College

Graduate and Professional Schools

The Graduate School and University Center
City University School of Law at Queens College
The CUNY Graduate School of Journalism

Other Schools

The William E. Macaulay Honors College
The Sophie Davis School of Biomedical Education
The CUNY School of Professional Studies

In addition to the colleges and schools listed above, it was determined that other related organizations, including the Research Foundation of The City University of New York (RF-CUNY), the City University Construction Fund (CUCF), City University Economic Development Corporation (CUEDC), child care centers, auxiliary service corporations, and student associations should be included in the University's financial reporting entity. The key element for inclusion in the reporting entity is based primarily on financial accountability. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), defines financial accountability in terms of a primary government (the University) that is financially accountable for the organizations that make up its legal entity. The

University is financially accountable for legally separate organizations if its officers appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the University. The University may also be financially accountable for governmental organizations that are fiscally dependent on it. Other organizations for which the nature and significance of their relationships with the University are such that exclusion from the financial reporting entity would render the reporting entity's financial statements to be misleading or incomplete may also be included in the financial reporting entity.

Further, the State of New York presents the senior colleges as an enterprise fund (business-type activity), as defined by GASB 14, in its financial statements. Similarly, the City of New York presents CUCF as a component unit in its financial statements. In addition, the community colleges are reported as part of the primary government of the City of New York.

The accompanying basic financial statements include the operations of the following related organizations, which are blended with the accounts of the University:

RF-CUNY

RF-CUNY is a separate not-for-profit educational corporation and legal entity, which operates as the fiscal administrator for the majority of University-sponsored programs financed by grants and contracts. Such programs include research, training, and public service activities.

230 West 41st Street LLC (the Company) was established on May 7, 2004 as a Delaware limited liability company. The Company was organized pursuant to the Limited Liability Operating Agreement (the Agreement) dated July 14, 2004 by RF-CUNY with a 100% interest in the Company. The Company was formed to acquire, own, and operate an approximately 300,000 square foot office building located at 230 West 41st Street in New York, New York. The Company will continue indefinitely, unless terminated sooner pursuant to the Agreement.

The University has a financial benefit/burden relationship with RF-CUNY. Accordingly, financial activity related to RF-CUNY is included in the accompanying basic financial statements.

CUCF

CUCF is a public benefit corporation, which has the authority to design, construct, reconstruct, and rehabilitate facilities of the University pursuant to an approved master plan. The University has a financial benefit/burden relationship with CUCF, and therefore, the financial activity related to CUCF is included in the accompanying basic financial statements.

CUEDC

CUEDC is a public benefit corporation, which was incorporated to support and advance the education, research, and public service mission of CUNY. The University has a financial benefit/burden relationship with CUEDC, and therefore, the financial activity related to CUEDC is included in the accompanying basic financial statements.

Other Related Organizations

The majority of the University's colleges maintain auxiliary services, child care centers, and certain performing arts corporations. These entities are campus-based, not-for-profit corporations, which operate, manage, and promote educationally related services for the benefit of the campus community. Although separate and independent legal entities, those corporations carry out operations, which are integrally related to the University and are included in the accompanying basic financial statements.

The colleges' student associations carry out operations, which are integrally related to the University. Accordingly, financial activity related to these associations is included in the accompanying basic financial statements.

College Foundations

Under GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14* (GASB 39), legally separate organizations meeting certain criteria should be discretely presented as component units. The criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the University/college, its component units or its constituents (e.g., students, faculty, and staff).

2. The University/college, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the University/college, or its component units, is entitled to, or has the ability to otherwise access, are significant to the University.

Each of the 21 foundations listed below met these criteria, and are, therefore, discretely presented in the University's basic financial statements. The majority of the members of the foundations' Board of Directors are made up of individuals who are independent from the University or college. All of the foundations listed below are June 30 year-ends. Herbert H. Lehman College Foundation, Inc. was a December 31 year-end, and effective June 30, 2011, changed its year-end to June 30.

Senior College Foundations

The Baruch College Fund
The Brooklyn College Foundation, Inc.
The City College 21st Century Foundation, Inc.
The City College Fund
The City University School of Law at Queens College Foundation, Inc.
The Graduate Center Foundation, Inc.
The Hunter College Foundation, Inc.
John Jay College Foundation, Inc.
Herbert H. Lehman College Foundation, Inc.
Macaulay Honors College Foundation
Medgar Evers Educational Foundation, Inc.
New York City College of Technology Foundation, Inc.
Queens College Foundation, Inc.
The College of Staten Island Foundation, Inc.
York College Foundation

Community College Foundations

Borough of Manhattan Community College Foundation, Inc.
Bronx Community College Foundation, Inc.
Eugenio María de Hostos Community College Foundation
Kingsborough Community College Foundation, Inc.
Fiorello H. LaGuardia Community College Foundation, Inc.
Queensborough Community College Fund, Inc.

The operations of certain related but independent organizations existing at each campus, such as certain campus-related alumni associations, are not included in the accompanying basic financial statements because they do not meet the third criteria for inclusion under GASB 39; that is, the economic resources received or held by these organizations, which the University or college, or its component units, is entitled to, or has the ability to access, are not significant to the University.

Copies of the foundation audit reports can be obtained by sending an inquiry to The City University of New York, Office of the University Controller, 230 West 41st Street, 5th floor, New York, New York 10036.

(2) Summary of Significant Accounting Policies

In addition to GASB 14 and GASB 39, which were discussed previously, the significant accounting policies followed by the University are described below:

Measurement Focus and Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the GASB. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized when incurred, if measurable.

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34), establishes financial reporting requirements that require the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of: management's discussion and analysis, basic financial statements, and required supplementary information.

GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34* (GASB 35), establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB 34. In accordance with this statement, the University presents statements of net assets, revenues, expenses, and changes in net assets, and cash flows on a University-wide basis. The objective of this statement is to enhance the understandability and usefulness of the external financial reports issued by public colleges and universities.

The University's reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB statements and interpretations issued after November 30, 1989.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents are composed of highly liquid assets with original maturities of 90 days or less, and include overnight repurchase agreements, commercial paper, and money market accounts.

Investments and Restricted Deposits Held by Bond Trustees

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31), debt and equity securities and certain other investments with readily determinable fair values are required to be reported at fair value. Accordingly, the University's investments and restricted deposits held by bond trustees are reported at fair value, which is based upon values provided by the University's custodian or current market quotations and assessed by the University for reasonableness, in the accompanying statement of net assets. Nonmarketable investments such as hedge funds or other investment funds are carried at estimated fair value based on the net asset values reported by the fund managers. All investment income, including changes in the fair value of investments, is recognized as gain (loss) in the accompanying statement of revenues, expenses, and changes in net assets.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), addresses the recognition, measurement, and disclosure of derivative instruments entered into by state and local governments. If a derivative's hedge is effective in significantly reducing an identified risk of rising or falling cash flows or fair values, then its fair value changes are deferred on the statement of net assets until the hedged transaction occurs or the derivative ceases to be effective. If a derivative hedge is not effective to reduce an identified risk of rising or falling cash flows or fair values, then the change in the fair value is reported as investment income or loss on the statement of revenues, expenses, and changes in net assets.

Noncurrent Assets

Noncurrent assets include: (1) cash and other assets or resources commonly identified as those that are expected to be realized in cash or sold or consumed beyond the normal operating cycle (12 months or more); (2) restricted assets, which should be reported when restrictions on assets change the nature or normal understanding of the availability of the asset. For example, cash and investments normally are classified as current assets, and a normal understanding of these assets presumes that restrictions do not limit the University's ability to use the resources to pay current liabilities. But cash and investments held in a separate account that can be used to pay debt principal and interest only as required by the debt covenants and that cannot be used to pay other current liabilities should be reported as restricted assets; and (3) investments purchased with a long-term objective, which should not be reported as current assets, even though they are within one year of maturity, as the managerial intent was that the resources are not available for current uses or needs.

Cash and investments that are externally restricted to make debt service payments or long-term loans to students, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the accompanying statement of net assets.

(Continued)

Deferred Financing Costs

The University capitalizes costs incurred in connection with its bonds and amortizes these costs over the life of the respective obligations. These deferred costs are included as other current and noncurrent assets in the accompanying statement of net assets.

Capital Assets

Land, land improvements, buildings, building improvements, leasehold improvements, intangible assets, infrastructure, and infrastructure improvements are stated at cost or cost based appraisal values based upon an independent appraisal performed in 2002, with subsequent additions at cost at date of acquisition or fair value at date of donation in the case of gifts. Intangible assets, equipment, and works of art and historical treasures are recorded at cost at date of acquisition or appraised fair value at date of donation.

In accordance with the University's capitalization policy, only those items with unit costs of more than $5,000 (excluding computer hardware, which has a threshold of $1,000) and useful lives of two years or more are capitalized. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful lives of the structures are capitalized. Net interest costs on debt related to construction in progress are capitalized. University capital assets, with the exception of land, construction in progress, and works of art and historical treasures, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 40 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (GASB 42), the University reports the effects of capital asset impairment in its financial statements and establishes accounting guidance for recording insurance recoveries.

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), the University is required to report pollution (including contamination) remediation obligations in its financial statements, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), establishes standards of accounting and financial reporting for intangible assets for all state and local governments. GASB 51 identifies the criteria by which intangible assets are required to be classified as capital assets and reported in the financial statements.

Deferred Revenue

Deferred revenue primarily consists of tuition and fees not earned during the current year and grant and contracts that have not yet been earned.

(Continued)

Noncurrent Liabilities

Noncurrent liabilities include: (1) principal and interest amounts of debt obligations with contractual maturities greater than one year; (2) federal refundable loans; (3) estimated amounts of compensated absences and other liabilities that will not be paid within the next fiscal year; (4) OPEB liability; and (5) interest rate swap agreements with contractual periods in excess of one year.

Other Postemployment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of other than postemployment benefits costs (OPEB) and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan.

OPEB cost is measured and disclosed using the accrual basis of accounting (see note 10). Annual OPEB cost is equal to the annual required contributions of the OPEB plan, calculated in accordance with certain parameters.

Net Assets

GASB 35 requires that resources be classified for accounting purposes into the following four net asset categories:

Invested in capital assets, net of related debt – This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net assets – nonexpendable – Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net assets – expendable – Expendable restricted net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets – Unrestricted net assets represent resources derived primarily from student tuition and fees, State and City appropriations/transfers ("appropriations"), grants and contracts, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Revenue Recognition

Student tuition and fee revenues are recognized in the period earned. Included in revenues are appropriations from New York State and City, which are used for the reimbursement of operating expenses. Appropriations are recognized as the related expenses are incurred.

New York State and City appropriations remain in effect provided the expense has been incurred at June 30, 2011 and a liability established at September 30, 2011. Accordingly, an appropriation receivable is recorded for accounts payable and accrued expenses to be paid from these appropriations.

Classification of Revenues

The University's policy for defining operating activities in the accompanying statement of revenues, expenses, and changes in net assets is those that serve the University's principal purpose and generally result from exchange transactions, such as payments received for services and payments made for the purchase of goods and services. Examples include: (1) tuition and fees, net of scholarship allowances; (2) sales and services of auxiliary enterprises; and (3) most Federal, State, local, private grants, and contracts. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as contributions, operating and capital appropriations from the State and the City of New York, and investment income.

Scholarship Allowances

Student tuition and fee revenues are reported net of scholarship allowances in the accompanying statement of revenues, expenses, and changes in net assets. Scholarship allowances are the differences between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on behalf of students. To the extent that these revenues are used to satisfy tuition and fees, the University has recorded a scholarship allowance.

Income Tax Status

The University is exempt from Federal income taxes under Section 115 of the Internal Revenue Code.

Other Significant Accounting Policies

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

Summary of Significant Accounting Policies Related to Component Units

Purchase Accounting for Acquisition of Real Estate

The fair value of 230 West 41st Street LLC's (the Company) acquired rental property is allocated to the acquired tangible assets, consisting of land, building, and identified intangible assets and liabilities, consisting of the value of above market and below market leases, other value of in place leases, and value of tenant relationships, based in each case on their fair values.

(Continued)

The fair value of the tangible assets of an acquired property (which includes land and building) is determined by valuing the property as if it were vacant, and the “as if vacant” value is then allocated to land and building based on the Company’s determination of relative fair values of these assets. Factors considered by the Company in performing these analyses include an estimate of carrying costs during the expected lease up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance, and other operating expenses, and estimates of lost rental revenue during the expected lease up periods based on current market demand. The Company also estimates costs to execute similar leases, including leasing commissions.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above market and below market in place lease values are recorded based on the difference between the current in place lease rent and the Company’s estimate of current market rents. Below market lease intangibles are recorded as part of liabilities, and amortized into rental revenues over the non-cancelable period of the respective leases. Above market lease intangibles are recorded as part of assets and are amortized as a direct charge against rental revenues over the non-cancelable periods of the respective leases.

The aggregate value of other acquired intangible assets, consisting of in place leases and tenant relationships, is measured by the excess of (i) the purchase price paid for the property over (ii) the estimated fair value of the property as if vacant, determined as set forth above. This aggregate value is allocated between in place lease values and tenant relationships based on management’s evaluation of the specific characteristics of each tenant’s lease. The value of in place leases is amortized to expense over the remaining non-cancelable periods of the respective leases.

The weighted average amortization period for value of in place leases, above-market leases, and below-market leases is approximately five years.

(3) Cash, Cash Equivalents, and Investments

The University follows GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40), which establishes disclosure requirements related to the following investment and deposit risks:

Custodial credit risk – deposits is the risk that, in the event of failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk – investments is the risk that, in the event of failure of the counterparty (the party that pledges collateral or that sells investments to or buys investments from the University) of a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University is diversified and is not currently exposed to this risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the investment.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of the investment or deposit. The University's exposure to this risk is not significant.

Custodial Credit Risk – Deposits

At June 30, 2011, cash and cash equivalents and restricted cash were held by depositories and amounted to $655,694,695 of which $75,181,952 was insured and $580,512,743 was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the University's name. The carrying value of such funds amounted to $636,652,854 at June 30, 2011.

Investments

At June 30, 2011, the University had the following investments (in thousands):

Investment type		Amount
U.S. Treasury bills	$	44,476
Cash and cash equivalents		8,472
Certificates of deposits		7,680
Corporate bonds		494
Equities		5,171
Mutual funds – equities		62,193
Mutual funds – fixed income		404
U.S. agency mortgage-backed securities		14,227
U.S. Treasury notes		14,119
Alternative investments		104,201
Beneficial interest in remainder trust		1,705
Other investments		45
Foreign bonds		300
Total investments		263,487
Less short-term investments		22,853
Long-term investments		240,634
Long-term investments, unrestricted		100,258
Long-term investments, restricted	$	140,376

The University invests in various types of investments, each having their own unique exposure to risks, such as interest rate, market, and credit risks. The University's Investment Policy for the CUNY Investment Pool, stipulates that the investments shall be diversified by investment manager, by asset class and within asset classes. Included in alternative investments is $104 million of funds that are invested in marketable equity and debt securities.

The University's Investment Policy for the CUNY Investment Pool, which is comprised of long-term investments has a zero percent target allocation to cash and does not participate in programs that would have uninsured investment held by counterparties.

Custodial Credit Risk – Investments

The University's Investment Policy for CUNY Investment Pool incorporates specific monitoring initiatives, which includes the area of custodial credit risk.

Credit Risk

At June 30, 2011, the University's investments in debt securities were rated as follows (in thousands):

Type of debt security	Fair value	S&P credit rating
Corporate bonds	$ 52	AA+
Corporate bonds	153	AA
Corporate bonds	61	A+
Corporate bonds	166	A
Corporate bonds	62	A-
Total corporate bonds	494	
U.S. agency mortgage-backed securities	14,227	AAA
Foreign bonds	300	A-
Total	$ 15,021	

U.S. agency mortgage-backed securities are not rated by Standard & Poor's; however, there is an implied AAA rating in the market.

The University's Investment Policy for the CUNY Investment Pool includes a target allocation to fixed income of 25%, as well as reference to specific guidelines for each investment manager. All of the Pool's fixed income is invested in commingled funds as follows: 1) 80% in US Government/Credit bond index, 2) 20% is in global sovereign bonds. The average quality ranges from AA to AA2.

Interest Rate Risk

At June 30, 2011, the University's investments in debt securities had the following maturities (in thousands):

Investment type		Fair value	Less than 1 year	1 – 5 years	6 – 10 years	More than 10 years
U.S. Treasury bills	$	44,476	43,476	1,000	—	—
Certificates of deposits		7,680	3,454	4,226	—	—
Corporate bonds		494	154	340	—	—
U.S. agency mortgage-backed securities		14,227	14,195	30	2	—
U.S. Treasury notes		14,119	14,087	14	18	—
Mutual funds - fixed income		404	—	243	161	—
Foreign bonds		300	—	300	—	—
	$	81,700	75,366	6,153	181	—

The University's Investment Policy for the CUNY Investment Pool does specify that its fixed income investments should be made primarily in long-duration, non-callable, or call-protected high quality bonds.

Investment Pool

Certain assets included with investments in the accompanying financial statements are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the fair value per unit determined on a quarterly basis. At June 30, 2011, the investment pool had a fair value of $165,951,043. The investment pool includes certain gifts and bequests received by the University, the use of which is restricted by donor-imposed limitations. During 2011, the University recorded approximately $16,017,409, of net realized and unrealized appreciation of donor-restricted expendable and nonexpendable endowments. In September 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted nonexpendable endowments as is prudent for the uses, benefits, purposes, and duration for which the nonexpendable endowment funds are established.

(4) Receivables, Net

Receivables consist of the following at June 30, 2011 (in thousands):

Receivables, net		Amount
Appropriations receivable	$	345,607
Students and financial aid receivable		74,592
Grants and contracts receivable		65,245
Student loan receivables and accrued interest receivable		34,917
Other receivables		47,155
Total receivables, net	$	567,516

(5) Capital Assets, Net

Capital assets consist of the following at June 30, 2011 (in thousands):

	June 30, 2010	Additions	Reductions	June 30, 2011
Buildings	$ 2,215,758	252,940	2,592	2,466,106
Building Improvements	2,248,064	79,263	10,659	2,316,668
Construction in Progress	1,042,172	647,696	271,761	1,418,107
Equipment	481,447	63,212	33,072	511,587
Infrastructure and Infrastructure Improvements	130,970	6,557	—	137,527
Land	322,541	—	—	322,541
Land Improvements	77,032	4,766	2,047	79,751
Leasehold Improvements	13,777	935	50	14,662
Internally Generated Software	2,487	3,021	11	5,497
Copyrights	1,854	2,480	—	4,334
Works of art and Historical Treasures	11,857	312	51	12,118
Total Capital Assets	6,547,959	1,061,182	320,243	7,288,898
Less Accumulated Depreciation:				
Building	1,279,141	53,336	185	1,332,292
Building Improvements	989,755	95,895	9	1,085,641
Equipment	385,417	49,047	29,008	405,456
Infrastructure and Infrastructure Improvements	31,513	6,731	—	38,244
Land Improvements	63,666	1,386	1,129	63,923
Leasehold Improvements	5,179	1,254	66	6,367
Internally Generated Software	330	478	—	808
Copyrights	204	184	—	388
Total Accumulated Depreciation	2,755,205	208,311	30,397	2,933,119
Total Capital assets, Net	$ 3,792,754	852,871	289,846	4,355,779

Added to construction in progress is net capitalized interest of $46,251,000 for the year ended June 30, 2011. This amount represents interest expense of $46,388,000 reduced by investment income of $137,000 for the year ended June 30, 2011.

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at June 30, 2011 (in thousands):

Accounts payable and accrued expenses		Amount
Personnel services	$	149,568
Fringe benefits		103,862
Capital projects		83,246
Due to City of New York		33,307
Due to State of New York		36,213
Vendors and other		150,394
Total accounts payable and accrued expenses	$	556,590

(7) Noncurrent Liabilities

Noncurrent liabilities at June 30, 2011 consist of the following (in thousands):

Noncurrent liabilities		June 30, 2010	Additions	Reductions	June 30, 2011	Current portion
Long-term debt:						
Mortgage loan payable	$	59,157	—	865	58,292	909
Capital lease agreements with DASNY		3,879,660	1,066,536	425,253	4,520,943	224,620
Other capital lease agreements		1,123	—	1,123	—	—
Macaulay Honors College loan		20,800	—	2,400	18,400	1,800
Queens Student Residences mortgage loan		67,356	—	202	67,154	605
Oracle financing agreement		2,157	—	2,157	—	—
Certificate of Participation (PIT)		—	36,000	—	36,000	4,849
Total long-term debt		4,030,253	1,102,536	432,000	4,700,789	232,783
Other liabilities:						
Compensated absences		135,535	6,510	2,649	139,396	95,066
Federal refundable loans		43,969	908	12,066	32,811	—
Other noncurrent liabilities		12,734	—	(3,883)	16,617	—
OPEB Liability		303,488	81,104	31,051	353,541	—
Interest rate swap agreements		76,112	—	11,891	64,221	—
Total other liabilities		571,838	88,522	53,774	606,586	95,066
Total noncurrent liabilities	$	4,602,091	1,191,058	485,774	5,307,375	327,849

Mortgage Loan Payable

On July 11, 2004, the Company, a component unit of the University, entered into a mortgage loan (the Loan) with a principal amount of $62 million, which matures on August 11, 2014. The Loan bears interest at a rate of 6.19% and is payable in monthly installments of interest only through August 2006; thereafter, principal and interest payments are due in equal monthly installments of $379,328. A balloon payment is due at maturity consisting of unpaid principal of $55,184,007 and accrued and unpaid interest.

Under the terms of the Loan, the Company is required to deposit monthly payments of $24,500 to escrow accounts maintained by the Company consisting of escrow accounts for building capital expenditures and tenant improvements, leasing commissions, lease cancellation fees, and other leasing costs. The Company had balances in escrow accounts, including interest earned, of approximately $2,697,539 as of June 30, 2011. In addition, under the terms of the mortgage, the Company is required to deposit monthly payments to escrow accounts maintained by the Company for real estate taxes and insurance.

The following is a summary of future minimum mortgage payments required under the mortgage loan payable at June 30, 2011 (in thousands):

Mortgage loan payable	Principal
Fiscal year:	
2012	$ 909
2013	978
2014	1,041
2015	55,364
	$ 58,292

The Loan is secured by the property and assignment of rents and other payments from the tenants.

The Loan is subject to certain restrictive financial covenants, including limitations on the incurrence of additional indebtedness. Management believes the Company is in compliance with all covenants at June 30, 2011. The Loan is subject to certain prepayment penalties if it is repaid prior to its maturity date.

Also, included in restricted cash are amounts to be funded for replacements and repairs, and leasing commissions as required by the loan agreement.

Capital Lease Agreements with the Dormitory Authority of the State of New York

The University has entered into capital lease agreements for much of its capital assets with the Dormitory Authority of the State of New York (DASNY). In addition, the University has entered into various agreements for construction of other capital assets and the purchase of other equipment through the issuance of certificates of participation. The University has also entered into certain leases for leasehold improvements, which have been treated as capital leases.

Under the University's capital lease agreements with DASNY, construction costs are initially paid with the proceeds of bonds issued by DASNY. The bonds, with a maximum 30-year life, are repaid by DASNY via appropriations received from both New York State and New York City. Annual bond payments are secured by instructional and non-instructional fees, State appropriations for University operating expenditures, per capita State aid to New York City, or New York State personal income tax receipts. Upon repayment of the bonds and the satisfaction of all other obligations under the agreements, all rights, title, and interest in the projects are conveyed to the State of New York (for senior colleges) or the City of New York (for community colleges).

The following is a schedule by year of future minimum lease payments under these capital leases, together with the net swap amount, assuming current interest rates remain the same, and the present value of the minimum lease payments at June 30, 2011 (in thousands):

Capital lease agreements with DASNY	Principal	Interest	Swap, net	Total
Fiscal year:				
2012	$ 231,160	210,860	15,001	457,021
2013	205,665	205,552	15,001	426,218
2014	185,935	195,457	15,001	396,393
2015	189,665	186,206	14,966	390,837
2016	231,030	175,688	14,966	421,684
2017 – 2021	993,305	727,273	66,482	1,787,060
2022 – 2026	809,015	521,030	39,999	1,370,044
2027 – 2031	715,640	335,335	10,467	1,061,442
2032 – 2036	573,760	176,344	87	750,191
2037 – 2040	337,385	43,278	—	380,663
Total minimum lease payment	$ 4,472,560	2,777,023	191,970	7,441,553
Less amount representing interest				(2,777,023)
Less swap, net				(191,970)
Present value of net minimum lease payments				4,472,560
Less unamortized original issue discount, net				48,383
Carrying amount of obligations				$ 4,520,943

Interest rates on DASNY obligations range from 2% to 6.1%.

During 2011, DASNY issued bonds for new construction with a par value of $813,440,000 and original issued premium of $37,750,582. In addition, DASNY issued refunding bonds with a par value of $196,205,000 and original issued premium of $19,139,896. Bond proceeds of $258,032,524 were used to defease $252,210,000 of existing debt. Under the terms of the resolutions for the defeased bonds, bond proceeds were paid directly to the bondholders of the defeased bonds. As a result, the refunded debt is defeased. The economic gain related to the defeased bonds amounted to $72,858,787. The excess of the bond proceeds over the amount of debt defeased, $5,822,524, and remaining unamortized premium and discount of $1,109,065 are deferred and amortized in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. There were no remaining unamortized bond issue costs, underwriter discounts, or any other related costs affiliated with the refunded debt.

As of June 30, 2011, a total of $254,140,000 of bonds outstanding were defeased.

Interest Swaps

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, at various times, DASNY issued certain variable interest rate bonds, and concurrently entered into 22 separate pay-fixed, receive-variable interest swaps with three counterparties. The swaps are undertaken as a part of the State's overall debt management program. The notional amounts of the swaps match the principal amounts of the associated debt. The swaps were entered into at the same time the bonds were issued. The swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bond payable" category. The terms, including the fair values and credit ratings of the outstanding swaps at June 30, 2011, were as follows (in thousands):

Pay-fixed, receive-variable swaps

Counterparty	Notional amount	Termination date	Swap fixed rate paid	a Variable swap rate received	Swap fair value	b Counterparty credit rating	Swap insured	Change in fair value
City University System Consolidated Revenue Bonds, Series 2008C and 2008D:								
Hedging derivatives:								
Citibank	$ 214,309	1/1/25 to 7/1/31	3.36%	65% of LIBOR	$ (26,995)	A1/A+/A+	Yes	$ 5,249
Merrill Lynch	124,422	1/1/25 to 7/1/31	3.36%	65% of LIBOR	(15,661)	Aa3/AAA/NR	Yes	3,051
UBS	124,422	1/1/25 to 7/1/31	3.36%	65% of LIBOR	(15,662)	Aa3/A+/A+	Yes	3,050
Total pay-fixed swap	$ 463,153				$ (58,318)			

a London Interbank Offered Rate
b Moody's/S&P/Fitch, respectively

At June 30, 2011, the swaps had a fair value of $(58,318,000) and are included in interest rate swap agreements in the statement of net assets. These swaps had a change in fair value during fiscal year 2011 of $11,350,000. Interest rates have changed since the swaps were entered into; the pay-fixed, receive-variable swaps have a fair value of $(58,318,000) (the fixed swap payment rate is higher than current comparable fixed rates). The fair values were estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement on the swaps.

Market Access Risk. The swap agreements are exposed to market access risk. There is risk that DASNY will not be able to enter the credit markets or that credit will become more costly. If that occurs, expected cost savings from the swap may not be realized.

Credit Risk. At June 30, 2011, the swap agreements were not exposed to credit risk on those swaps with negative fair values. However, should interest rates change and the fair values of those swaps become positive, then the swap agreements would be exposed to credit risk in the amount of the swaps' fair value.

The guidelines set forth by DASNY require that the counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings that are obtained from any other nationally recognized statistical rating agency for such counterparty shall also be within the three highest investment grade categories, or the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings.

Interest Rate Risk. The pay-variable, receive-fixed interest rate swaps increase the exposure to interest rate risk. The variable interest rate to the counterparties is based on the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). As SIFMA increases, the net payment on the swaps increases.

Basis Risk. The pay-fixed, receive-variable swap agreements are exposed to basis risk. DASNY is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate representing 65% of the one-month LIBOR. The amount of the variable rate swap payments received from the counterparties does not necessarily exactly equal the actual variable rate payable to the bondholders. Should the relationship between LIBOR and actual variable rate payments converge, the expected cost savings may not materialize.

Termination Risk. The swap contracts use the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay, default on any other debt in an aggregate amount greater than the agreed-upon thresholds, and bankruptcy. The schedule to the Master Agreement includes additional termination events, providing that the swap may be terminated if either the downgrade of the applicable state supported bonds or the debt of the counterparty falls below certain levels. DASNY or the counterparty may terminate any of the swaps if the other party fails to perform under the term of the contract. If the counterparty to the swap defaults or if the swap is terminated, the related variable rate bonds would no longer be hedged and DASNY would no longer effectively be paying a synthetic fixed rate with respect to those bonds. A termination of the swap agreement may also result in DASNY making or receiving a termination payment. If, at the time of termination, the swap has a negative fair value, DASNY would incur a loss and would be required to settle with the other party at the swap's fair value. If the swap has a positive value at the time of termination, DASNY would realize a gain that the other party would be required to pay. During fiscal year 2011, DASNY terminated three pay-variable, receive-fixed swaps and received $6.5 million of termination payments.

Rollover Risk. Since the terms of the individual swaps correlate to match the final maturity of the associated debt, the authority is not exposed to rollover risk.

Macaulay Honors College Loan

The University is obligated to repay the loan related to the purchase of the Macaulay Honors College Building.

The following is the schedule by year of future principal and interest payments to TD Bank on behalf of the Macaulay Honors College Foundation, assuming current interest rates at June 30, 2011 remain the same (in thousands):

Macaulay Honors College Loan	Principal	Interest	Total
Fiscal year:			
2012	$ 1,800	655	2,455
2013	1,800	537	2,337
2014	14,800	273	15,073
Total minimum loan payment	$ 18,400	1,465	19,865
Less amount representing interest			(1,465)
Carrying amount of obligations			$ 18,400

Interest rate range is between 6.54% and 30-day LIBOR (0.19%) plus 1.25%. At June 30, 2011, the variable interest rate was 1.44%.

Queens Student Residences Mortgage Loan

The Queens Student Residences, LLC entered into a mortgage loan with RBS Citizens Bank, NA for financing Queens College Summit, Student Housing Building. In connection with the loan, the Queens Student Residences obtained a letter of credit of $70,069,586 from RBS Citizens Bank, N.A. On October 26, 2011, the letter of credit was extended to January 26, 2012.

The following is the schedule by year of future principal and interest payments to RBS Citizens Bank, NA, assuming current interest rate and the present value of the net swap amounts at June 30, 2011 remain the same (in thousands):

Queens Student Residences Mortgage Loan	Principal	Interest	Swap, net	Total
Fiscal year:				
2012	$ 605	75	2,023	2,703
2013	725	74	2,006	2,805
2014	855	73	1,984	2,912
2015	995	72	1,959	3,026
2016	1,145	71	1,930	3,146
2017 – 2021	7,410	335	3,756	11,501
2022 – 2026	9,115	291	—	9,406
2027 – 2031	11,085	238	—	11,323
2032 – 2036	13,475	173	—	13,648
2037 – 2041	16,380	95	—	16,475
2042 – 2043	7,506	12	—	7,518
Total minimum loan payment	$ 69,296	1,509	13,658	84,463
Less amount representing interest				(1,509)
Less swap, net				(13,658)
Carrying amount of obligations less interest and swap				69,296
Less unamortized issuance cost				(2,142)
Carrying amount of obligations				$ 67,154

Swap interest rate is the 7-day USD-LIBOR-BBA times 67% and the fixed rate of the bonds is 3.0275%. At June 30, 2011, the 7-day USD-LIBOR-BBA rate was 0.11%.

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, Queens Student Residences concurrently entered into pay-fixed, receive-variable interest swap with the same bank, for which swap payments commence at future date. The notional amount of the swap is $68,675,000 whereas the principal amount of the associated debt is $69,296,000. The swap was entered into at the same time the loan was obtained. The swap agreement contains scheduled reductions to outstanding notional amounts that continue through fiscal 2018, the swap termination date. The terms, including the fair values and credit ratings of the outstanding swap at June 30, 2011, are as follows (in thousands):

Counterparty	Notional amount	Termination date	Swap fixed rate paid	Variable swap rate received	Swap fair value	Counterparty credit rating	Swap insured	Change in fair value
			Pay-fixed, receive-variable swaps					
Hedging derivative:								
RBS Citizens, NA	$ 68,675	4/23/2018	3.0275%	7-days USD-LIBOR-BBA times 67%	$ (5,903)	A-(S&P)	Yes	$ 541

At June 30, 2011, the swap had a fair value of $(5,903,000) and is included in interest rate swap agreements in the statement of net assets.

Market Access Risk. The pay-fixed, receive-variable swap agreement is exposed to market access risk. There is risk that the Queens Student Residences will not be able to enter credit markets or that credit will become more costly. If that occurs, expected cost savings from the swap may not be realized.

Credit Risk. At June 30, 2011, the swap agreement was not exposed to credit risk as the swap has a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, then the swap agreement would be exposed to credit risk in the amount of the swap's fair value.

Basis Risk. The pay-fixed, receive-variable swap agreement is exposed to basis risk. The Queens Student Residences is paying a fixed rate of interest to the counterparty at 3.0275% and receiving from the counterparty a variable rate representing 7-day USD-LIBOR-BBA times 67%. The amount of the variable rate swap payments received from the counterparties does not necessarily exactly equal the actual variable rate payable to the bondholders. Should the relationship between LIBOR and actual variable rate payments converge, the expected cost savings may not materialize.

Termination Risk. The swap contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay, default on any other debt in an aggregate amount greater than the agreed-upon thresholds, and bankruptcy. The Queens Student Residences or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. A termination of the swap agreement may also result in the Queens Student Residences making or receiving a termination payment. If, at the time of termination, the swap has a negative fair value, the Queens Student Residences would incur a loss and would be required to settle with the other party at the swap's fair value. If the swap has a positive value at the time of termination, the Queens Student Residences would realize a gain that the other party would be required to pay.

Rollover Risk. Since the term of the swap does not match the final maturity of the associated debt, the Queens Student Residences is exposed to rollover risk.

Certificate of Participation (PIT)

The University has entered into various arrangements for the acquisition/rehabilitation of capital assets through the issuance of certificates of participation. The certificates are issued through a trustee and the University is responsible for payment to the trustee in an amount equal to the interest and principal payment made by the trustee to the certificate bond holders. There is no collateral associated with the bonds. The following is a summary of future minimum payments required under this agreement at June 30, 2011 (in thousands):

		Principal	Interest	Total
Fiscal year:				
2012	$	4,849	863	5,712
2013		4,967	743	5,710
2014		5,089	621	5,710
2015		5,213	495	5,708
2016		5,340	366	5,706
2017-2021		10,542	733	11,275
Total minimum loan payment	$	36,000	3,821	39,821
Less amount representing interest				(3,821)
Carrying amount of obligations				$ 36,000

Interest rates on Certificate of Participation obligations range from 2.18% to 2.87%.

Compensated Absences

Employees accrue vacation leave based upon time employed, with the maximum accumulation generally ranging from 45 to 50 days. The recorded liability for accrued vacation leave, including the University's share of fringe benefits, is approximately $98.6 million at June 30, 2011, of which $3.2 million is related to early retirement. Employees also earn sick leave credits, which are considered termination payments and may be accumulated up to a maximum of 160 days. Accumulated sick leave credits are payable up to 50% of the accumulated amount as of the date of retirement. The recorded liability for sick leave credits is approximately $40.8 million at June 30, 2011, of which $7.8 million is related to early retirement.

(8) Restricted Deposits Held by Bond Trustees and Restricted Amounts Held by the Dormitory Authority of the State of New York

Restricted deposits held by bond trustees include bond proceeds not yet expended for construction projects and related accumulated investment income. Bond proceeds and interest income in excess of construction costs are restricted for future projects or debt service. In addition, restricted deposits held by bond trustees include reserves required for debt service and replacement under lease agreements, together with earnings on such funds.

Restricted amounts held by DASNY represent funds that have been remitted to DASNY to be used for rehabilitation of capital assets or held for general operating purposes.

In accordance with GASB 40, restricted deposits held by bond trustee and restricted amounts held by DASNY by type at June 30, 2011 are as follows (in thousands):

Deposits held by trustee and amounts held by DASNY		Fair value	Rating
Type:			
Cash and cash equivalents	$	270,899	
U.S. Treasury notes and bonds		218,482	
U.S. Treasury bills		134,111	
U.S. Treasury Strips		20,284	
U.S. agency mortgage-backed securities		249,161	AAA
Total	$	892,937	

The funds are invested in securities with maturities of less than one year.

Restricted deposits held by bond trustee and restricted amounts held by DASNY are subject to the following risks:

Custodial Credit Risk

Custodial credit risk for restricted deposits held by bond trustee and restricted amounts held by DASNY is the risk that in the event of a bank failure or counterparty failure, the University will not be able to recover the value of its cash and investments in the possession of an outside party. Of the $892,937,000 in restricted deposits held by bond trustee and restricted amounts held by DASNY at June 30, 2011, $888,781,000 is held by DASNY or the bond trustee, not in the University's name.

Credit Risk

For an investment security, credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Under investment agreements, restricted deposits held by bond trustee and restricted amounts held by DASNY are invested with financial institutions at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such an instrument; however, at the time the agreements are entered into, the underlying providers are generally rated in at least the second highest rating category by at least one of the nationally recognized rating organizations in accordance with established investment policy and guidelines.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. During 2011, restricted deposits held by bond trustee and restricted amounts held by DASNY were not exposed to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy for restricted deposits held by bond trustee or restricted amounts held by DASNY that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments primarily consist of obligations of the U.S. Government and are reported at fair value with maturities of one year or less.

(9) Pension Plans

The University participates in three pension plans for its employees: the New York City Employees' Retirement System (ERS); the Teachers' Retirement System of the City of New York Qualified Pension Plan (TRS); and Teachers' Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). ERS and TRS are cost sharing, multiple employer defined benefit plans administered by the City of New York. TIAA-CREF is a privately operated, multi-employer defined contribution retirement plan. TIAA-CREF obligations of employers and employees to contribute and of employees to receive benefits are governed by the New York State Education Law and City laws.

ERS and TRS provide retirement benefits, as well as death and disability benefits. These systems function in accordance with existing State of New York statutes and New York City laws.

ERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to ERS at 335 Adams Street, Brooklyn, New York 11201, or TRS at 55 Water Street, New York, New York 10041.

TIAA-CREF provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program.

Funding Policy

Employer contributions to ERS and TRS are determined by the City of New York based on actuarially determined rates that, expressed as a percentage of annualized covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Member contributions are established by law. Employees who joined ERS and TRS on or after July 1, 1977 are mandated to contribute 3% of their annual wages to the plans. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members are not required to make contributions after the 10th anniversary of their membership date or completion of 10 years of credited service, whichever is earlier.

Employer and employee contribution requirements to TIAA-CREF are determined by the New York State Retirement and Social Security Law. Participating University employees contribute 1.5% for tiers one through four and 3.0% for tier five of salary on an after tax basis. Employer contributions range from 10.5% to 13.5% for tiers one through four, depending upon the employee's compensation, and 8.0% to 10.0% of salary for tier five, depending upon the employee's years of service. Employee contributions for 2011 amounted to approximately $67.6 million.

The required University contributions for the current year and the two preceding years were (in thousands):

Pension plans		ERS	TRS	TIAA-CREF	Total
Year:					
2011	$	45,106	50,051	109,278	204,435
2010		41,000	40,175	96,197	177,372
2009		38,080	33,754	87,841	159,675

The University's contributions made to the systems were equal to 100% of the contributions required for each year.

(10) Postemployment Benefits

Plan Description. CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program (Plan), which is a single-employer defined benefit healthcare plan. The program covers former CUNY employees who were originally employed by CUNY senior colleges or by CUNY community colleges. The program covers individuals who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS):

- New York City Employees' Retirement System (ERS)
- New York City Teachers' Retirement System (TRS)
- New York City Board of Education Retirement System (BERS)

In addition, the program covers individuals under alternate retirement arrangements. The most significant alternate retirement arrangement is coverage under the Teachers Insurance Annuity Association - College Retirement Equities Fund (TIAA) rather than through the NYCRS. In addition to the participants of NYCRS and TIAA, the valuation also includes 33 CUNY employees covered under the Cultural Institutions Retirement System (CIRS), who are being treated the same as employees in TIAA.

The City of New York is assumed to pay for the coverage (Basic Coverage and Welfare Fund contributions) for retirees in NYCRS and TIAA who retired from community colleges. The City of New York also pays for the Ware Fund costs for non-pedagogical CUNY Senior College retirees of the NYCRS. In addition, the City reimburses CUNY employees the Part B premium for Medicare-eligible retirees and covered spouses for all covered CUNY employees, whether retired under NYCRS or TIAA, and whether retired from a senior or community college. The obligation for the coverage is considered an obligation of the City and not included in CUNY's valuation.

CUNY currently reimburses the City for Basic Coverage and Welfare Fund coverage for NYCRS senior college retirees except for those who retired from one of the NYCRS in non-pedagogical positions. CUNY is also currently billed for Basic Coverage and Welfare Fund coverage for all TIAA retirees, whether retired from a senior or community college.

The City issues a publicly available financial report, which is available at: Office of the Comptroller, Bureau of Accountancy – Room 808, 1 Centre Street, New York, New York 10007.

Funding Policy. Postemployment Benefits other than Pensions (OPEB) includes Health Insurance and Medicare Part B Reimbursements; Welfare Benefits stem from the University's collective bargaining agreements. The University is not required by law or contractual agreement to provide funding for postemployment benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependants. For the fiscal year ended June 30, 2011, the University paid $38.9 million, of which $31.1 million was for senior colleges and $7.8 million was for community colleges, which were paid to the New York City Health Retirement Trust Fund.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount that was actuarially determined by using the Frozen Entry Age Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB 45). Under this method, the excess of the Actuarial Present Value of Projected Benefits over the sum of the Actuarial Value of Assets and the Unfunded Frozen Actuarial Accrued Liability, is allocated on a level basis over the future salaries of the group included in the valuation from the valuation date to assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. The Frozen Actuarial Accrued Liability is determined using the Entry Age Actuarial Cost Method. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, actuarial gains (losses), as they occur, reduce (increase) future Normal Costs. The ARC represents a level of funding that is paid on an ongoing basis, is projected to cover normal cost each year, and amortize unfunded actuarially liabilities (or funding excess) over an open 30-year period. The results also take into account certain aspects of National Health Care Reform (NHCR) and its impact on certain benefits and on certain OPEB-specific actuarial assumptions. The following table shows the elements of the University's annual OPEB cost for the year, the amount paid, and changes in the University's net OPEB obligation for the year ended June 30, 2011 (in thousands):

		Amount
Annual required contribution*	$	104,405
Interest on net OPEB obligation		10,025
Adjustment to annual required contribution		(9,960)
Annual OPEB cost (expense)		104,470
Payments made		(31,051)
Increase in net OPEB obligation		73,419
Net OPEB obligation – beginning of year		250,635
Net OPEB obligation – end of year	$	324,054

* This amount reflects a 30-year amortization as a level percentage of payrolls of the Unfunded Actuarial Accrued Liability on an open basis.

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 were as follows (in thousands):

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost paid	Net OPEB obligation
June 30, 2011	$ 104,470	29.7%	$ 324,054

Funded Status and Funding Progress. As of June 30, 2010, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was $1,161.5 million (which represents the total present value $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,161.5 million). The covered payroll (annual payroll of active employees by the Plan) was $918.3 million, and the ratio of the UAAL to the covered payroll was 126.5%.

The schedule of funding progress, shown below as required supplementation information, presents the results of OPEB valuations as of June 30, 2011 and looking forward, the schedule will eventually provide multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress
(In thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c
June 30, 2010	$ —	1,161,490	1,161,490	—%	$ 918,256	126.5%

Actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The recently approved health care reform law could have significant accounting consequences for entities in diverse industries. Specifically, there are several provisions in the new law that might affect CUNY's measurement of its postretirement healthcare benefits obligation. There are certain provisions (if applicable) that are generally expected to either increase or reduce employer's obligations. It is very difficult at this stage to measure the impact of some of these provisions on CUNY's obligations. CUNY will continue to monitor developments, interpretations, and guidance relating to the law and incorporate the latest thinking in future measurements.

Additionally, beginning in 2018, NHCR will impose an excise tax on providers of certain "high cost plans" with total health care benefit values above certain thresholds. In considering the impact of the excise tax, projected potential tax amounts are estimated based on a reasonable set of assumptions, and concludes that the impact of the high cost plan excise tax on the CUNY OPEB valuation would be de minimis. Thus, any explicit liability for this potential additional future administrative cost is not included. Alternative assumptions and interpretations of the law could result in a greater financial impact.

Actuarial Cost Methods and Assumptions – CUNY employees and retirees are eligible for the same health benefits (both in active service and in retirement, if eligible) as employees and retirees of the City of New York. The health benefits are administered by the Office of Labor Relations (OLR). The City of New York is responsible for the cost of all OPEB benefits for Community College retirees, Welfare Fund costs for non-pedagogical CUNY Senior College retirees of NYCRS, and Medicare Part B premiums for all Senior College retirees.

The actuarial assumptions used for CUNY members of the NYCRS are the same as those used for City of New York members of the applicable retirement systems. According to the data provided by the New York City Office of the Actuary (OA), there are CUNY employees covered by NYCRS, TRS, and BERS.

Except as noted below, all other assumptions for TIAA employees and retirees (e.g., mortality, disability, rate of salary increase, discount rate, per capita claims costs, healthcare trend rates, and age-related morbidity) are the same as those used for members of TRS.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical patterns of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation Date: June 30, 2010.

Actuarial Cost Method: Frozen Entry Age Actuarial Cost Method. Under this method, the excess of the Actuarial Present Value of Projected Benefits over the sum of the Actuarial Value of Assets and the Unfunded Frozen Actuarial Accrued Liability (AAL) is allocated on a level basis over the future salaries of the group included in the valuation from the valuation date to assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. The Frozen Actuarial Accrued Liability is determined using the Entry Age Actuarial Cost Method, with the initial portion of the AAL frozen as of June 30, 2006, and subsequent portions frozen as of June 30, 2007, June 30, 2008, June 30, 2009 and June 30, 2010. The portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, Actuarial Gains (Losses), as they occur, reduce (increase) future Normal Costs.

Amortization: For purposes of these calculations, the Frozen Actuarial Accrued Liability is amortized as a level percentage of payroll over an open 30-year period.

Discount Rate: 4.0% per annum, compounded annually.

Healthcare Cost Trend Rate: Covered healthcare expenses were assumed to increase by the following percentages each year:

Fiscal year ending:	Pre-Medicare Plans*	Medical (Post-Medicate)	Welfare Fund contributions
2012	9.5%	5.0%	5.0%
2013	9.5	5.0	5.0
2014	9.5	5.0	5.0
2015	9.0	5.0	5.0
2016	8.5	5.0	5.0
2017	8.0	5.0	5.0
2018	7.5	5.0	5.0
2019	7.0	5.0	5.0
2020	6.5	5.0	5.0
2021	6.0	5.0	5.0
2022	5.5	5.0	5.0
2023+	5.0	5.0	5.0

Inflation Rate: The assumed increase in premium rates.

Medical:	
Initial rate	9.5%
Ultimate rate	5.0
Fiscal year ultimate rate reached	2023

Wage Inflation: 3.0% per annum, compounded annually.

Miscellaneous: The valuation was prepared on a going-plan basis. This assumption does not necessarily imply that an obligation to continue the Plan exists.

Component Unit

RF-CUNY provides postemployment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees' years of service. RF-CUNY also provides certain healthcare benefits to retired employees (including eligible dependents) who have a combination of age and years of service equal to 70 with a minimum age of 55 and at least 10 years of continuous service. RF-CUNY accounts for postretirement benefits provided to retirees on an accrual basis during the period of their employment.

The following table sets forth RF-CUNY's information with respect to the postretirement plan at June 30, 2011 (in thousands):

Benefit obligation	$	(94,386)
Fair value of plan assets		64,899
Funded status as of June 30	$	(29,487)

(11) Commitments

The University has entered into contracts for the construction and improvement of various capital assets. At June 30, 2011, these outstanding contractual commitments were approximately $512 million.

The University is also committed under various operating leases covering real property and equipment. The following is a summary of the future minimum rental commitments under non-cancelable real property and equipment operating leases with terms exceeding one year at June 30, 2011 (in thousands):

Contractual commitments		Principal amount
Fiscal year:		
2012	$	55,987
2013		53,132
2014		50,895
2015		47,201
2016		37,506
2017 – 2021		137,092
2022 – 2026		73,100
2027 – 2031		68,921
2032 – 2036		1,600
	$	525,434

For the year ended June 30, 2011, rent expense, including escalations of $8.3 million, was approximately $59.7 million.

(12) Litigation and Risk Financing

The University is involved with claims and other legal actions arising in the normal course of its activities, including several currently in litigation. Pursuant to the New York State Education Law, the State or City of New York (as applicable) shall save harmless and indemnify the University, members of its Board, and any duly appointed staff member against any claim, demand, suit, or judgment arising from such person performing his or her duties on behalf of the University. Further, any judgments rendered against such individuals will be paid from funds appropriated by the Legislature, which are separate and apart from the University's operating funds. While the final outcome of the matters referred to above cannot be determined at this time, management is of the opinion that the ultimate liability, if any, will not have a material effect on the financial position of the University.

Liabilities for claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

CUNY is exposed to various risks of loss related to damage and destruction of assets, injuries to employees, damage to the environment or noncompliance with environmental requirements, and natural and other unforeseen disasters. CUNY's residence hall facilities are covered by insurance. However, in general, CUNY does not insure its educational buildings, contents or related risks and does not insure its equipment for claims and assessments arising from bodily injury, property damages, and other perils. Unfavorable judgments, claims, or losses incurred by CUNY are covered by the State or City on a self-insured basis. The State and City do have fidelity insurance on State/City employees.

(13) Financial Dependency

Appropriations from the State of New York and the City of New York are significant sources of revenue to the University. Accordingly, the University is economically dependent on these appropriations to carry on its operations.

(14) City College Dormitory

During 2005, the University entered into a support agreement with DASNY in connection with the issuance of CUNY Student Housing Project Insured Revenue Bond, Series 2005. The bonds having a par value of $63,050,000 and premium of $5,955,235 were issued to fund a nonrecourse loan from DASNY to Educational Housing Services, Inc. to finance construction of a student residence building on the campus of City College. Under the terms of the support agreement, the University has agreed to unconditionally guarantee the loan and transfer to the trustee amounts required to replenish deficiencies related to debt service payments and debt service reserve funds. The obligations of CUNY shall terminate upon the payment or legal defeasance of all of the Series 2005 bonds.

(15) College Foundations

The University's college foundations are made up of not-for-profit corporations, which support both academic and general needs of the colleges and their students. Their activities are funded through donor contributions, special fund raising events, and earnings on investments.

The accounting policies of the foundations conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The foundations' financial statements are based on applicable FASB pronouncements.

Summary of Significant Accounting Policies

Contributions received, including unconditional promises to give, are recognized at fair value in the period received. Foundations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The classes are defined as follows:

Permanently Restricted

Net assets resulting from contributions whose use is limited by donor-imposed restrictions.

Temporarily Restricted Net Assets

Net assets resulting from contributions and other inflows of assets, whose use is limited by restrictions that expire either by the passage of time or by fulfillment of the restriction. When stipulations end or are fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Unrestricted Net Assets

Net assets that are neither permanently nor temporarily restricted.

Split Interest Agreements

Several of the foundations have received contributions from donors in exchange for a promise by the foundations to pay a fixed amount to the donor or other individuals over a specified period of time (normally the donor's or other beneficiary's life) and are recognized at fair value when received. The annuity payment liability is recognized at the present value of future cash payments expected to be paid. The net of these two amounts is recorded as contribution income.

Charitable Remainder Trusts

Several of the foundations have received charitable remainder trusts of various types, which are received by the college during the lifetime of the grantor, and carry with them the obligation to pay the grantor an annuity during his or her lifetime. Upon the death of the grantor, the trust is terminated, and the remaining value becomes the property of the foundation.

Investments

Investments are carried at fair value with changes in their value of investments recorded in the statement of activities. Investments at June 30, 2011 consist of:

Investment type	Amount
Cash and cash equivalents	$ 16,527,139
Certificates of deposit	253,523
U.S. Treasury bills	1,696,799
U.S. government bonds	18,210,867
Corporate bonds	50,036,102
Mutual funds	90,167,182
U.S. agency mortgage-backed securities	2,030,222
Equities	179,578,050
Alternative investments	54,410,987
CUNY investment pool	6,172,251
Other	55,324,502
Total investments	$ 474,407,624

Contributions Receivable

Unconditional promises to give are recorded as contributions receivable, and in most cases are discounted over the payment period using the applicable discount rate in effect at the time of the contribution. At June 30, 2011, contributions receivable consisted of:

Contributions receivable		Amount
Contributions receivable	$	136,088,288
Less allowance for doubtful accounts		11,504,148
Less discount to present value		5,545,256
Contributions receivable, net	$	119,038,884

Temporarily Restricted Net Assets

At June 30, 2011, temporarily restricted net assets are available for the following purposes:

Temporarily restricted net assets		Amount
Student education and welfare	$	247,848,118
Obligations under charitable remainder trusts		1,769,726
Other		4,115,724
Total temporarily restricted net assets	$	253,733,568

Permanently Restricted Net Assets

At June 30, 2011, permanently restricted net assets consist of the following:

Permanently restricted net assets		Amount
Student education and welfare	$	297,742,586
Other		270,622
Total permanently restricted net assets	$	298,013,208

The student education and welfare category includes scholarships, awards, and college programs, while the other programs category represents funds restricted for college and community programs.

The following tables include the financial information for the colleges' foundations as of and for the year ended June 30, 2011:

Combining schedule of financial position – College Foundations:

	2011										
	Baruch	Brooklyn	City College Fund	City 21st Century	Graduate	Hunter	Queens	Other senior *	Total senior	Total community **	Grand total
Assets:											
Cash and cash equivalents	$ 2,097,664	2,931,268	614,567	12,020,704	9,262,638	1,987,996	3,113,438	7,839,826	39,868,101	2,807,293	42,675,394
Accounts and other receivables, net	428,166	—	330,462	328,286	—	242,556	27,159	266,116	1,622,745	136,519	1,759,264
Prepaid expenses and other assets	599,848	25,842	48,023	700,822	530,528	14,106	366,988	80,386	2,366,543	123,825	2,490,368
Contributions receivable, net	20,691,679	13,109,987	4,145,000	35,050,056	6,780,717	6,188,294	5,584,236	27,110,709	118,660,678	378,206	119,038,884
Investments	107,915,128	62,706,745	46,528,753	109,091,667	29,440,212	42,046,783	38,458,660	21,368,835	457,556,783	16,850,841	474,407,624
Beneficial interest in remainder trusts	6,910,035	1,081,109	—	—	—	—	—	—	7,991,144	—	7,991,144
Remainder interest in real property	—	—	—	—	—	264,000	—	—	264,000	—	264,000
Capital assets, net	—	9,301,254	19,040	—	24,569,536	—	2,893,725	70,055	36,853,610	33,636	36,887,246
Total assets	$ 138,642,520	89,156,205	51,685,845	157,191,535	70,583,631	50,743,735	50,444,206	56,735,927	665,183,604	20,330,320	685,513,924
Liabilities:											
Accounts payable and accrued expenses	$ 534,880	266,036	182,941	995,131	2,286,287	272,530	200,259	334,611	5,072,675	155,814	5,228,489
Annuities payable	1,239,048	460,279	951,971	—	25,283	108,256	—	39,879	2,824,716	—	2,824,716
Due to affiliates	—	—	—	—	3,000,000	—	—	411,346	3,411,346	537,080	3,948,426
Deferred revenue	—	—	—	—	127,595	—	—	59,829	187,424	312,239	499,663
Loan payable	—	—	—	—	11,311,751	—	—	18,400,000	29,711,751	—	29,711,751
Other liabilities	—	—	—	97,329	128,645	—	16,400	799,118	1,041,492	(1,368)	1,040,124
Total liabilities	1,773,928	726,315	1,134,912	1,092,460	16,879,561	380,786	216,659	20,044,783	42,249,404	1,003,765	43,253,169
Net assets:											
Unrestricted	7,640,423	12,757,231	2,760,001	13,609,107	20,382,971	1,153,994	21,584,707	1,306,489	81,194,923	9,319,056	90,513,979
Temporarily restricted	46,899,404	45,103,403	26,655,363	66,230,415	12,251,801	25,134,263	9,791,455	15,993,646	248,059,750	5,673,818	253,733,568
Permanently restricted	82,328,765	30,569,256	21,135,569	76,259,553	21,069,298	24,074,692	18,851,385	19,391,009	293,679,527	4,333,681	298,013,208
Total net assets	136,868,592	88,429,890	50,550,933	156,099,075	53,704,070	50,362,949	50,227,547	36,691,144	622,934,200	19,326,555	642,260,755
Total liabilities and net assets	$ 138,642,520	89,156,205	51,685,845	157,191,535	70,583,631	50,743,735	50,444,206	56,735,927	665,183,604	20,330,320	685,513,924

* Other senior refers to Foundations at Macaulay Honors College, CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.

** See note 1 for a listing of all community college foundations.

Combining schedule of activities – College Foundations:

	2011											
	Baruch				Brooklyn				City			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains (losses), and other support:												
Gifts, grants, and contributions	$ 2,210,443	5,566,881	1,189,480	8,966,804	1,728,903	6,508,935	1,488,272	9,726,110	1,404,558	4,901,973	559,446	6,865,977
Special events	863,607	—	—	863,607	360,042	6,120	—	366,162	—	—	—	—
Program service revenues	—	—	—	—	—	—	—	—	—	—	—	—
Investment income	1,333,867	14,039,717	—	15,373,584	6,419,906	2,362,256	(15,504)	8,766,658	183,671	1,239,540	—	1,423,211
Net realized and unrealized gains on investments	—	—	—	—	—	—	—	—	319,140	3,911,003	—	4,230,143
Change in value of split interest agreements/beneficial trust	—	226,603	—	226,603	(32,014)	136,811	3,523	108,320	—	(89,976)	—	(89,976)
Other income	470,166	—	—	470,166	15	744	—	759	—	—	—	—
Net assets released from restrictions	8,702,462	(7,549,269)	(1,153,193)	—	9,601,723	(9,601,723)	—	—	3,353,594	(3,353,594)	—	—
Total revenues, gains (losses), and other support	13,580,545	12,283,932	36,287	25,900,764	18,078,575	(586,857)	1,476,291	18,968,009	5,260,963	6,608,946	559,446	12,429,355
Expenses:												
Program services	10,912,974	—	—	10,912,974	4,960,867	—	—	4,960,867	3,546,398	—	—	3,546,398
Management and general	644,019	—	—	644,019	1,012,199	—	—	1,012,199	1,339,467	—	—	1,339,467
Fundraising	1,565,230	—	—	1,565,230	1,558,007	—	—	1,558,007	—	—	—	—
Total expenses	13,122,223	—	—	13,122,223	7,531,073	—	—	7,531,073	4,885,865	—	—	4,885,865
Change in net assets before reclassifications and adjustments	458,322	12,283,932	36,287	12,778,541	10,547,502	(586,857)	1,476,291	11,436,936	375,098	6,608,946	559,446	7,543,490
Reclassifications and adjustments	—	—	—	—	(141,365)	4,566,528	(4,425,163)	—	—	2,000	(2,000)	—
Change in net assets	458,322	12,283,932	36,287	12,778,541	10,406,137	3,979,671	(2,948,872)	11,436,936	375,098	6,610,946	557,446	7,543,490
Net assets at beginning of year	7,182,101	34,615,472	82,292,478	124,090,051	2,351,094	41,123,732	33,518,128	76,992,954	2,384,903	20,044,417	20,578,123	43,007,443
Net assets at end of year	$ 7,640,423	46,899,404	82,328,765	136,868,592	12,757,231	45,103,403	30,569,256	88,429,890	2,760,001	26,655,363	21,135,569	50,550,933

* Other senior refers to Foundations at Macaulay Honors College, CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.

** See note 1 for a listing of all community college foundations.

(Continued)

Combining schedule of activities – College Foundations:

	2011											
	City 21st century				Graduate				Hunter			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains (losses), and other support:												
Gifts, grants, and contributions	$ 928,210	9,853,453	8,696,078	19,477,741	3,458,565	3,010,223	(1,597,848)	4,870,940	1,313,574	7,399,311	95,235	8,808,120
Special events	506,535	—	—	506,535	—	—	—	—	—	—	—	—
Program service revenues	—	—	—	—	—	—	—	—	—	—	—	—
Investment income	10,147,506	8,329,235	—	18,476,741	109,094	631,154	—	740,248	2,089,639	1,758,700	—	3,848,339
Net realized and unrealized gains on investments	—	—	—	—	2,382,472	846,176	—	3,228,648	—	—	—	—
Change in value of split interest agreements/beneficial trust	—	—	—	—	—	—	—	—	—	—	—	—
Other income	169,481	—	—	169,481	46,547	205,501	—	252,048	—	—	—	—
Net assets released from restrictions	8,855,780	8,895,064	(17,750,844)	—	3,290,837	(3,290,837)	—	—	5,401,349	(5,401,349)	—	—
Total revenues, gains, and other support	20,607,512	27,077,752	(9,054,766)	38,630,498	9,287,515	1,402,217	(1,597,848)	9,091,884	8,804,562	3,756,662	95,235	12,656,459
Expenses:												
Program services	10,571,872	—	—	10,571,872	3,384,152	—	—	3,384,152	6,169,542	—	—	6,169,542
Management and general	343,011	—	—	343,011	347,500	—	—	347,500	307,476	—	—	307,476
Fundraising	898,104	—	—	898,104	210,023	—	—	210,023	329,834	—	—	329,834
Total expenses	11,812,987	—	—	11,812,987	3,941,675	—	—	3,941,675	6,806,852	—	—	6,806,852
Change in net assets before reclassifications and adjustments	8,794,525	27,077,752	(9,054,766)	26,817,511	5,345,840	1,402,217	(1,597,848)	5,150,209	1,997,710	3,756,662	95,235	5,849,607
Reclassifications and adjustments	—	—	—	—	426,979	(470,759)	43,780	—	90,762	(577,063)	486,301	—
Change in net assets	8,794,525	27,077,752	(9,054,766)	26,817,511	5,772,819	931,458	(1,554,068)	5,150,209	2,088,472	3,179,599	581,536	5,849,607
Net assets at beginning of year, as restated	4,814,582	39,152,663	85,314,319	129,281,564	14,610,152	11,320,343	22,623,366	48,553,861	(934,478)	21,954,664	23,493,156	44,513,342
Net assets at end of year	$ 13,609,107	66,230,415	76,259,553	156,099,075	20,382,971	12,251,801	21,069,298	53,704,070	1,153,994	25,134,263	24,074,692	50,362,949

* Other senior refers to Foundations at Macaulay Honors College, CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.

** See note 1 for a listing of all community college foundations.

(Continued)

Combining schedule of activities – College Foundations:

	2011											
	Queens				Other senior *				Total senior			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains (losses), and other support:												
Gifts, grants, and contributions	$ 6,435,465	1,564,494	2,330,891	10,330,850	3,907,670	7,305,286	906,053	12,119,009	21,387,388	46,110,556	13,667,607	81,165,551
Special events	—	—	—	—	500,281	479,823	14,570	994,674	2,230,465	485,943	14,570	2,730,978
Program service revenues	—	—	—	—	170,922	—	—	170,922	170,922	—	—	170,922
Investment income	156,685	557,006	—	713,691	135,543	530,197	53,747	719,487	20,575,911	29,447,805	38,243	50,061,959
Net realized and unrealized gains (losses) on investments	3,163,877	2,429,081	—	5,592,958	627,089	940,142	—	1,567,231	6,492,578	8,126,402	—	14,618,980
Change in value of split interest agreements/beneficial trust	—	—	—	—	(2,529)	(1,031)	—	(3,560)	(34,543)	272,407	3,523	241,387
Other income	154,481	—	—	154,481	363,293	—	—	363,293	1,203,983	206,245	—	1,410,228
Net assets released from restrictions	7,160,039	(7,160,039)	—	—	4,497,340	(4,463,792)	(33,548)	—	50,863,124	(31,925,539)	(18,937,585)	—
Total revenues, gains, and other support	17,070,547	(2,609,458)	2,330,891	16,791,980	10,199,609	4,790,625	940,822	15,931,056	102,889,828	52,723,819	(5,213,642)	150,400,005
Expenses:												
Program services	8,766,215	—	—	8,766,215	6,572,938	—	—	6,572,938	54,884,958	—	—	54,884,958
Management and general	386,260	—	—	386,260	2,446,741	—	—	2,446,741	6,826,673	—	—	6,826,673
Fundraising	367,443	—	—	367,443	1,161,992	—	—	1,161,992	6,090,633	—	—	6,090,633
Total expenses	9,519,918	—	—	9,519,918	10,181,671	—	—	10,181,671	67,802,264	—	—	67,802,264
Change in net assets before reclassifications and adjustments	7,550,629	(2,609,458)	2,330,891	7,272,062	17,938	4,790,625	940,822	5,749,385	35,087,564	52,723,819	(5,213,642)	82,597,741
Reclassifications and adjustments	(707,074)	516,016	191,058	—	(2,244,171)	35,119	3,616	(2,205,436)	(2,574,869)	4,071,841	(3,702,408)	(2,205,436)
Change in net assets	6,843,555	(2,093,442)	2,521,949	7,272,062	(2,226,233)	4,825,744	944,438	3,543,949	32,512,695	56,795,660	(8,916,050)	80,392,305
Net assets (deficit) at beginning of year, as restated	14,741,152	11,884,897	16,329,436	42,955,485	3,532,722	11,167,902	18,446,571	33,147,195	48,682,228	191,264,090	302,595,577	542,541,895
Net assets at end of year	$ 21,584,707	9,791,455	18,851,385	50,227,547	1,306,489	15,993,646	19,391,009	36,691,144	81,194,923	248,059,750	293,679,527	622,934,200

* Other senior refers to Foundations at Macaulay Honors College, CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.

** See note 1 for a listing of all community college foundations.

(Continued)

Combining schedule of activities – College Foundations:

	2011							
	Total community **				Grand total			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains (losses), and other support:								
Gifts, grants, and contributions	$ 1,409,456	1,826,497	151,089	3,387,042	22,796,844	47,937,053	13,818,696	84,552,593
Special events	1,013,729	92,775	—	1,106,504	3,244,194	578,718	14,570	3,837,482
Program service revenues	—	—	—	—	170,922	—	—	170,922
Investment income	123,008	15,668	1,504	140,180	20,698,919	29,463,473	39,747	50,202,139
Net realized and unrealized gains on investments	1,518,989	1,018,018	(382)	2,536,625	8,011,567	9,144,420	(382)	17,155,605
Change in value of split interest agreements/beneficial trust	—	—	—	—	(34,543)	272,407	3,523	241,387
Other income	3,291	2,690	—	5,981	1,207,274	208,935	—	1,416,209
Net assets released from restrictions	1,795,057	(1,828,607)	33,550	—	52,658,181	(33,754,146)	(18,904,035)	—
Total revenues, gains, and other support	5,863,530	1,127,041	185,761	7,176,332	108,753,358	53,850,860	(5,027,881)	157,576,337
Expenses:								
Program services	1,971,823	—	—	1,971,823	56,856,781	—	—	56,856,781
Management and general	1,405,433	—	—	1,405,433	8,232,106	—	—	8,232,106
Fundraising	396,867	—	—	396,867	6,487,500	—	—	6,487,500
Total expenses	3,774,123	—	—	3,774,123	71,576,387	—	—	71,576,387
Change in net assets before reclassifications and adjustments	2,089,407	1,127,041	185,761	3,402,209	37,176,971	53,850,860	(5,027,881)	85,999,950
Reclassifications and adjustments	—	—	—	—	(2,574,869)	4,071,841	(3,702,408)	(2,205,436)
Change in net assets	2,089,407	1,127,041	185,761	3,402,209	34,602,102	57,922,701	(8,730,289)	83,794,514
Net assets at beginning of year	7,229,649	4,546,777	4,147,920	15,924,346	55,911,877	195,810,867	306,743,497	558,466,241
Net assets at end of year	$ 9,319,056	5,673,818	4,333,681	19,326,555	90,513,979	253,733,568	298,013,208	642,260,755

* Other senior refers to Foundations at Macaulay Honors College, CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.

** See note 1 for a listing of all community college foundations.

Schedule 1

THE CITY UNIVERSITY OF NEW YORK

Schedule of Net Assets – Senior and Community Colleges

June 30, 2011

(In thousands)

	Senior colleges	Community colleges	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 567,540	65,725	633,265
Short-term investments	19,703	3,150	22,853
Restricted deposits held by bond trustees	199,716	38,475	238,191
Restricted amounts held by the Dormitory Authority of the State of New York	29,817	22,604	52,421
Receivables, net	434,384	109,869	544,253
Prepaid expense and other current assets	15,945	1,323	17,268
Total current assets	1,267,105	241,146	1,508,251
Noncurrent assets:			
Restricted cash	3,388	—	3,388
Long-term investments, unrestricted	88,497	11,761	100,258
Long-term investments, restricted	138,234	2,142	140,376
Restricted deposits held by bond trustees	487,085	115,240	602,325
Student loans and accrued interest receivable, net	22,465	798	23,263
Deferred financing costs	42,393	5,864	48,257
Capital assets, net	3,780,907	574,872	4,355,779
Other noncurrent assets	3,425	—	3,425
Total noncurrent assets	4,566,394	710,677	5,277,071
Total assets	5,833,499	951,823	6,785,322
Deferred outflows:			
Interest rate swap agreements	58,260	5,961	64,221
Total deferred outflows	58,260	5,961	64,221
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	443,654	112,936	556,590
Compensated absences	72,080	22,986	95,066
Deferred tuition and fees revenue	67,608	11,015	78,623
Accrued interest payable	70,213	11,111	81,324
Current portion of long-term debt	201,089	31,694	232,783
Deferred grant revenue	66,161	1,005	67,166
Other current liabilities	10,871	7,753	18,624
Deposits held in custody for others	13,629	13,517	27,146
Total current liabilities	945,305	212,017	1,157,322
Noncurrent liabilities:			
Compensated absences	33,633	10,697	44,330
OPEB liability	353,541	—	353,541
Long-term debt	3,914,147	553,859	4,468,006
Federal refundable loans	29,372	3,439	32,811
Interest rate swap agreements	58,260	5,961	64,221
Other noncurrent liabilities	8,389	8,228	16,617
Total noncurrent liabilities	4,397,342	582,184	4,979,526
Total liabilities	5,342,647	794,201	6,136,848
Net assets (deficit):			
Invested in capital assets, net of related debt	45,356	50,024	95,380
Restricted:			
Nonexpendable	41,913	175	42,088
Expendable:			
Debt service	181,367	59,086	240,453
Scholarships and general educational support	103,210	1,275	104,485
Loans	12,666	(501)	12,165
Other	80,673	28,510	109,183
Unrestricted	83,927	25,014	108,941
Total net assets	$ 549,112	163,583	712,695

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Revenues, Expenses, and Changes in Net Assets – Senior and Community Colleges

Year ended June 30, 2011

(In thousands)

		Senior colleges	Community colleges	Total
Revenues:				
Operating revenues:				
Tuition and fees, net	$	600,655	138,587	739,242
Grants and contracts:				
Federal		539,677	243,353	783,030
New York State		168,331	66,194	234,525
New York City		79,965	1,843	81,808
Private		82,162	775	82,937
Total grants and contracts		870,135	312,165	1,182,300
Sales and services of auxiliary enterprises		20,503	3,547	24,050
Other operating revenues		39,297	13,191	52,488
Total operating revenues		1,530,590	467,490	1,998,080
Expenses:				
Operating expenses:				
Instruction		1,163,015	438,528	1,601,543
Research		126,245	627	126,872
Public service		18,403	13,892	32,295
Academic support		141,994	20,826	162,820
Student services		224,176	83,862	308,038
Institutional support		359,252	131,319	490,571
Operation and maintenance of plant		238,246	158,027	396,273
Scholarships and fellowships		242,522	136,906	379,428
Auxiliary enterprises		30,517	6,550	37,067
Depreciation and amortization expense		174,203	37,600	211,803
OPEB expense		81,104	—	81,104
Total operating expenses		2,799,677	1,028,137	3,827,814
Operating loss		(1,269,087)	(560,647)	(1,829,734)
Nonoperating revenues (expenses):				
Government appropriations/transfers:				
Federal		—	32,779	32,779
New York State		1,070,461	153,802	1,224,263
New York City		33,177	285,504	318,681
Gifts and grants		30,733	1,697	32,430
Investment income, net		5,687	444	6,131
Interest expense		(136,834)	(24,121)	(160,955)
Net appreciation in fair value of investments		25,939	1,280	27,219
Transfers		2,419	(2,419)	—
Other nonoperating revenue (expenses), net		2,609	(2,097)	512
Net nonoperating revenues		1,034,191	446,869	1,481,060
Loss before other revenues		(234,896)	(113,778)	(348,674)
Capital appropriations		430,790	123,356	554,146
Additions to permanent endowments		100	—	100
Total other revenues		430,890	123,356	554,246
Increase in net assets		195,994	9,578	205,572
Net assets at beginning of year		353,118	154,005	507,123
Net assets at end of year	$	549,112	163,583	712,695

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Cash Flows – Senior and Community Colleges

Year ended June 30, 2011

(In thousands)

		Senior colleges	Community colleges	Total
Cash flows from operating activities:				
Collection of tuition and fees	$	612,779	140,623	753,402
Collection of grants and contracts		884,446	312,576	1,197,022
Collection of loans from students		6,160	838	6,998
Sales and services of auxiliary enterprises		20,503	3,547	24,050
Payments to suppliers		(198,146)	(197,325)	(395,471)
Payments for utilities		(72,943)	(28,149)	(101,092)
Payments to employees		(1,374,595)	(438,329)	(1,812,924)
Payments for benefits		(510,207)	(154,261)	(664,468)
Payments for scholarships and fellowships		(242,522)	(136,906)	(379,428)
Payment for OPEB		(31,051)	—	(31,051)
Loans issued to students		(30,175)	(4,514)	(34,689)
Net cash flows used by operating activities		(935,751)	(501,900)	(1,437,651)
Cash flows from noncapital financing activities:				
Federal, State, and City appropriations/transfers		1,002,770	439,429	1,442,199
Gifts and grants for other than capital purposes		30,733	1,697	32,430
Private gifts for endowment purposes		100	—	100
Increase in deposits held in custody for others		(7,279)	(1,610)	(8,889)
Deposits held in custody receipts from (disbursements to) third parties		5,030	(4,517)	513
Net cash flows provided by noncapital financing activities		1,031,354	434,999	1,466,353
Cash flows from capital and related financing activities:				
Proceeds from capital debt		947,750	154,786	1,102,536
Capital appropriations		430,790	123,356	554,146
Purchases of capital assets		(684,992)	(112,078)	(797,070)
Principal paid on capital debt		(326,763)	(101,584)	(428,347)
Principal amount refunded		(3,526)	(1,188)	(4,714)
Interest paid on capital debt		(134,863)	(25,328)	(160,191)
Amounts paid on bond issuance cost		(8,809)	(1,500)	(10,309)
Increase in restricted deposits held by bond trustees		(283,276)	(14,929)	(298,205)
(Increase) decrease in restricted amounts held by the Dormitory Authority of the State of New York		(16,910)	30,601	13,691
Net cash flows (used by) provided by capital and related financing activities		(80,599)	52,136	(28,463)
Cash flows from investing activities:				
Investment income		5,687	444	6,131
Proceeds from sales and maturities of investments		453,231	2,999	456,230
Purchases of investments		(462,160)	(3,910)	(466,070)
Decrease in restricted cash		2,983	—	2,983
Net cash flows used by investing activities		(259)	(467)	(726)
Net increase (decrease) in cash and cash equivalents		14,745	(15,232)	(487)
Cash and cash equivalents at beginning of year		552,795	80,957	633,752
Cash and cash equivalents at end of year	$	567,540	65,725	633,265

(Continued)

Schedule 3

THE CITY UNIVERSITY OF NEW YORK

Schedule of Cash Flows – Senior and Community Colleges

Year ended June 30, 2011

(In thousands)

		Senior colleges	Community colleges	Total
Reconciliation of operating loss to net cash flows used by operating activities:				
Operating loss	$	(1,269,087)	(560,647)	(1,829,734)
Adjustments to reconcile operating loss to net cash flows used by operating activities:				
Depreciation and amortization expense		174,203	37,600	211,803
Bad debt expense		16,413	6,913	23,326
Change in operating assets and liabilities:				
Receivables		(21,102)	(11,744)	(32,846)
Prepaid expenses and other assets		4,491	(316)	4,175
Accounts payable and accrued expenses		119,264	19,345	138,609
Deferred tuition and fees revenue		1,420	(1,272)	148
Compensated absences		3,397	462	3,859
OPEB liability		50,053	—	50,053
Deferred grant revenue		(1,636)	923	(713)
Other liabilities		(13,167)	6,836	(6,331)
Net cash flows used by operating activities	$	(935,751)	(501,900)	(1,437,651)

See accompanying independent auditors' report.