

**NEW ISSUE  
(Book-Entry Only)**

**Ratings on all Series 2008 Bonds: Moody's: A2  
Standard & Poor's: A-  
Moody's Global Rating on Series 2008B Bonds: Aa3  
(See "RATINGS" herein)**

*In the opinion of Foley & Lardner LLP and Richard Kuper, P.A., Co-Bond Counsel (collectively "Co-Bond Counsel"), assuming continuing compliance by the Authority and the University with certain tax covenants, interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and judicial decisions. Co-Bond Counsel is also of the opinion that interest on the Series 2008A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2008A Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" for a description of certain other federal consequences of ownership of the Series 2008A Bonds. **Interest on the Series 2008B Bonds is not excluded from gross income for federal income tax purposes. Prospective Series 2008A Bondholders should consult their own financial advisors with respect to the impact of federal law on their own particular situations.***

**\$333,080,000**

**MIAMI-DADE COUNTY EDUCATIONAL FACILITIES AUTHORITY  
(University of Miami Issue)**

**\$292,780,000 Revenue Bonds, Series 2008A**

**\$40,300,000 Revenue Bonds, Series 2008B (Taxable)**

**Dated: Date of Delivery**

**Due: April 1, as shown on the inside cover page**

*This cover page contains certain information for quick reference only. It is not a summary of this Issue. Investors must read the entire Official Statement for information essential to the making of an informed investment decision.*

Each series of the Series 2008 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2008 Bonds. Individual purchases of the Series 2008 Bonds will be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Purchasers will not receive physical delivery of certificates representing their ownership interest in the Series 2008 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2008 Bonds, payments of the principal and interest due on each series of Series 2008 Bonds will be made directly to DTC. Interest on the Series 2008 Bonds is payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2008. The Bank of New York Trust Company, N.A., Jacksonville, Florida is Trustee, Paying Agent and Registrar for the Series 2008 Bonds.

The proceeds from the sale of the Series 2008 Bonds will be applied to (i) finance or refinance all or part of the costs of the acquisition, construction, renovation and equipping of various University facilities, (ii) provide working capital for the University, (iii) pay capitalized interest and (iv) pay costs of issuance of the Series 2008 Bonds.

The Series 2008 Bonds are limited obligations of the Authority, payable solely from the revenues and other moneys to be derived by the Authority from payments made pursuant to a Loan Agreement which is a general obligation of the



NEITHER THE AUTHORITY, NOR MIAMI-DADE COUNTY, FLORIDA, NOR THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2008 BONDS, EXCEPT FROM THE REVENUES DERIVED BY THE AUTHORITY FROM THE UNIVERSITY UNDER THE LOAN AGREEMENT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF MIAMI-DADE COUNTY, FLORIDA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2008 BONDS. THE AUTHORITY HAS NO TAXING POWER.

The Series 2008 Bonds are subject to redemption prior to maturity as more fully described herein.

The Series 2008 Bonds are being offered for delivery when, as and if issued and received by the Underwriters and subject to the approval of legality by Foley & Lardner LLP, Miami, Florida, and Richard Kuper, P.A., Miami, Florida, Co-Bond Counsel. Certain legal matters will be passed upon for the University by Squire, Sanders & Dempsey L.L.P., Miami, Florida, for the Authority by the Office of the Miami-Dade County Attorney and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. The Series 2008 Bonds are expected to be delivered through DTC in New York, New York, on or about May 8, 2008. The Series 2008B Bonds will also be available through Clearstream Luxembourg or Euroclear System, in Europe. See "THE SERIES 2008 BONDS – Book-Entry Only System" and "APPENDIX G – BOOK-ENTRY SYSTEM FOR THE SERIES 2008 BONDS."

**Morgan Stanley**

**Bear, Stearns & Co. Inc.**

**Citigroup**

**Goldman, Sachs & Co.**

**Merrill Lynch & Co.**

**Estrada Hinojosa & Company, Inc.**

**Loop Capital Markets, LLC**

**Siebert Brandford Shank & Co., LLC**

Dated: May 1, 2008

**MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS**

**\$292,780,000  
SERIES 2008A BONDS**

Maturity April 1	Principal Amount	Interest Rate	Yield	CUSIP Number <sup>†</sup>
2016	\$6,740,000	5.250%	4.370%	59333AJL6
2017*	7,090,000	5.250	4.510	59333AJM4
2018*	7,465,000	5.250	4.620	59333AJN2
2019*	7,855,000	5.250	4.750	59333AJP7
2020*	8,270,000	5.250	4.860	59333AJQ5
2021*	8,705,000	5.250	4.980	59333AJR3
2022	9,160,000	5.050	5.080	59333AJS1
2023	9,620,000	5.150	5.150	59333AJT9
2024	10,115,000	5.200	5.200	59333AJU6
<b>\$46,390,000</b>	<b>5.750%</b>	<b>Term Bonds due April 1, 2028*</b>	<b>Yield 5.350%</b>	<b>CUSIP Number<sup>†</sup> 59333AJV4</b>
<b>\$171,370,000</b>	<b>5.500%</b>	<b>Term Bonds due April 1, 2038</b>	<b>Yield 5.580%</b>	<b>CUSIP Number<sup>†</sup> 59333AJW2</b>

**\$40,300,000  
SERIES 2008B BONDS (Taxable)**

**\$40,300,000 6.100% Term Bonds due April 1, 2015 Yield 6.100% CUSIP Number<sup>†</sup> 59333AJX0**

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\* Yield to first optional redemption date.

<sup>†</sup> CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the University and are included solely for the convenience of the owners of the Series 2008 Bonds. Neither the Authority nor the University is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2008 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2008 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 2008 Bonds.

No dealer, broker, account executive or other person has been authorized by the Authority, the University or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2008 Bonds and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2008 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. 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 University since the date hereof.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES OF BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives, competition and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority and the University. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the University disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s or the University’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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**OFFICIAL STATEMENT**  
**Related To**  
**\$333,080,000**  
**Miami-Dade County Educational Facilities Authority**  
**(University of Miami Issue)**  
**\$292,780,000 Revenue Bonds, Series 2008A**  
**\$40,300,000 Revenue Bonds, Series 2008B (Taxable)**

**INTRODUCTION**

**General**

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to set forth certain information regarding the Miami-Dade County Educational Facilities Authority (the “Authority”) and \$292,780,000 aggregate principal amount of Miami-Dade County Educational Facilities Authority Revenue Bonds (University of Miami Issue), Series 2008A (the “Series 2008A Bonds”) and \$40,300,000 aggregate principal amount of Miami-Dade County Educational Facilities Authority Revenue Bonds (University of Miami Issue), Series 2008B (Taxable) (the “Series 2008B Bonds,” and together with the Series 2008A Bonds, the “Series 2008 Bonds”). The Series 2008 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including the Higher Educational Facilities Authorities Law, Chapter 243, Part I, Florida Statutes, as amended (the “State Act”) and the provisions of an Indenture (for Debt Securities) dated as of April 1, 2007 among the Authority, the University of Miami (the “University”) and The Bank of New York Trust Company, N.A. (the “Trustee”), as supplemented by the Second Authority Supplemental Indenture among the Authority, the University and the Trustee, dated as of April 1, 2008 (collectively, the “Indenture”).

The proceeds from the sale of the Series 2008 Bonds are being loaned to the University, a Florida not-for-profit corporation, pursuant to the terms of a Loan Agreement dated as of April 1, 2008 (the “Loan Agreement”), between the Authority and the University.

**Purpose of the Series 2008 Bonds**

The Series 2008 Bonds are being issued for the purpose of (i) financing or refinancing all or part of the costs of the acquisition, construction, renovation and equipping of various University facilities and providing working capital therefor, (ii) financing or refinancing all or a part of the costs of the acquisition, construction, renovation and equipping of certain medical, health care and other facilities, (iii) paying capitalized interest and (iv) paying costs of issuance of the Series 2008 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE PROJECT”.

**The University**

Founded in 1925 in Coral Gables, Florida, the University is a not-for-profit, nondenominational and coeducational university. The University has 12 colleges and schools, several centers and institutes, and offers approximately 280 undergraduate, graduate and professional fields of study. For the fall 2007 semester, the University enrolled approximately 15,500 full-time equivalent students. The University also operates a medical school, medical professional practice plan and three licensed hospitals. See “APPENDIX A – GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI” for a description of the University.

**Summary of Security for the Series 2008 Bonds**

*The Indenture and the Loan Agreement.* The Series 2008 Bonds are being issued pursuant to the Indenture. The Indenture provides for the issuance of bonds by the Authority (the “Authority Securities”) and by the University (the “University Securities”), with all outstanding Authority Securities and University Securities on a parity. There

is \$503,140,000 principal amount of Authority Securities outstanding under the Indenture. There have not been any University Securities issued under the Indenture to date. Additional Authority Securities and University Securities may be issued as discussed herein.

Under the Indenture, the Authority pledges and assigns to the Trustee the Loan Payments due by the University under the Loan Agreement as security for the Bonds issued under the Indenture. The University's obligation to make Loan Payments under the Loan Agreement is a general obligation of the University and is not secured by a lien on tuition and fees or any other revenues or assets of the University.

The Loan Agreement and the Indenture do not contain any limitations on the right of the University to dispose of its assets (other than certain limitations relating to a merger, consolidation, conveyance, transfer or lease of its assets substantially as an entirety) or to have or to incur other indebtedness or to grant and allow to exist liens and encumbrances.

See "APPENDIX D – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS."

*Limited Obligations of Authority.* The Series 2008 Bonds are limited obligations of the Authority payable solely from the sources described herein under "SECURITY FOR THE SERIES 2008 BONDS – Limited Obligations of the Authority."

## **Miscellaneous**

Brief descriptions of the Authority, the University, the Series 2008 Bonds, the security for the Series 2008 Bonds, the Indenture, the Loan Agreement and related documents are included in this Official Statement. The descriptions of the documents included in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents. All capitalized, undefined terms used herein shall have the meanings ascribed to them in APPENDIX D under "DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS - Summary of Certain Provisions of the Indenture -- Definitions."

## **THE SERIES 2008 BONDS**

### **General**

The Series 2008 Bonds will be dated their date of issuance, will bear interest at the rates and mature, subject to redemption prior to maturity described below, in the amounts and on the dates set forth on the inside cover page of this Official Statement. Each series of the Series 2008 Bonds will be issuable as fully registered bonds in authorized denominations of \$5,000 and integral multiples thereof.

Interest on the Series 2008 Bonds is payable on April 1 and October 1 of each year, commencing on October 1, 2008 (each, an "Interest Payment Date"). Payment of the interest on any Series 2008 Bond on any Interest Payment Date shall be made to the person whose name appears on the bond registration books as the registered owner thereof as of the close of business on the fifteenth day (whether or not a business day) of the month next preceding such Interest Payment Date (the "Regular Record Date"). Principal of the Series 2008 Bonds is payable at maturity, subject to redemption prior to maturity described below under "Redemption of Bonds." The Series 2008 Bonds will be issued in a book-entry only system of registration, and so long as The Depository Trust Company, New York, New York ("DTC") or its nominee is the registered owner of the Series 2008 Bonds, payments of the principal of, premium, if any, and interest on the Series 2008 Bonds will be payable directly to DTC. See "Book-Entry Only System" below.

The Bank of New York Trust Company, N.A. will serve as Trustee, Paying Agent and Registrar for the Series 2008 Bonds pursuant to the terms of the Indenture. One or more co-paying agents or co-trustees may be appointed, and the Paying Agent, any co-paying agent, any co-trustee, the Registrar and the Trustee may be removed or replaced by the Authority at the direction of the University.



## Redemption of Bonds

The Series 2008 Bonds are subject to optional, mandatory sinking fund and extraordinary redemption, all as described below.

Optional Redemption of Series 2008A Bonds. The Series 2008A Bonds maturing on and after April 1, 2017 are subject to redemption prior to maturity at the option of the Authority at the direction of the University, in whole or in part at any time on or after April 1, 2016 in the order of maturity designated by the University in writing at 100% of the principal amount of the Series 2008A Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption.

Optional Redemption of Series 2008B Bonds. The Series 2008B Bonds are subject to redemption either in whole or in part, at the option of the Authority at the direction of the University, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the Discounted Value thereof, plus in either case, accrued interest thereon to the date of redemption. The Series 2008B Bonds may be redeemed in any principal amount determined by the Authority at the direction of the University in its sole discretion. All calculations and determinations referred to in this section, except as provided in the preceding sentence, will be made by the Trustee.

“Discounted Value” means, with respect to the Series 2008B Bonds to be redeemed, the sum of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

“Discount Yield” means, with respect to the Series 2008B Bonds to be redeemed on a particular date, the Blended Treasury Yield determined with respect to the Series 2008B Bonds. The Discount Yield will be calculated assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months.

“Blended Treasury Yield” means, with respect to the Series 2008B Bonds, the yield computed by the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the Series 2008B Bonds to be redeemed. The first Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to, but no later than, the date corresponding to the remaining average life of the Series 2008B Bonds to be redeemed; the second Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to, but no earlier than, the date corresponding to the remaining average life of the Series 2008B Bonds to be redeemed.

“Market Treasury Yield” means that yield, assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

(i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as “Page PXI” of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury security); or

(ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or

(iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of any actively traded U.S. Treasury security shall be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. Government securities selected by the University.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above shall be determined using the average of the bid and ask prices for the security.

“Valuation Date” means the third Business Day preceding the redemption date.

The redemption price of the Series 2008B Bonds described above is to be determined by the Trustee but the Trustee shall have the right to retain, at the expense of the University, an independent accounting firm or financial advisor (which accounting firm or financial advisor shall be subject to the reasonable approval of the University) to calculate such redemption price. The Trustee and the University may conclusively rely on such accounting firm’s or financial advisor’s determination of such redemption price and shall bear no liability for such reliance.

Extraordinary Redemption from Insurance or Condemnation Awards. The Series 2008A Bonds and the Series 2008B Bonds are subject to redemption in whole or in part at any time and, if in part, by series and in the order of maturity within a series designated by the University in writing, from the proceeds of insurance or condemnation awards relating to the projects financed or refinanced with the proceeds of any of the Series 2008 Bonds, as provided in the Loan Agreement at the principal amount thereof (without premium) plus accrued interest to the redemption date.

Mandatory Amortization Installments. The Series 2008A Bonds maturing on April 1, 2028 are required to be redeemed prior to maturity on April 1, 2025 and annually on each April 1 thereafter to and including April 1, 2028, by operation of the Redemption Account as provided in the Indenture in the principal amounts set forth below (without premium) plus accrued interest to the redemption date.

<u>April 1</u>	<u>Amortization Installment</u>
2025	\$10,645,000
2026	11,255,000
2027	11,905,000
2028†	12,585,000

† Final Maturity

The Series 2008A Bonds maturing on April 1, 2038 are required to be redeemed prior to maturity on April 1, 2029 and annually on each April 1 thereafter to and including April 1, 2038, by operation of the Redemption Account as provided in the Indenture in the principal amounts set forth below (without premium) plus accrued interest to the redemption date.

<u>April 1</u>	<u>Amortization Installment</u>
2029	\$13,310,000
2030	14,040,000
2031	14,815,000
2032	15,630,000
2033	16,490,000
2034	17,395,000
2035	18,355,000
2036	19,360,000
2037	20,425,000
2038†	21,550,000

† Final Maturity

The Series 2008B Bonds maturing on April 1, 2015 are required to be redeemed prior to maturity on April 1, 2009 and annually on each April 1 thereafter to and including April 1, 2015, by operation of the Redemption Account as provided in the Indenture in the principal amounts set forth below (without premium) plus accrued interest to the redemption date.



<u>April 1</u>	<u>Amortization</u> <u>Installment</u>
2009	\$6,370,000
2010	4,855,000
2011	5,150,000
2012	5,460,000
2013	5,795,000
2014	6,150,000
2015†	6,520,000

† Final Maturity

Selection of Bonds to be Redeemed. The Series 2008 Bonds will be redeemed only in whole multiples of \$5,000. Individual Series 2008 Bonds shall be selected for redemption as described herein, provided that the principal amount selected for redemption shall be in whole multiples of \$5,000 and, if a Series 2008 Bond is redeemed in part, the portion not being redeemed shall be in whole multiples of \$5,000. If less than all of the Series 2008 Bonds are to be called for redemption, the University shall select the series of the Series 2008 Bonds and the maturities of such series to be redeemed. If less than all of a maturity of the Series 2008A Bonds is to be called for redemption, the Trustee shall select by lot, in such manner as the Trustee in its discretion may determine, such Series 2008A Bonds to be redeemed within each maturity, provided that for so long as the only Holder is DTC, such selection will be made by DTC. Redemption of less than all of a maturity of the Series 2008B Bonds will be made on a *pro rata* basis to each Holder in whose name such Series 2007B Bonds are registered at the close of business on the fifteenth day of the calendar month immediately preceding the redemption date. “*Pro rata*” means, in connection with any mandatory sinking fund redemption or any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the Series 2008B Bonds held by a Holder of such Series 2008B Bonds, and the denominator of which is equal to the total amount of the Series 2008B Bonds then outstanding. So long as the only Holder is DTC, such selection will be made by DTC.

Notice of Redemption. The Trustee will send the notice of redemption in the form required by the Indenture to all registered owners of Series 2008 Bonds to be redeemed by first-class mail not less than 30 nor more than 60 days prior to the redemption date. While the Series 2008 Bonds are held in the name of DTC or its nominee, such redemption notices will be sent to Cede & Co., not to the beneficial owners of the Series 2008 Bonds. See “Book-Entry Only System” below. Notice of the call for any redemption of any of the Series 2008 Bonds will also be mailed to at least two national information services that disseminate redemption notices. Failure to give any notice of redemption by mail or a defect in the notice or the mailing will not affect the validity of the redemption. Interest will not accrue on the Series 2008 Bonds called for redemption after the redemption date if required notice has been given and if sufficient moneys have been deposited with the Trustee to pay the principal of and interest on the Series 2008 Bonds.

Conditional Notice of Redemption. The notice of redemption may state that such redemption shall be conditional upon the receipt by the Paying Agent for the Series 2008 Bonds to be redeemed, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, on such Series 2008 Bonds and that if such money shall not have been so received such notice shall be of no force or effect and the University shall not be required to redeem such Series 2008 Bonds. In the event that a notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and within a reasonable time thereafter notice shall be given that such money was not so received and such redemption was not required to be made, and any Series 2008 Bonds which had been surrendered for payment upon such redemption shall be returned to the respective holders.

## Book-Entry Only System

The Series 2008 Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for DTC, New York, New York, which will act as securities depository for the Series 2008 Bonds. Purchases of the Series 2008 Bonds will be in book-entry form only. For the Series 2008B Bonds only, Clearstream, Luxembourg (“Clearstream”) and Euroclear System (“Euroclear”) may hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream’s and/or Euroclear’s names on the books of their respective U.S. depositories, which, in turn, hold such positions in customers’ securities accounts in the U.S. depositories’ names on the books of DTC. Citibank, N.A. acts as the U.S. depository for Clearstream and Euroclear Bank, S.A./N.V. acts as the U.S. depository for Euroclear. See “APPENDIX G – BOOK-ENTRY SYSTEM FOR THE SERIES 2008 BONDS.”

## ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the anticipated application of proceeds derived from the sale of the Series 2008 Bonds.

	<u>Series 2008A Bonds</u>	<u>Series 2008B Bonds</u>	<u>Total</u>
<u>Sources of Funds</u>			
Principal Amount of the Bonds	\$292,780,000.00	\$40,300,000.00	\$333,080,000.00
Net Original Issue Premium	<u>817,923.50</u>	<u>-</u>	<u>817,923.50</u>
<i>Total Sources of Funds</i>	293,597,923.50	40,300,000.00	333,897,923.50
<u>Uses of Funds</u>			
Deposit to Project Loan Fund	285,921,912.11	40,000,000.00	325,921,912.11
Capitalized Interest	5,500,731.75	-	5,500,731.75
Underwriters’ Discount	1,243,144.76	171,113.92	1,414,258.68
Costs of Issuance	<u>932,134.88</u>	<u>128,886.08</u>	<u>1,061,020.96</u>
<i>Total Uses of Funds</i>	293,597,923.50	40,300,000.00	333,897,923.50

## THE PROJECT

In 2007, the University acquired Cedars Medical Center a 560-bed acute care hospital facility now known as the University of Miami Hospital complex (the “Hospital”), located at the following addresses: 1400 N.W. 12th Avenue, 1321 N.W. 14 Street, 1295 N.W. 14th Street, 1401 N.E. 16th Street, 1390 N.W. 14th Avenue, 1516 N.W. 15th Road, 1449 N.W. 15th Avenue, 1515 N.W. 15th Avenue, 1447 N.W. 15th Street, 1523 N.W. 15th Avenue, 344 N.W. 10th Avenue, 993 N.W. 4th Street, and 1641 N.W. 15th Avenue, all in Miami, Florida. See APPENDIX A.

The University will apply a portion of the net proceeds of the Series 2008 Bonds to finance or refinance the cost of acquisition of the Hospital and to finance or refinance a part of the cost of renovation of portions of the Hospital. The University will also apply a portion of the net proceeds received by the University from the sale of the Series 2008 Bonds to the financing of the acquisition, construction, renovation and equipping of improvements at the Hospital. A portion of the net proceeds of the 2008 Bonds will also provide working capital for the Hospital. Additionally, a portion of the net proceeds received by the University from the sale of the Series 2008 Bonds will be applied to acquire, construct, renovate and equip the medical, health care and other facilities to be located at the adjacent University of Miami Miller School of Medicine Campus, which campus includes teaching, hospital, treatment and research facilities; all to be owned and operated by the University.

The University may finance a portion of the cost of these projects through other borrowings, gifts, grants and internal sources. The University may add, delete and modify projects and the application of bond proceeds, consistent with applicable tax regulations.

## APPROVALS

On February 4, 2008, the Authority met and adopted a resolution to proceed with the issue of the Series 2008 Bonds under the conditions specified therein. No further proceeding of the Authority is required.

The Board of County Commissioners of Miami-Dade County, Florida (the "Board") held a meeting on March 4, 2008 and adopted a resolution approving the issuance of the Series 2008 Bonds. That resolution is final and no further proceeding is required by Miami-Dade County.

## THE AUTHORITY

### General

The Authority is a public body corporate and politic created pursuant to the State Act and constitutes a public instrumentality. Pursuant to the State Act, the Board has determined by appropriate action (Dade County, Florida Ordinance No. 69-72, enacted on October 22, 1969) that there is a need for the Authority to operate in Miami-Dade County, Florida. The purpose of the Authority, as stated in the State Act, is essentially to assist institutions of higher education within Miami-Dade County, Florida with an additional means to provide the facilities and structures which are needed to provide the fullest opportunities for learning and intellectual development.

### Members and Personnel

The Authority consists of five members. The members of the Authority and terms of office are as follows:

<u>Member</u>	<u>Term Expires</u>
Gregory Wolfe, Chairperson	April 8, 2008*
Lisa Hogan, Vice Chairperson	April 8, 2008*
John Goran	April 8, 2008*
Dr. Freddie Young	April 8, 2008*
Anibal J. Duarte-Viera	March 22, 2012

Mark Wolff is Executive Director of the Authority and serves at the pleasure of the Authority. In the performance of his duties as Executive Director, Mark Wolff is responsible for the general management of the Authority's affairs.

The Office of the Miami-Dade County Attorney serves as counsel to the Authority.

In addition to the above, the State Act provides that the Authority may employ such other staff, counsel, consultants, engineers, architects, accountants, construction and financial experts or other employees and agents as the Authority deems necessary.

### Powers of the Authority

Under the State Act, the Authority is authorized and empowered, among other things: to acquire real and personal property; to issue bonds, bond anticipation notes and other obligations and to refund the same; to charge and collect rentals for the use of projects or for services furnished in relation thereto; to construct, reconstruct,

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\* Pursuant to law, will continue to serve until appointment and qualification of a successor.

maintain, repair, operate, lease as lessee or lessor or regulate projects for institutions of higher education and to enter into contracts in order to provide, manage or operate such projects; to establish or cause to be established rules and regulations for the use of projects provided by the Authority; to receive in relation to projects, loans or grants from any public agency; to make loans to institutions of higher education for the costs of projects, including the refunding of obligations, mortgages or advances thereof; and to do all things necessary to carry out the purposes of the State Act.

### **Other Indebtedness of the Authority**

The Authority has other outstanding notes and bonds issued on behalf of institutions of higher education in Miami-Dade County, Florida, all of which are non-recourse to the Authority. The Authority may enter into agreements with institutions for higher education in Miami-Dade County, Florida, including the University, for the purpose of providing funding for projects for such institutions. In accordance with such agreements, the Authority may issue bonds or bond anticipation notes for the purpose of financing such projects and each issue of bonds or bond anticipation notes may be issued under security agreements separate and apart from the Indenture.

Rule 69W-400.003, Rules of Government Securities, promulgated by the Florida Department of Banking and Finance, Division of Securities, under Section 517.051(l), Florida Statutes (“Rule 69W-400.003”), requires the Authority to disclose each and every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the Authority after December 31, 1975. Rule 69W-400.003 further provides, however, that if the Authority in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosure may be omitted.

Although to the knowledge of the Authority none of the Authority’s bonds has been in default (including all bonds issued by the Authority on behalf of the University), the Authority believes in good faith that disclosure concerning default with regard to any of its bonds would not be considered material by a reasonable investor in the Series 2008 Bonds since the Authority acted solely as a conduit issuer and is in no way obligated to make payments except to the extent it receives payments from related borrowers. Accordingly, defaults with respect to any of its bonds in no way affect the Series 2008 Bonds or the security pledged to such Series 2008 Bonds.

## **SECURITY FOR THE SERIES 2008 BONDS**

### **Pledge of Indenture**

Under the Indenture, the Authority will pledge and assign to the Trustee, as security for the payment of all University Securities and Authority Securities issued under the Indenture and the performance of any other obligations of the Authority under the Indenture (with certain limited exceptions relating to indemnification and the right to receive certain fees and expenses), (i) the present and continuing rights in all the moneys in and investments of all funds created in the Indenture subject to the provisions thereof, and (ii) all the Authority’s right, title and interest in and under the Loan Agreement, including, without limitation, the right to receive Loan Payments and the right to bring actions and proceedings under the Loan Agreement.

### **Payments Due Under Loan Agreement**

The University has covenanted in the Loan Agreement to make Loan Payments in amounts sufficient to provide for the payment of the principal of, redemption premium if any, and interest on the Series 2008 Bonds on a parity with the University’s payment obligations with respect to all other University Securities and Authority Securities issued pursuant to the Indenture and certain other payments. Such Loan Payments will be assigned by the Authority to the Trustee. All University Securities and Authority Securities are on a parity and rate equally as to source and security for payment and in all other respects, except as may be otherwise expressly provided in the Indenture.

The Loan Agreement is an unsecured, absolute, unconditional general obligation of the University without regard to the sufficiency of the revenues of the University and the University's obligation is not subject to diminution by set-off, counterclaim, abatement or otherwise.

### **Outstanding Securities Under the Indenture**

There is currently \$503,140,000 principal amount of Authority Securities outstanding under the Indenture. There have not been any University Securities issued under the Indenture to date.

### **Other Outstanding University Debt**

The University has other debt that will remain outstanding following the issuance of the Series 2008 Bonds. See "APPENDIX A – GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI - Outstanding Obligations of the University."

### **Additional Obligations**

The University and the Authority may issue University Securities or Authority Securities on a parity with the Series 2008 Bonds under the Indenture. Furthermore, the University may issue other indebtedness on a secured or unsecured basis, including indebtedness secured by such revenues or other assets as the University may determine. Neither the Indenture nor the Loan Agreement prevents the University from incurring future indebtedness with a lien on University revenues or assets.

### **Limited Obligations of the Authority**

Neither the Authority, Miami-Dade County, Florida, nor the State of Florida, nor any political subdivision thereof, shall be obligated to pay the principal of, redemption premium, if any, or interest on the Series 2008 Bonds, except from the revenues derived by the Authority from the University under the Loan Agreement. Neither the full faith and credit nor the taxing power of Miami-Dade County, Florida, the State of Florida, or of any political subdivision thereof is pledged to the payment of the principal of, redemption premium, if any, and interest on the Series 2008 Bonds. The Authority has no taxing power.

### **No Reserve Fund**

No debt service reserve fund has been established with respect to the Series 2008 Bonds. The Indenture allows for the creation of separate debt service reserve funds for additional University Securities or Authority Securities issued thereunder. However, any such debt service reserve funds created in the future shall not secure the Series 2008 Bonds.

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt securities service requirements for the Series 2008 Bonds and other outstanding Authority Securities and excludes other debt of the University, such as mortgages and bank loans. See “APPENDIX A – GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI - Outstanding Obligations of the University.”

### Series 2008 Bonds

<u>Period Ending April 1</u>	<u>Annual Principal Requirements</u>	<u>Annual Interest Requirement</u>	<u>Annual Principal and Interest Requirements*</u>	<u>Annual Principal and Interest on Outstanding Authority Securities</u>	<u>Total Principal and Interest Requirements*</u>
2009	\$ 6,370,000	\$16,559,696	\$22,929,696	\$40,417,946.00	\$63,347,642
2010	4,855,000	18,068,058	22,923,058	40,221,869.00	63,144,927
2011	5,150,000	17,771,903	22,921,903	33,738,775.00	56,660,678
2012	5,460,000	17,457,753	22,917,753	34,721,543.00	57,639,296
2013	5,795,000	17,124,693	22,919,693	34,744,249.00	57,663,942
2014	6,150,000	16,771,198	22,921,198	34,778,158.50	57,699,356
2015	6,520,000	16,396,048	22,916,048	34,801,008.50	57,717,056
2016	6,740,000	15,998,328	22,738,328	34,815,318.50	57,553,646
2017	7,090,000	15,644,478	22,734,478	34,846,612.50	57,581,090
2018	7,465,000	15,272,253	22,737,253	34,884,362.50	57,621,615
2019	7,855,000	14,880,340	22,735,340	34,924,200.00	57,659,540
2020	8,270,000	14,467,953	22,737,953	36,951,575.00	59,689,528
2021	8,705,000	14,033,778	22,738,778	31,104,662.50	53,843,440
2022	9,160,000	13,576,765	22,736,765	31,098,800.00	53,835,565
2023	9,620,000	13,114,185	22,734,185	31,105,537.50	53,839,723
2024	10,115,000	12,618,755	22,733,755	31,092,025.00	53,825,780
2025	10,645,000	12,092,775	22,737,775	31,096,987.50	53,834,763
2026	11,255,000	11,480,688	22,735,688	31,082,050.00	53,817,738
2027	11,905,000	10,833,525	22,738,525	31,090,662.50	53,829,188
2028	12,585,000	10,148,988	22,733,988	31,093,937.50	53,827,925
2029	13,310,000	9,425,350	22,735,350	31,099,287.50	53,834,638
2030	14,040,000	8,693,300	22,733,300	21,218,612.50	43,951,913
2031	14,815,000	7,921,100	22,736,100	21,217,762.50	43,953,863
2032	15,630,000	7,106,275	22,736,275	21,216,975.00	43,953,250
2033	16,490,000	6,246,625	22,736,625	21,219,212.50	43,955,838
2034	17,395,000	5,339,675	22,734,675	21,217,150.00	43,951,825
2035	18,355,000	4,382,950	22,737,950	11,998,750.00	34,736,700
2036	19,360,000	3,373,425	22,733,425	12,000,500.00	34,733,925
2037	20,425,000	2,308,625	22,733,625	11,996,250.00	34,729,875
2038	21,550,000	1,185,250	22,735,250		22,735,250

\* Totals may not add due to rounding.



## TAX MATTERS

In the opinion of Foley & Lardner LLP, and Richard Kuper, P.A., Co-Bond Counsel (“Co-Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Co-Bond Counsel is of the further opinion that interest on the Series 2008A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. **Interest on the Series 2008B Bonds is not excluded from gross income for federal income tax purposes.** A complete copy of the proposed form of opinions of Co-Bond Counsel is set forth in APPENDIX E hereto.

Series 2008A Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date), referred to as “Premium Bonds,” will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series 2008A Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2008A Bonds. The Authority and the University have made certain representations and have covenanted to comply with certain restrictions designed to ensure that interest on the Series 2008A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2008A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2008A Bonds. The opinion of Co-Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Co-Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2008A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2008A Bonds.

In addition, Co-Bond Counsel has relied on the opinion of Squire, Sanders & Dempsey L.L.P., Counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code and other matters. Neither Co-Bond Counsel nor Counsel to the University can give or has given any opinion or assurance about the future activities of the University, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of the University to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code may result in interest payable with respect to the Series 2008A Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2008A Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Agreement, the Tax Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2008A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2008A Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP and Richard Kuper, P.A.

Although Co-Bond Counsel is of the opinion that interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes to the extent described herein, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008A Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Co-Bond Counsel expresses no opinion regarding any such other tax consequences.



Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2008A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2008A Bonds. Prospective purchasers of the Series 2008A Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Co-Bond Counsel expresses no opinion.

The opinion of Co-Bond Counsel is based on current legal authorities, covers certain matters not directly addressed by such authorities, and represents Co-Bond Counsel's judgment as to the proper treatment of the Series 2008A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service, or the courts, and is not a guarantee of result. Furthermore, Co-Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the University or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service. The Authority and the University have covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Authority, the University or the Beneficial Owners regarding the tax-exempt status of the Series 2008A Bonds in the event of an examination by the Internal Revenue Service. Under current procedures, parties other than the Authority, the University and their appointed counsel, including the Beneficial Owners, may have little, if any, right to participate in the examination process. Moreover, because achieving judicial review in connection with an examination of tax-exempt bonds is difficult, obtaining an independent review of Internal Revenue Service positions with which the Authority or the University legitimately disagrees, may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2008A Bonds for examination, or the course or result of such examination, or an examination of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2008A Bonds, and may cause the Authority, the University or the Beneficial Owners to incur significant expense.

Recent legislation amended Section 6049 of the Code to require information reporting for payments of tax-exempt interest applicable to interest paid after December 31, 2005. The Internal Revenue Service has published transitional guidance for information reporting requirements for payments of interest on tax-exempt bonds, including circumstances under which "backup withholding" may be required.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the holders of the Series 2008 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Indenture and the Series 2008 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2008 Bonds (including Co-Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

### **RATINGS**

Moody's Investors Service, Inc. ("Moody's") has assigned the Series 2008 Bonds a municipal rating of "A2" and has assigned the Series 2008B Bonds a Global Scale Rating of "Aa3", in each case based on the University's general obligation under the Loan Agreement. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") has assigned the Series 2008 Bonds the ratings of "A-" based on the University's general obligation under the Loan Agreement. Any desired explanation of the significance of such ratings may only be obtained from the applicable rating agency furnishing the same. Generally, rating agencies base their ratings on the information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. The University supplied certain information to the rating agencies to be considered in evaluating the Series 2008 Bonds which has not been included in this Official Statement. There can be no assurance

that the ratings will continue for any given period of time or that either of such ratings will not be changed, lowered, suspended or withdrawn entirely if, in the judgment of either of such rating agencies, circumstances so warrant. Any such revision, suspension or withdrawal could have an adverse effect upon the market price of the Series 2008 Bonds.

### LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2008 Bonds by the Authority are subject to the approving opinions of Foley & Lardner LLP, Miami, Florida, and Richard Kuper, P.A., Co-Bond Counsel, whose approving opinions will be delivered with the Series 2008 Bonds. The proposed form of such opinions is attached hereto as APPENDIX E. Certain legal matters will be passed on for the University by its Counsel, Squire, Sanders & Dempsey L.L.P., Miami, Florida, for the Authority by the Office of the Miami-Dade County Attorney and for the Underwriters by their Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

### LITIGATION

There is not now any litigation pending for which the Authority has received a service of process nor to the knowledge of the Authority is there any litigation threatened which would restrain or enjoin the issuance or delivery of the Series 2008 Bonds or question or affect the validity of the Series 2008 Bonds or the proceedings and authority under which they will be issued. Neither the creation, organization or existence of the Authority, nor the title of the present members or other officers of the Authority to their respective offices is being contested. There is no litigation pending, or to the knowledge of the Authority threatened, which in any manner questions the right of the Authority to make the loan to the University in accordance with the provisions of the State Act, or to enter into the Indenture and the Loan Agreement or questioning the validity of the Indenture or the Loan Agreement. For litigation involving the University, see APPENDIX A – “GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI – Litigation and Other Legal Matters.”

### CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2008 Bonds or to any decision to purchase, hold or sell the Series 2008 Bonds and the Authority will not provide any such information. The University has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to the Holders of the Series 2008 Bonds or any other person with respect to Rule 15c2-12 of the Securities and Exchange Commission.

The University has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the University by not later than 180 days following the end of the University’s fiscal year (which currently is May 31) (the “Annual Report”), commencing with the report for the Fiscal Year ended May 31, 2008, and to provide notices of the occurrence of certain enumerated events, if material.

The University will cause the Annual Report to be filed with each Nationally Recognized Municipal Securities Information Repository and notices of material events to be filed with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth herein in “APPENDIX F - CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. The University has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

## **UNDERWRITING**

The Series 2008A Bonds are being purchased for reoffering by Morgan Stanley & Co. Incorporated and the other underwriters named on the cover page hereof (collectively, the “Underwriters”) at a purchase price of \$292,354,778.74. The Series 2008B Bonds are being purchased for reoffering by Underwriters at a purchase price of \$40,128,886.08. The Underwriters intend to offer the Series 2008 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriters may allow concessions to certain dealers (including dealers in a selling group and other dealers depositing the Series 2008 Bonds into investment trusts), who may realow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriters.

## **INDEPENDENT AUDITORS**

The financial statements of the University as of and for the year ended May 31, 2007, included in APPENDIX B to this Official Statement, have been audited by McGladrey & Pullen, LLP independent certified public accountants, as stated in their report.

## **FINANCIAL ADVISOR**

Cain Brothers, New York, New York, is serving as Financial Advisor to the University.

## **MISCELLANEOUS**

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof, and no guarantee, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI**

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## GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI

### THE UNIVERSITY

Founded in 1925 in Coral Gables, Florida, the University of Miami is a not-for-profit university providing educational, patient care and research services. The University derives its revenues primarily from tuition and fees, patient care, and direct support from sponsoring organizations and individuals.

The University's mission is to educate and nurture students, to create knowledge, and to provide service to its community and beyond. Committed to excellence and proud of the diversity of the University family, the University strives to develop future leaders of the nation and the world.

The core values that are fundamental to achieving the University mission include an absolute commitment to freedom of inquiry—the freedom to think, to question, to criticize, and to dissent. University faculty will pursue the value of excellence in their research and educational missions with the single-mindedness that only great commitments deserve; striving to provide students with the foundations for ethical citizenship and service to others, a respect for differences among people, and a commitment to high standards of thought and communication. The University's goal is to prepare students for rewarding lifelong careers and will imbue in them a continued and permanent desire for the study of knowledge and the search for truth.

The University offers approximately 280 undergraduate, graduate and professional fields of study to more than 15,000 students. The University also has extensive research and healthcare enterprises. Among its facilities, the University operates twelve colleges and schools, three hospitals and several research institutes from four campuses and other facilities, most are located in Miami-Dade County Florida.

### PRINCIPAL PROGRAMS AND FACILITIES

#### Coral Gables Campus

The main campus of the University is located on an approximately 230 acre site in Coral Gables, Florida.

Most undergraduate programs are provided on this campus with the campus containing five residential colleges for undergraduates. In addition, the campus houses the School of Architecture, the College of Arts and Sciences, the School of Business Administration, the School of Communication, the School of Education, the College of Engineering, the Graduate School, the School of Law, the School of Music, the School of Nursing, and the division of Continuing and International Education. The campus contains 125 buildings totaling 4.5 million square feet of classroom, laboratory, residential, cultural, student life, and administrative facilities.

#### Medical Campus

Approximately ten miles northeast of the Coral Gables Campus, the University operates a medical campus housing the Leonard M. Miller School of Medicine, three University owned hospitals, and a number of clinics and research facilities. The Miller School of Medicine has a faculty of approximately 1,300 members and a student body of approximately 1,100.

Within the medical campus, the University owns and operates three hospitals. The largest of the three is University of Miami Hospital ("UM Hospital"), a 560 bed acute care facility acquired by the University in

December 2007, and previously known as Cedars Medical Center. UM Hospital was previously owned and operated by an HCA, Inc. affiliate, Cedars Healthcare Group Inc. The hospital was acquired by the University to provide additional capacity for the Miller School of Medicine's expanding programs relating to medical education, research and patient care. The proceeds of the Series 2008 Bonds will be used principally to refinance the purchase price of UM Hospital and its associated facilities and to fund improvements in the facility. (See "Matters Relating to UM Hospital".)

The other two hospitals owned by the University, also located within the medical campus, include the University of Miami Hospital and Clinics/Sylvester Comprehensive Cancer Center ("UMHC/SCCC") and the Anne Bates Leach Eye Hospital ("ABLEH"). (See "ABLEH AND UMHC/SCCC".)

UMHC/SCCC specializes in providing outpatient and inpatient services to cancer patients. The hospital portion of the facility contains 40 acute care beds. UMHC/SCCC is a member of the Alliance of Dedicated Cancer Centers, comprised of 10 nationally important comprehensive cancer centers. Recognizing the importance of these Centers to cancer treatment and research, Congress authorized, and the Medicare and Medicaid Programs have implemented, a modified cost based reimbursement system which has a net favorable effect on revenues. All 10 Centers are exempt from the inpatient Prospective Payment System and have a "hold harmless" payment floor for services provided under the outpatient Prospective Payment System.

ABLEH is a specialty facility with over 85% of its revenue related to the provision of eye care services. It is the primary site of practice for the faculty-physician members of the University's Department of Ophthalmology and is routinely ranked as one of the top eye care facilities in the nation. Substantially all services at ABLEH are provided on an out-patient basis.

Jackson Memorial Hospital ("JMH"), a 1,564 bed acute care facility owned by Miami-Dade County, is integrated with the campus. JMH serves as the primary teaching hospital for the Miller School of Medicine, and the two institutions operate under an affiliation agreement as the University of Miami/Jackson Memorial Hospital Medical Center. Miami-Dade County and the University each own their respective facilities.

The Miller School of Medicine has also established a satellite medical school on the campus of Florida Atlantic University ("FAU"), a member of the State University System of Florida, located approximately sixty miles north of Miami. This satellite program is called The University of Miami School of Medicine at Florida Atlantic University. FAU has more than 25,000 undergraduate and graduate students enrolled in a variety of bachelor, masters and doctoral level programs. The program offers University of Miami medical students the opportunity to complete all four years of the medical curriculum at this campus in Boca Raton. In the current academic year, 32 of the total of 687 medical students are located at that campus.

Most of the physicians on the faculty of the Miller School of Medicine provide their clinical services at JMH. As to the University owned hospitals, in fiscal 2007, the Miller School of Medicine faculty accounted for approximately 9% of in-patient admissions to UM Hospital and substantially all clinical activity, in-patient and out-patient, for ABLEH and UMHC/SCCC. Admissions to UM Hospital prior to its acquisition by the University have been, and after acquisition have continued to be, primarily through existing community physicians, with a small percentage of admissions through the University of Miami Medical Group physicians. As of December, 2007, UM Hospital had approximately 410 community physicians on its medical staff. Some faculty physicians also provide services at other hospitals and sites in southern Florida.

With the appointment of Dean Pascal Goldschmidt in 2006, the Miller School of Medicine has undertaken a program of extensive faculty recruitment to expand and strengthen key research and clinical programs. Of particular note are the establishment of the Miami Institute for Human Genomics and the Interdisciplinary Stem Cell Institute (ISCI), both located on the medical campus. The Institute for Human Genomics carries out programs in basic, translational, and clinical research aimed at bringing the results of the Human Genome Project into the patient clinic environment. A key partner in this project is the State of Florida's Office of Trade, Tourism, and Economic Development. The University has signed contracts with that office



pursuant to which the State will provide \$80 million in state support to UM over a five year period with a matching commitment of \$100 million from the University. The first disbursement of \$20 million was received in January 2008. The ISCI ranges from basic stem cell biology through clinical studies, and the ISCI team have Phase I clinical trials underway to use stems cells to facilitate the repair of heart muscle damaged by heart attack. The leadership of each Institute has been recruited from major US medical schools.

Other noteworthy facilities on the medical campus are the Mailman Center for Child Development; the Lois Pope LIFE Center; the Miami Project to Cure Paralysis; the Batchelor Children's Research Institute; the Debbie Center for Child Development; the Touch Research Institute; the Institute for Women's Health; the Center on Adult Development and Aging; the Vascular Biology Institute; the Diabetes Research Institute; the Fox, Gautier, Parkinson, Clinical Research, Sewell, Sieron, Elliot, Edelman and Papanicolaou research buildings; and the Medical Training and Simulation Laboratory. Construction is in progress on an 188,000 square foot basic science facility scheduled for occupancy in October 2008.

### **The RSMAS Campus**

The internationally recognized Rosenstiel School of Marine and Atmospheric Science occupies its own 18 acre waterfront campus on Virginia Key, about seven miles northwest of the Coral Gables Campus. The campus comprises 15 buildings totaling approximately 280,000 square feet. Research, classroom, vessel operation and support facilities are located in eleven major buildings. The School operates two ocean-going research vessels and other smaller craft. The Rosenstiel School of Marine and Atmospheric Science has a faculty of approximately 100 members and a graduate student body of 215.

### **Other Facilities**

The University owns and operates a south campus, located ten miles southwest of Coral Gables, which opened in 1986 on a 136-acre site. Its seven buildings provide 58,724 gross square feet for the purpose of conducting research and development projects. Faculty from the departments of Epidemiology, Microbiology and Immunology and the Institute for Human Genomics conduct various research on the south campus.

The University also owns and operates the Richmond campus on a 76-acre site near south campus. Research facilities for the Rosenstiel School of Marine and Atmospheric Science's Center for Southeastern Tropical Advanced Remote Sensing (CSTARS) and Richmond Satellite Operations Center (RSOC) are located on the campus. The RSOC Facility has the capability to command and control GOES-3 (Geostationary Operational Environmental Satellite model 3) as well as to utilize VHF and S-band communications via the GOES platform. The facility includes a 20-m antenna for GOES-3 L/S band communications. Currently the facility is used to support voice and data communications with the U.S. Antarctic Amundsen Scott South Pole station. To complement the RSOC communications capability at the Richmond Campus, the Rosenstiel School, in conjunction with several other universities and research groups, and with support from the US Department of Defense and NASA, developed a high capability receiving facility for satellite data. This facility, CSTARS, has operational capability which includes two 11m X-band receiving systems for reception of data from low earth orbiting, earth viewing satellite platforms.

The City of Miami/University of Miami James L. Knight International Conference Center is operated by the University in downtown Miami to host conferences of significance to the University and the community. Professional training and certification courses have been conducted at this site. There is approximately 30,000 square feet of meeting space composed of 19 meeting rooms, a 444 seat auditorium, a 117-seat lecture hall and office space. The University does not own this center.

The Koubek Center, owned by the University and located in Little Havana, offers classes and seminars for the Hispanic community. The Center has approximately 12,000 square feet of classrooms, meeting space, a 178 seat auditorium, office space and approximately 24,000 square feet of gardens.

The University library system spans all of the University's campuses and consists of the Otto G. Richter

Library, and the libraries of the Schools of Architecture, Business, Law, Marine and Atmospheric Science, Medicine, and Music. The University libraries contain over 3.1 million volumes, 4.0 million microforms, 15,375 print serial subscriptions, access to 42,800 electronic journals and 479,000 electronic books and databases.

The University also operates a number of community medical clinics located in Palm Beach, Broward, Miami-Dade, and Collier Counties that provide care by University faculty.

## **ACCREDITATION AND MEMBERSHIPS**

The University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award bachelors, masters, and doctoral degrees and is a member of the American Council on Education, the Association of American Colleges and Universities, and the National Association of Independent Colleges and Universities.

The University holds accreditation and memberships including: Accreditation Board for Engineering and Technology, Accrediting Council on Education in Journalism and Mass Communications, Commission on Accreditation of Healthcare Management Education, American Assembly of Collegiate Schools of Business, American Bar Association, American Chemical Society, American Medical Association and the Association of American Medical Colleges Liaison Committee for Medical Education, Accreditation Council for Graduate Medical Education, Commission on Accreditation for Physical Therapy Education, American College of Nurse-Midwives, Council on Accreditation of Nurse Anesthesia Educational Programs, Council on Education for Public Health, Florida Board of Education, National Architectural Accrediting Board, National Association of Schools of Music, American Music Therapy Association, National Council for Accreditation of Teacher Education, American Psychological Association, National Athletic Training Association, Commission on English Language Program Accreditation, Florida State Board of Nursing, the Commission on Collegiate Nursing Education and the Southern Association of Colleges and Schools. The College of Arts and Sciences has a chapter of Phi Beta Kappa. The Museum is accredited by the American Association of Museums and American Association of Museum Directors.

The UMHC/SCCC and the ABLEH operate under a "Class 3 Special Medical Acute Bed" license from the State of Florida Agency for Healthcare Administration. UM Hospital operates under a "Class 1 Hospital" license. The three University owned hospitals are accredited by the Joint Commission on Accreditation of Healthcare Organizations and are recognized by one or more specialty focused organizations.

## GOVERNANCE

The University of Miami is currently governed by a Board of Trustees consisting of fifty-nine regularly elected members, nineteen life trustees, three alumni representatives, one student trustee, and six ex officio members. The president of the University is one of the six ex officio members. In addition, there are thirteen emeriti trustees who are retired members of the Board. The University's by-laws require governance by no less than twenty Board members who are elected by the Board. All classes of trustees are eligible to vote, with the exception of emeriti trustees. Regularly elected trustees serve for an initial term of one year and, if re-elected, a second one-year term, and, thereafter, if re-elected, for successive three-year terms. There are no term limits for Board members.

The Board operates through committees which may be composed of both trustee and non-trustee members. A twenty-one member Executive Committee is empowered to make major decisions concerning University affairs when the Board is not in session. The Executive Committee normally meets bi-monthly while the Board generally meets three times per year. The members of the Board and their business affiliations are set forth below.

### **Regularly Elected Trustees**

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Southeast Banking Corporation

\*Member of Executive Committee

<sup>1</sup>No Business Affiliation

## ADMINISTRATION

The executive and financial officers of the University are listed below:

DONNA E. SHALALA became Professor of Political Science and President of the University of Miami June 1, 2001. President Shalala has more than 25 years of experience as an accomplished scholar, teacher and administrator. Prior to joining the University, she served as Secretary of Health and Human Services during the Clinton administration for eight years - the longest term in U.S. history. Her priorities there included improved health care for children, welfare reform, and increased biomedical research. Dr. Shalala served as Chancellor of the University of Wisconsin-Madison from 1987 to 1993, the first woman to head a Big Ten University, and as President of Hunter College of the City University of New York (CUNY) from 1980 to 1987. She has held tenured professorships at Columbia University, CUNY, and the University of Wisconsin. She received an A.B. from Western College for Women and a Ph.D. degree from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

THOMAS J. LEBLANC, Ph.D. Executive Vice President and Provost, was appointed in 2005. He is the Chief Academic Officer and Chief Budget Officer for the University and is responsible for overseeing and coordinating academic programs and enhancing the educational mission of the University. He is also a Professor in the Departments of Computer Science and Electrical and Computer Engineering. Previously, Dr. LeBlanc served as Dean of the College Faculty in the College of Arts, Sciences, and Engineering at the University of Rochester. His publications include writings on operating systems, parallel programming, and software engineering. He holds a Ph.D. and a Master's Degree in Computer Science from the University of Wisconsin at Madison, and a Bachelor of Science degree in Computer Science from State University of New York at Plattsburgh.

PASCAL J. GOLDSCHMIDT, M.D. became Senior Vice President for Medical Affairs and Dean of the Leonard M. Miller School of Medicine in April 2006. An internationally renowned cardiologist, Goldschmidt's research applies genomics and cell therapy to the prevention, diagnosis and treatment of coronary artery disease. Before joining Duke he was director of cardiology at The Ohio State University College of Medicine and Public Health, where he built the Heart and Lung Research Institute and a heart hospital. Dr. Goldschmidt received his medical degree from the Universite Libre de Bruxelles and completed residency and fellowship training in Brussels at Erasme Academic Hospital and at Johns Hopkins University.

JOE NATOLI, Senior Vice President of Business and Finance & CFO, joined the University in 2006. He is responsible for campus planning and construction, real estate, business services, human resources, information technology, financial management (treasury operations), risk management, accounting and financial reporting and campus services. Previously, he spent 30 years in the newspaper business holding positions that included publisher of The Philadelphia Inquirer and Daily News, publisher of the San Jose Mercury News and president of The Miami Herald Publishing Company. He is a graduate of the University of South Florida and has an MBA from Nova (now Nova-Southeastern) University. He is a CPA, currently on inactive status. He is currently on the Board of the United Way of Miami-Dade County and the Orange Bowl Committee. He has chaired community-wide United Way campaigns in Miami, Silicon Valley and Philadelphia.

BART CHERNOW, M.D., MACP became Vice President for Special Programs and Resource Strategy in January 2007. He also serves as the Senior Executive Advisor to the Dean and Vice Provost for Technology Advancement of the Miller School of Medicine. Previously Dr. Chernow had been a Professor of Medicine, Anesthesia and Critical Care at the Johns Hopkins University School of Medicine and continues to hold the position of Adjunct Professor of Medicine. At Johns Hopkins he served initially as a Program director of the Johns Hopkins/Sinai Hospital program in Internal Medicine and later as the Vice-Dean of Research, Technology and Corporate Relations. Prior to Hopkins, Dr. Chernow was an Associate Professor of Anesthesia (Critical Care) at Harvard Medical School. He performed his clinical work and research studies at the Massachusetts General Hospital. In Dr. Chernow's distinguished career he has also gained business experiences having previously served as President of the American College of Chest Physicians (ACCP), Chair and President of the Chest Foundation (the philanthropic arm of the ACCP), Editor-in-Chief of the journal *Critical Care Medicine* (the official journal of the Society of Critical Care Medicine) and having worked with several "start-up" companies involved in medical product development. Dr. Chernow is a Master Fellow of the American College of Physicians (MACP) and a Master Fellow of the ACCP. Dr. Chernow received his M.D. with Summa Cum Laude distinction from the State University of New York (Downstate Medical Center).



AILEEN M. UGALDE was appointed Vice President, General Counsel and Secretary of the University in 2006. Ms. Ugalde was previously Assistant to the President and Vice President for Government Affairs. She received an A.B., in Latin American Studies and International Relations, Magna Cum Laude, from Harvard University in 1988, and a Juris Doctorate, Cum Laude, in 1991 from the University of Miami. Ms. Ugalde was admitted to the Florida Bar in 1991 and is a member of the Cuban American Bar Association, the Florida Association of Women Lawyers and the National Association of College and University Attorneys.

DIANE M. COOK, Vice President and Treasurer, was appointed Treasurer in 1981 and Vice President in 1991. Previously, Ms. Cook served Purdue University in a variety of administrative positions. Ms. Cook is a graduate of Purdue University and received her Master of Business Administration degree from the University of Miami. She currently serves as a director of Fiduciary Trust International of the South, trustee of the Miami-Dade United Way, member of the Miami-Dade County Investment Advisory Committee and the chairman of the Miami-Dade County Hospital Facilities Authority.

WILLIAM J. DONELAN joined the University in September, 2006 as Vice President for Medical Administration, and Chief Operating and Strategy Officer for the Miller School of Medicine. Mr. Donelan retired from Duke University in September, 2005 after a thirty-six year career during which he directed the operations of Duke University Hospital for ten years, served as the senior administrative and financial leader of Duke University Medical Center for eight years, and organized and lead the Duke University Health System for the last seven years as its Executive Vice President and Vice Chancellor for Health Affairs of Duke University. Mr. Donelan received his Bachelor of Science degree in Political Science from Wheeling Jesuit University and his Master's Degree in Management from Duke University.

RUDY FERNANDEZ was appointed Vice President of Government Affairs in February, 2007. He serves as the principal liaison between the University and federal, state, and local governments. Prior to joining the University, Mr. Fernandez served as Special Assistant to President George W. Bush in the White House Office of Intergovernmental Affairs. Previously, Mr. Fernandez served as Deputy Assistant Secretary for Government Affairs at the United States Department of Transportation. He also served as the Southwest Regional Political Director for the Bush-Cheney campaign in 2004. Earlier in his career, he was Director of Grassroots Development at the Republican National Committee and Press Secretary for Florida Congresswoman Ileana Ros-Lehtinen. He has a Bachelor of Arts degree in Government from Harvard University.

ALAN J. FISH, Vice President for Business Services, joined the University in 1977 and was appointed Vice President in 2003. His responsibilities encompass the administration of business and auxiliary operations. He leads the University in Disaster Planning and Business Continuity as well as the Green U initiative for environmental sustainability, and co-chairs the University Contracts and Compliance Committee. He is a graduate of Rochester Institute of Technology, with an M.B.A. from the University of Miami, and has completed the Management Development Program at Harvard.

SERGIO GONZALEZ, Vice President for University Advancement and External Affairs was appointed in December 2001. He is responsible for the implementation of all fundraising, communications, government affairs, and alumni affairs for the University. Previously Mr. Gonzalez served as Chief of Staff for Miami-Dade County Executive Mayor, Alex Penelas. He served as the Director of Miami-Dade County Mayor's Office of Job Creation and Welfare-To-Work, and was the Executive Director of the South Florida 1999 Super Bowl Host Committee. Mr. Gonzalez was the initial Executive Director of the Miami-Dade County Homeless Trust. He received his Bachelor of Science in Foreign Service from Georgetown University and his Juris Doctor degree from Columbia University.

LARRY MARBERT, Vice President of Real Estate and Facilities, joined the University in 2007. He is responsible for developing all University-owned and operated real estate. Previously, he was Assistant Vice President for Construction Management at Baptist Health South Florida and spent 30 years in the newspaper business holding positions that included Senior Vice President of Operations for The Philadelphia Newspapers, Vice President of Technology and Vice President of Production & Facilities for Knight Ridder, Inc. He is a graduate of the University of North Carolina at Greensboro and has an M.S. in Management Science from Auburn University. He is a Trustee for Palmer Trinity School and the South Dade YMCA.

JACQUELINE MENENDEZ, Vice President for University Communications was appointed in June 2007. She

serves as the University's chief media liaison; acts as senior counselor to the President, the Vice President for University Advancement, and other University leaders. Previously Ms. Menendez served as senior administrator in municipal and county government including as Key Biscayne Village Manager. Also for Miami-Dade County, she served as Executive Assistant to the Fire Chief, Assistant Director and Manager of Media Relations, and Assistant Director for Administration for Miami-Dade County Fire Rescue. Ms. Menendez was a television news reporter in both English and Spanish language for WCIX, Channel 6 and WLTW Channel 23. She received her Bachelor of Arts in Broadcast Journalism from the University of Miami in 1983.

PAUL M. OREHOVEC, Vice President for Enrollment Management and Continuing and International Education is twice a graduate of the University, receiving the Bachelor of Arts and Master of Education degrees. Mr. Orehovec returned to his alma mater in 1986 as Director of the Office of Financial Assistance Services. In 1993 he was named the Vice Provost and Dean of Enrollments, overseeing the critical areas of undergraduate admission, international admission, financial aid, student employment, registration, and market research. In 2003, he also assumed responsibility for the division of Continuing and International Education and was named a Vice President.

M. LEWIS TEMARES, Vice President for Information Technology and Dean Emeritus of the College of Engineering, joined the University in 1980 and was appointed Vice President in 1991. As Vice President, he is responsible for information systems, computing operations, networking, telecommunication, and planning and institutional research. Dr. Temares is a senior member of the IEEE, a Fellow of the American Marketing Society, on the Dell Platinum Advisory Council and the Microsoft Higher Education Advisory Group. He received his degrees from City College of New York (B.B.A.), Bernard M. Baruch College (M.B.A.), Columbia University (M.S.), and City University of New York (Ph.D.).

ROOSEVELT THOMAS, JR., Vice President for Human Resources, was appointed Vice President in 1996. Dr. Thomas joined the University in 1978 and has served as chief human resources officer since 1979. His areas of responsibility include staffing, employee relations, benefits administration, professional development and training, equality administration, compensation and business development programs for women and minority vendors and contractors. His current community services include the Miami-Dade United Way Finance and Administration Committee and its Pension and Investments Sub-Committees and the Blue Ribbon Committee. Dr. Thomas is a graduate of Texas College, the University of Massachusetts and the University of Miami where he received his Doctorate in Administration of Higher Education.

PATRICIA A. WHITELY, Vice President for Student Affairs, has served in this position since 1997. Dr. Whitely also teaches in the School of Education. She served as chair of the Coral Gables Community Relations Committee from 2002-2004, is a member of the National Vice President's Group, and a member of the National Association of Student Personnel Administrators (NASPA) where she also serves on the NASPA Editorial Board. She has also received numerous awards from University of Miami students for her outstanding contributions enhancing student life. Dr. Whitely received her bachelor's degree from St. John's University, her master's degree from the University of South Carolina, and her Doctorate in Higher Education from the University of Miami.

AIDA DIAZ-PIEDRA, C.P.A, Associate Vice President and Controller, joined the University in 1989 and was appointed Controller in 1996. Previously, she served as Assistant Director for Finance with Cornell University Medical College, Chief Accountant of the New York Public Library and was an auditor with Alexander Grant and Co., CPAs. Ms. Diaz-Piedra received her Bachelor of Business Administration from the Baruch College of the City University of New York. She is a member of the American Institute of Certified Public Accountants, the Florida Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants and the *National* Association of Colleges and Universities Business Officers (NACUBO). She served as a member of NACUBO's Accounting Principles Committee (APC), the body that develops accounting policies for colleges and universities. Policies developed by the APC are considered level four GAAP. In addition, she has served on the agenda committee for the annual NACUBO's Financial Accounting Forum. She is also a member of the Council on Governmental Relations, the organization that represents research universities.

## FACULTY AND STAFF

Academic and professional programs offered by the University are presently staffed by 2,369 full-time faculty and 484 part-time faculty. The number of full-time faculty has grown by 9% since 2003. Of the full-time regular faculty, 98% hold doctorates or terminal degrees in their profession. Of the full-time tenure track faculty, 76% are tenured.

The student/faculty ratio for the 2007 Fall Term was 12 to 1. Nearly all of the Medical School faculty clinicians are board certified or board eligible.

Administrative, professional and clerical staff includes 8,837 full-time and 446 part-time employees, including 990 full-time and 268 part-time and per diem employees at UM Hospital. Neither the faculty nor staff is currently unionized, except certain employees based at UM Hospital. (See "Matters Relating To UM Hospital".)

## ENROLLMENT STATISTICS

The University's total full and part time enrollment statistics, based upon actual registrations from fall 2003 through 2007, are shown in the following table. Approximately 93 percent of all undergraduate students are enrolled full time.

ENROLLMENT STATISTICS – TOTAL NUMBER OF STUDENTS					
	Under-Graduate	Graduate	Law	Medicine	Totals
<b>FALL SEMESTERS</b>					
Fall 2003	10,003	3,340	1,303	602	15,248
Fall 2004	10,104	3,235	1,311	600	15,250
Fall 2005	10,537	3,219	1,283	635	15,674
Fall 2006	10,509	3,175	1,333	653	15,670
Fall 2007	10,379	2,991	1,392	687	15,449

Summer session enrollment in 2007 was 3,469 for the first session and 3,295 for the second session.

The following table shows the number of freshman applicants for admission, the number admitted, and the number matriculating for the past five years.

FRESHMAN ENROLLMENT STATISTICS					
FALL SEMESTER	2003	2004	2005	2006	2007
Applications	16,854	18,507	18,812	19,040	19,809
Admits	7,490	7,784	8,679	7,709	7,527
Enrolled	2,078	2,043	2,277	2,062	1,991
Percent of Applicants Admitted	44%	42%	46%	40%	38%
Percent of Admitted Enrolled	28%	26%	26%	27%	26%
Freshman Class discount Rate	36%	36%	33%	35%	36%

In fall 2007, the middle 50% range SAT scores of enrolled new freshmen was 1200-1360, and 65% of the enrolled new freshmen ranked in the top 10% of their high school graduating class. For the undergraduate students, 48% were Florida residents and 7% of them were international students. The entire undergraduate student body was drawn from many geographical locations, including 49 states (including Florida), the District of Columbia, U.S. possessions, and 101 countries.

For the fall 2007 semester, 4,997 students applied for admission to the Law School, of which 2,470 were admitted and 602 were enrolled. The Medical School received 4,426 applications for admission, of which 313 were admitted and 175 were enrolled for the 2007-2008 academic year.

## **FINANCIAL STATEMENTS**

The financial statements for the year ended May 31, 2007, and the report of independent certified public accountants in regard to the financial statements are included in Appendix B. These financial statements incorporate the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made" and No. 117, "Financial Statements for Not-for-Profit Organizations." The financial statements do not include UM Hospital which was acquired after their issuance. See Note 1 to the financial statements for further information. See "Matters Relating to UM Hospital" for information relating to UM Hospital. The following sections provide comparative historical information.

## **SUMMARY OF CHANGES IN UNRESTRICTED NET ASSETS**

The following Summary of Changes in Unrestricted Net Assets for each of the five years ended May 31, 2007 has been prepared by the University. Certain reclassifications have been made to prior year information to conform to the presentation for the year ended May 31, 2007.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS 158). SFAS 158 requires that an employer sponsoring one or more single-employer defined benefit plans must recognize an asset or a liability in its Statement of Financial Position for the plan's overfunded or underfunded status. SFAS 158 also requires an employer to recognize the actuarial gains or losses and prior service costs or credits in the Statements of Activities that arise during the period but are not components of net periodic benefit cost. The University will be required to adopt SFAS 158 in fiscal year 2008.

In addition, SFAS 158 requires an employer to measure a defined benefit plan's assets and obligations that determine its funded status as of the end of the employer's fiscal year and recognize changes in the funded status of a defined benefit plan through changes in unrestricted net assets in the year in which the change occurs. This provision is not required to be adopted by the University until the year ending May 31, 2009.

<b>SUMMARY OF CHANGES IN UNRESTRICTED NET ASSETS</b>					
(In Millions)					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
<b>OPERATING</b>					
<b>Revenues</b>					
Tuition and fees, net	\$266.0	\$ 282.4	\$ 304.9	\$ 329.0	\$ 344.2
State appropriation-School of Medicine	17.4	17.6	2.1	10.4	16.2
Grants and contracts	328.5	358.9	383.2	386.6	400.5
Gifts and trusts	39.6	44.4	46.5	55.9	55.0
Net assets released from restrictions	5.1	12.5	24.2	19.4	29.0
Endowment spending distribution	21.8	21.3	21.8	24.5	28.3
Investment return*	10.1	12.7	15.3	21.4	26.0
Auxiliary enterprises, net	69.5	71.6	74.3	78.7	92.2
Patient care	366.8	402.8	478.4	507.5	601.4
Other sources	15.2	19.9	18.0	20.2	23.2
<b>Total operating revenues</b>	<b>1,140.0</b>	<b>1,244.1</b>	<b>1,368.7</b>	<b>1,453.6</b>	<b>1,616.0</b>
<b>Expenses</b>					
Instruction	266.5	290.0	300.5	315.1	353.4
Research	146.3	161.9	165.5	167.7	172.7
Public service	111.4	124.6	127.7	129.9	136.3
Academic support	74.5	80.8	80.3	95.0	108.8
Student services	27.9	30.4	32.5	33.9	39.0
Institutional support	63.9	73.8	72.1	78.9	82.2
Auxiliary enterprises	87.9	99.4	98.0	103.6	127.2
Patient care	370.6	398.4	412.7	435.9	533.0
<b>Total operating expenses</b>	<b>1,149.0</b>	<b>1,259.3</b>	<b>1,289.3</b>	<b>1,360.0</b>	<b>1,552.6</b>
<b>Net operating income (loss)</b>	<b>(9.0)</b>	<b>(15.2)</b>	<b>79.4</b>	<b>93.6</b>	<b>63.4</b>
<b>NON-OPERATING</b>					
<b>Revenues and other additions (deductions)</b>					
Gifts and trusts	3.5	2.6	2.6	.8	8.0
Endowment, annuity and other investment return*	(42.4)	60.7	21.9	62.0	136.4
Other sources	-	-	-	-	.2
Net assets released from restrictions	9.6	9.9	8.7	4.7	8.7
<b>Total non-operating income (loss)</b>	<b>(29.3)</b>	<b>73.2</b>	<b>33.2</b>	<b>67.5</b>	<b>153.3</b>
<b>Expenses and other deductions</b>					
	1.6	.8	1.5	.6	2.3
<b>Change in unrestricted net assets from non-operating activities</b>					
	<b>(30.9)</b>	<b>72.4</b>	<b>31.7</b>	<b>66.9</b>	<b>151.0</b>
Minimum pension liability	(86.5)	109.7	(103.0)	6.7	(6.8)
Loss on early extinguishment of debt	-	-	-	-	(13.1)
Cumulative effect of change in accounting	-	-	-	(3.4)	-
<b>Net non-operating income (loss)</b>	<b>(117.4)</b>	<b>182.1</b>	<b>(71.3)</b>	<b>70.2</b>	<b>131.1</b>
<b>Increase (decrease) in unrestricted net assets</b>	<b>(\$126.4)</b>	<b>\$166.9</b>	<b>\$8.1</b>	<b>\$163.8</b>	<b>\$194.5</b>

\*Includes net unrealized gains (losses) on investments.

## **COMPARISON OF FINANCIAL RESULTS IN FISCAL 2007 TO FISCAL 2006**

The Summary of Changes in Unrestricted Net Assets reflects changes in resources in support of the University's missions of teaching, research, patient care, and public service for the five years ended May 31, 2007. Fiscal 2003 operating results reflect a \$9.0 million deficit due to a \$17.0 million increase in malpractice insurance and a \$7.0 million increase in pension expense for the defined benefit pension plan. Fiscal 2004 operating results reflected a \$15.0 million deficit from operations due in part to an increase in pension expense of \$17.0 million. In order to stabilize pension expense in future years, the University introduced a new defined contribution pension plan effective June 1, 2007. (See "Minimum Pension Liability")

The discussion below compares the results for fiscal 2007 to fiscal 2006. See the sections which follow for further information on Net Tuition and Fees, Gifts, Grants and Contracts, Endowment Funds, Plant Assets, Patient Care Operations, and Outstanding Obligations of the University. It should be noted that operations and maintenance of facilities, depreciation, and interest are allocated to the different functional expense categories based on space usage.

### ***Net operating income and Increase in net assets***

There was an 11.2% increase in operating revenues principally due to increases in tuition and fees, and patient care revenue (primarily from professional practice revenue). Operating expenses increased 14.2% primarily due to patient care operations. The total increase in Unrestricted Net Assets was \$194.5 million in fiscal 2007 vs. \$163.8 million in fiscal 2006. The increase in total Unrestricted Net Assets was principally the result of an increase in endowment, annuity and other investment return.

### ***Tuition and fees, net***

Net tuition and fees in fiscal 2007 increased by 4.6% over fiscal 2006, primarily due to the 5.9% undergraduate and graduate tuition rate increases, and a small increase in total undergraduate enrollment of 0.6%. The Fall 2005 to Fall 2006 student retention rate, based on benchmark data, was 89.6% for new freshmen (up from 89.2% in the prior year), and 91.8% for all degree undergraduates (up from 90.7% in the prior year). Scholarships and fellowships increased 7.2% over fiscal 2006 due to growth in enrollment, increased student retention, and enhancements in financial aid packages designed to improve retention and keep pace with tuition rate increases.

### ***Patient care***

Revenues from patient care operations increased \$93.9 million or 18.5%. Of this amount, \$39.2 million represents a 15.8% net increase in hospital and clinics revenue, and \$54.7 million or 21.1% net increase in professional practice revenue. UMHC's increase of \$27.5 million, or 15.1%, was primarily driven by an increase in the number of patients receiving infusion services, which in turn increased the utilization of chemotherapy pharmaceuticals within the chemotherapy unit. ABLEH's net revenue growth of \$11.7 million, or 17.7%, was primarily derived from increases in several volume indicators such as surgery cases (up 4.9% over prior year) and outpatient visits (up 7.3% over prior year).

The \$54.7 million increase in professional practice revenue was primarily due to higher volumes in the clinical departments. Also, higher revenue in the University of Miami Behavioral Health's (UMBH) prepaid mental health plan contributed to the increase. Sixteen out of the nineteen clinical departments showed growth over the prior year. The largest increases were in the departments of Psychiatry (which include UMBH), Ophthalmology, Anesthesiology, and Surgery. Ophthalmology continues to experience high patient volumes at the Plantation office, which opened half way through fiscal 2005. In addition, Ophthalmology saw continued growth at its off-site facilities in Palm Beach and Naples. Surgery continues to experience growth with its organ transplant program.



## ***Grants and contracts***

Revenues derived from grants and contracts, including indirect cost recovery and revenues from the affiliation with Jackson Memorial Hospital (“JMH”) (the University’s primary affiliated teaching hospital) and other service agreements, increased \$13.9 million or 3.6% over fiscal 2006. Non-sponsored agreements, including JMH and other service agreements, increased \$5.8 million. Sponsored agreements, including financial aid grants, increased \$8.1 million or 2.7% over fiscal 2006. Excluding financial aid, sponsored agreements funding increased \$7.2 million or 2.7%, to \$274.2 million.

Sponsored grants and contracts consist of governmental and private support for research, research training, and public service activities. Sponsored grants and contracts are primarily with the federal (63%), and state and local (18%) governments. In addition, grants from private sources, foundations and corporations, account for 19% of sponsored revenues. In fiscal 2007, federal funds decreased \$1.9 million or 1.0%. The largest decrease was from the Department of Health and Human Services \$3.1 million, which was partially offset by an increase from the Department of Defense of \$1.1 million. State funds increased by \$5.7 million (primarily from the Department of Health \$2.7 million and Division of Emergency Management \$2.0 million). Private grants increased \$4.8 million or 8.9% over fiscal 2006. Indirect cost recovery, which reimburses the University for facility and administrative costs, totaled \$49.6 million; a \$0.9 million or 1.8% decrease from the previous year.

By campus, significant changes in sponsored funding are attributable to the Miller School of Medicine (\$6.9 million increase), the Rosenstiel School of Marine and Atmospheric Sciences (\$1.0 million increase), and colleges and schools on the Coral Gables campus (\$0.7 million decrease). At the Miller School of Medicine, the largest funding increases were in the Center for Research in Medical Education (\$3.3 million construction grant), Epidemiology & Public Health (\$3.2 million), Diabetes (\$2.0 million), Pediatrics (\$1.8 million), and other departments including Medicine and Neurology. These increases were offset by decreases in Psychiatry (\$2.5 million), Veterinary Resources (\$1.6 million), and Genetics (\$0.9 million). The Rosenstiel School of Marine and Atmospheric Sciences had increases in the CStars program (\$1.3 million), Applied Marine Physics (\$0.7 million), Office of the Dean (\$0.4 million), and the Division of Meteorology & Physical Oceanography (\$0.1 million), offset by decreases in Vessel Operations (\$1.4 million), Marine & Atmospheric Chemistry (\$0.3 million), and the Pew Institute for Ocean Sciences (\$0.3 million). The Coral Gables funding decreases were in the School of Education (\$0.4 million), College of Arts and Sciences (\$0.3 million), and the Institute for Cuban & Cuban American Studies (\$0.2 million). These decreases were offset in part by increases in other areas including the School of Nursing (\$0.4 million), School of Law (\$0.1 million), and the Undergraduate Research Office (\$0.1 million).

## ***Auxiliary enterprises***

Auxiliary enterprises consist of self-supporting entities within the University. Included in this category are Student’s Residence Halls, Dining Services and Athletics. Auxiliary enterprises revenue increased \$13.5 million or 17.2%, primarily due to Athletics \$5.8 million, housing operations \$5.3 million mainly due to the opening of the University Village Student Apartments in Fall 2006, Telecommunications \$1.0 million, dining services \$0.6 million, and the opening of the Medical Wellness Center \$0.6 million.

The auxiliary enterprise revenues as reflected in the summary do not include gifts, endowment income, or other revenue sources designated for auxiliaries. These are included in Operating Revenues under gifts and trusts and endowment spending distribution. Auxiliary expenses include the allocation of facilities' expenses, depreciation, and interest.

## ***Endowment spending distribution***

The University’s policy is to distribute 5% of a trailing three-year moving average of the market value of the assets in the endowment. The endowment spending distribution increased \$3.8 million, or 15.5%, as the previous three years’ market values used in arriving at the spending formula had been increasing.



### ***Non-operating net income***

Non-operating activities reflect transactions of a long-term investment or capital nature including net realized and unrealized investment gains not used to support current operations as well as contributions to be used for facilities and equipment.

Unrestricted net non-operating activity yielded \$151.0 million in income in fiscal 2007 compared to \$66.9 million in fiscal 2006. The primary component of this improvement was an increase of \$74.4 million in endowment, annuity and other investment return. This increase reflects a 19.7% investment return on the Growth Pool, the University's primary long-term investment portfolio, in fiscal 2007 compared to 12.7% in fiscal 2006. Results over the last ten years have been relatively strong as the Growth Pool is approximately 80 basis points per year ahead of its benchmark and more than 90 basis points per year ahead of the S&P 500. These returns have been earned with less volatility/exposure to losses than the benchmark, which proved to be particularly valuable during the challenging markets of calendar 2000-2002. The fiscal 2007 return was greater than the Growth Pool's market benchmark of 17.7%.

### ***Minimum pension liability***

The University has a defined benefit pension plan for administrators and staff. Assets are held in a separate trust. When the value of the assets falls below the accumulated pension obligation (liability) it triggers the recording of a liability and corresponding expense called the minimum pension liability. The current year adjustment of the minimum pension liability to \$76.8 million and related decrease in the University's unrestricted net assets of \$6.8 million are required under Generally Accepted Accounting Principles (GAAP). See note 6 to the University's financial statements attached as Appendix B.

During the year ended February 28, 2007 (the Plan's measurement date) the funded status of the Employee's Retirement Plan declined somewhat due to the additional benefits accrued which were not funded. This was partially offset by better than expected investment return of 11.2%. The discount rate remained unchanged at 5.75%. Although bond yields have increased since February, it is unlikely that the reduction in unrestricted net assets will be reversed in the next few years.

The reduction in unrestricted net assets is expected to increase in fiscal 2008 due to the impact of SFAS 158, which requires the full amount of any funding deficit as defined under accounting rules to be recognized on the University's Statement of Financial Position.

UM Hospital employees participate only in a defined contribution plan which does not give rise to any funding liability by the University.

### ***Loss on early extinguishment of debt***

In April 2007, the University issued \$503.1 million of Revenue and Refunding Bonds through the Miami-Dade County, Florida Educational Facilities Authority (MDCFEFA). The proceeds of the refunding bonds were used to refund all of the previous MDCFEFA Series bonds, and the University of Miami Exchangeable revenue bonds. Although this refunding resulted in a loss on early extinguishment of debt of \$13.1 million, the new bonds bear lower rates thus achieving significant future savings for the University.

### ***Cumulative effect of change in accounting principle***

The University adopted FIN 47 *Accounting for Conditional Asset Retirement Obligations* during fiscal 2006 and reflected a one-time charge of \$3.4 million in the Statement of Activities. The liability for conditional asset retirement obligations, i.e. asbestos abatement, totaled \$4.5 million and \$4.4 million at May 31, 2007 and 2006, respectively, and is included in other liabilities on the Statement of Financial Position.

## NET TUITION AND FEES

Net tuition and fees represent the total of tuition and mandatory fee revenue less scholarships and fellowships.

NET TUITION REVENUE (In Millions)					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
Tuition and Fee Revenue	\$364.3	\$388.2	\$416.8	\$447.7	\$471.4
Institutional Scholarships and Fellowships*	(90.8)	(98.4)	(104.7)	(111.3)	(119.1)
Sponsored Scholarships and Fellowships	<u>(7.5)</u>	<u>(7.4)</u>	<u>(7.2)</u>	<u>(7.4)</u>	<u>(8.1)</u>
Net Tuition and Fee Revenue	\$266.0	\$282.4	\$304.9	\$329.0	\$344.2
* Excludes scholarships and fellowships associated with auxiliary enterprise revenues.					

## TUITION RATES

Annual tuition rates for the colleges and schools for full-time study are shown in the next table. When a student at the University's colleges and schools, other than the Schools of Medicine and Law, carries less than the normal load of credit hours in the 2008 academic year, tuition is charged on a per credit hour basis. The current rate is \$1,350 per credit hour. In addition to tuition, the University charges other fees including room and board fees. The University has the authority to revise its tuition and fees from time to time as the Executive Committee of the Board of Trustees may determine.

TUITION RATES					
ACADEMIC YEAR	2004	2005	2006	2007	2008
Undergraduate Colleges & Schools	\$25,838	\$27,384	\$29,020	\$30,732	\$32,422
School of Law	27,478	29,016	30,640	32,356	34,136
Graduate – Masters & PHD Programs (per credit)	1,074	1,140	1,208	1,280	1,350
Miller School of Medicine M.D. Program (in state)	28,050	28,670	29,298	29,298	29,298
Miller School of Medicine M.D. Program (out of state)	36,740	37,600	38,504	38,504	38,504

## FINANCIAL AID

An extensive financial aid program administered by the University and funded collectively by University, federal, state, and private sources, is provided to students. It is the policy of the University to provide, to the extent resources are available, financial aid in the form of loans, gift-aid, and employment, to students who demonstrate financial need, academic excellence, and/or special talents.

The University participates in nationally available grant, loan and student employment programs, including Federal Stafford Loans, Perkins Loans, Parent Loans for Undergraduate Students, Federal Pell Grants, Federal Supplemental Educational Opportunity Grants and Federal College Work Study. Students from the State of Florida may be eligible for state financial aid programs, including Florida Bright Futures Scholarships, Florida Student Assistance Grants, and Florida Resident Access Grants.

During 2006-2007, the University awarded \$362 million in total financial aid, with \$235 million or 65% for degree-seeking undergraduate students. Awards for degree-seeking undergraduates included \$127 million from the University's funds, including \$35 million which comes from tuition remission, athletics, and departmental budgets. Federal, state, and outside sources provided approximately half of the financial aid for undergraduates. During the 2006-07 academic year, 85% of the full-time new freshmen received financial aid.

## GIFTS

Gifts and trusts are reported on the University's financial statement on the accrual basis, consistent GAAP. Gifts (including pledges and trusts) received by the University during the last five years and the purposes for which they were given, were as follows:

GIFTS RECEIVED (In Millions)					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
Unrestricted – Operating	\$39.6	\$44.4	\$46.5	\$55.9	\$55.0
Unrestricted – Non Operating (1)	3.5	2.6	2.6	0.8	8.0
Temporarily Restricted (2)	19.5	40.5	107.6	48.9	24.0
Permanently Restricted (3)	<u>8.0</u>	<u>12.5</u>	<u>16.0</u>	<u>27.0</u>	<u>28.9</u>
<b>Total</b>	<b><u>\$70.6</u></b>	<b><u>\$100.0</u></b>	<b><u>\$172.7</u></b>	<b><u>\$132.6</u></b>	<b><u>\$115.9</u></b>
1. Primarily gifts, trusts, and pledges for plant expansion and endowment. 2. Gifts, trusts, and pledges with donor-imposed use stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. 3. Gifts, trusts, and pledges with donor-imposed use stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the University.					

### ***Momentum: The Campaign for the University of Miami***

On October 16, 2003, the University publicly launched its \$1 billion comprehensive fund raising campaign. On December 16, 2005, the University increased the goal to \$1.25 billion. As of December 31, 2007, the Momentum Campaign reached its successful conclusion raising \$1,405,396,664, 112.4% of the \$1,250,000,000 goal. Cash and cash equivalents accounted for 67.1% of the amount raised. Over 37,000 alumni have contributed over \$376 million personally and through their related entities to the Campaign. The University's Advancement Office reports total gifts, pledge and planned gifts based generally on the Management Reporting Standards issued by the Council for Advancement and Support of Education (CASE) that were in place at the beginning of the Campaign. Gifts, trusts and pledges reported for financial statement purposes are recorded on the accrual basis. See note 9 to the University's financial statements attached as Appendix B.

## GRANTS AND CONTRACTS

The University has long been a center for programs of sponsored research and training, particularly in the areas of medical and oceanographic research. It ranked 66<sup>th</sup> nationally in the 2006 National Science Foundation study of federally funded research universities and 25<sup>th</sup> among private universities. Grant and contract revenues received by the University during the five years ended May 31st were as follows:

GRANT AND CONTRACT REVENUES (In Millions)					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
<b>Total</b>	<b>\$328.5</b>	<b>\$358.9</b>	<b>\$383.2</b>	<b>\$386.6</b>	<b>\$400.5</b>
Medical School	\$244.6	\$268.7	\$291.8	\$297.1	\$313.5
Medical School Percentage	74.5%	74.9%	76.1%	76.8%	78.3%

The amounts shown in the above table include sponsored grants and contracts from private and governmental agencies for research, training, and public service.

The amounts reimbursed to the University under such sponsored grants and contracts for the five years ended May 31<sup>st</sup> were as follows:

<b>FACILITIES AND ADMINISTRATIVE COST RECOVERY</b>					
<b>(DIRECT AND INDIRECT)</b>					
<b>(In Millions)</b>					
<b>YEAR ENDED MAY 31</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Direct Costs	\$231.9	\$246.7	\$250.7	\$253.1	\$262.1
Indirect Costs	<u>44.9</u>	<u>49.6</u>	<u>52.3</u>	<u>50.5</u>	<u>49.6</u>
<b>Total *</b>	<b><u>\$276.8</u></b>	<b><u>\$296.3</u></b>	<b><u>\$303.0</u></b>	<b><u>\$303.6</u></b>	<b><u>\$311.7</u></b>

\* Excludes private contracts not subject to indirect cost recovery.

Governmental agencies and private sources award grants and contracts to the University for research, research training, and other mission-related activities. Included in these awards is reimbursement for both direct costs of performing the award and Facilities & Administrative (F&A) costs. F&A cost (formerly called indirect cost) reimbursements include items that cannot be charged directly to the sponsored agreement according to government wide or specific regulations. F&A costs include amounts for general and administrative expenses which are capped by the federal government as outlined in the federal Office of Management and Budget (OMB) Circular A-21, and building related costs such as depreciation of buildings and equipment, interest on debt used for facilities construction, and building operations and maintenance costs allocated to research activities. In order to receive reimbursement for F&A costs, the University submits a proposal to the federal government every three or four years. This proposal is audited by the Department of Health and Human Services (DHHS), the University's federal cognizant and audit agency. After audit, DHHS proposes a predetermined rate for either three or four years. The University negotiates the rate, and after settlement, the F&A cost rate is applied to most federal awards. Some federal awards carry rates other than the approved rate. For example, research-training grants carry, by regulation, an F&A cost rate of 8%.

Federal grants and contracts are subject to audit under OMB Circular A-133. State grants and contracts are subject to audit under the State of Florida Single Audit Act. The University's outside auditors perform this audit on an annual basis. Findings, if any, are included in the report issued by the auditors. The University has had no material weaknesses reported in internal controls over the management of grants and contracts. Contracts are also subject to government audit. Government auditors may propose audit adjustments including disallowance of direct and indirect costs. The University would be required to repay the previously reimbursed portion of any cost determined to be unallowable or unallocable as it pertains to the contract undergoing the audit.

Research continues to be a highly competitive field. Funding is subject to government budgetary pressures, and as such there is no assurance that there will not be future reductions in the level of funding from government funding for sponsored research or in the rates of F&A costs associated with this research.

## ENDOWMENT FUNDS

The market value of the University's endowment as of May 31 of the past five years, as well as the income generated (interest and dividends) for the fiscal year then ended were as follows:

ENDOWMENT AND ENDOWMENT INCOME					
(In Millions)					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
Market Value	\$413.8	\$474.6	\$526.1	\$620.5	\$741.4
Restricted Endowment	\$201.7	\$208.1	\$227.8	\$260.8	\$290.9
Unrestricted Endowment	\$212.1	\$266.5	\$298.3	\$359.7	\$450.5
Endowment Income*	\$7.9	\$9.5	\$8.7	\$10.9	\$12.8

\*Net of investment related fees of \$2.4, \$2.8, \$2.8, \$3.8 and \$5.3 for the years ended May 31, 2003, 2004, 2005, 2006 and 2007 respectively.

Endowment assets are overseen by the Investments Committee of the Board of Trustees. Substantially all of the endowment assets are managed externally by registered investment advisors, in accordance with the University's investment policy as adopted by the Executive Committee of the Board of Trustees. Investments consist principally of publicly traded debt and equity securities, including government securities, and cash equivalents. Approximately 61% of the endowment was unrestricted as of May 31, 2007. With respect to the majority of the endowment, the University's policy is to distribute annually for spending 5% of the trailing three-year moving average of the market value of the endowment's assets. Additional amounts over the 5% spending policy may be distributed with authorization from the Executive Committee of the Board of Trustees. The growth pool actual asset allocation as of May 31, 2007 compared with the growth pool policy and operating target asset allocation is shown in the following table:

GROWTH POOL STRATEGIC ASSET ALLOCATION			
As of May 31, 2007			
ASSET CLASS	TARGETS		ACTUAL
	POLICY	OPERATING	
U.S. Large/Mid Cap Equity	23%	32%	32.0%
U.S. Small Cap Equity	8%	8%	11.8%
International Equity	18%	18%	18.6%
Aggregate Fixed Income	15%	15%	13.0%
High Yield Bonds	3%	3%	4.1%
Event Arbitrage	6%	6%	5.7%
Private Equity	5%	5%	3.5%
Real Assets (including real estate)	10%	5%	3.9%
Long/Short Composite	12%	8%	7.4%

Note: The policy target allocations are reviewed and adjusted by the Investments Committee on a regular basis, to reflect the committee's strategic view of investment markets. As additional capital is invested in slower-to-fund areas such as hedged equity (which is part of the long/short asset class) and real estate, their operating target allocations will mirror the policy target allocations more closely.

Due to volatile market conditions in fiscal year 2008 to date, the growth pool's return for the ten months ended March 31, 2008 was -6.6 percent as compared to its benchmark of -5.5 percent. In fiscal 2007 the pool returned 19.7 percent as compared to 17.7 percent for its benchmark. Market values may be negatively impacted by adverse market conditions.

## PLANT ASSETS

The University's Master Planning and Construction Committee of the Board oversees development of capital projects, including project design, budget, and funding plans. In approving capital improvements, the committee and the Board require that funding sources (i.e. debt financing, contributions, grants, or endowment income) be identified for construction and for ongoing building maintenance. Net plant additions were \$92.4 million, \$66.6 million, \$143.2 million, \$176.4 million, and \$120.4 million in fiscal years 2003, 2004, 2005, 2006, and 2007, respectively. The University records property, plant, and equipment at cost less accumulated depreciation. (See Matters Relating To UM Hospital).

The following table presents the recorded carrying value of the University's land, buildings, equipment, libraries, leaseholds, art objects, and construction in progress, as of May 31 of the indicated years:

<b>CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT</b>					
(In Millions)					
YEAR ENDING MAY 31	2003	2004	2005	2006	2007
Land & Land Improvements	\$76.1	\$78.3	\$89.6	\$104.3	\$118.7
Buildings & Building Improvements	674.0	702.3	761.6	796.1	980.8
Moveable Equipment	303.7	319.7	333.8	360.6	342.4
Library Materials	77.2	83.6	84.0	87.9	94.5
Leasehold Improvements	21.6	22.5	23.2	22.0	22.3
Art Objects	<u>29.1</u>	<u>29.6</u>	<u>33.0</u>	<u>35.3</u>	<u>42.1</u>
Sub Total	1,181.7	1,236.0	1,325.2	1,406.2	1,600.8
Construction in Progress	<u>18.7</u>	<u>31.0</u>	<u>85.0</u>	<u>180.4</u>	<u>106.2</u>
Total	1,200.4	1,267.0	1,410.2	1,586.6	1,707.0
Less: Accumulated Depreciation	<u>543.9</u>	<u>587.8</u>	<u>631.0</u>	<u>682.1</u>	<u>681.1</u>
Net Plant Assets	<u>\$656.5</u>	<u>\$679.2</u>	<u>\$779.2</u>	<u>\$904.5</u>	<u>\$1,025.9</u>

## PATIENT CARE OPERATIONS

A summary of revenues and expenses of the patient care operations of the University, included in the Changes in Unrestricted Net Assets noted above, is as follows:

<b>PATIENT CARE OPERATIONS</b>					
(In Millions)					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
Revenues	\$366.8	\$402.8	\$478.4	\$507.5	\$601.4
Expenses	<u>370.6</u>	<u>398.4</u>	<u>412.7</u>	<u>435.9</u>	<u>533.0</u>
Excess of Revenues over Expenses	<u>(\$3.8)</u>	<u>\$ 4.4</u>	<u>\$ 65.7</u>	<u>\$ 71.6</u>	<u>\$68.4</u>



## **MATTERS RELATING TO UM HOSPITAL**

### **Purchase**

On December 1, 2007, the University completed an asset purchase transaction through which the University acquired substantially all the real property, building, equipment, and inventories comprising the business operation formerly known as Cedars Medical Center from Cedars Healthcare Group, Inc. an affiliate of HCA Inc. With only a few immaterial exceptions, neither the purchase of current assets, other than inventory, nor the assumption of current liabilities were part of the transaction. The acquired assets include approximately 14.8 acres of land with over 1,000,000 square feet of developed properties which may be significantly expanded within City of Miami current use and zoning restrictions. The developed use facilities include UM Hospital, a professional office building with approximately 150,000 square feet of office space and an 837 space parking garage. Including surface parking lots, there are 1,343 parking spaces available at this site.

The purchase of Cedars Medical Center adds additional acute care hospital facilities to expand the University's programs. The UM Hospital facility has the unique attributes of being immediately adjacent to the medical campus, providing an immediate opportunity for full integration into the medical campus, and being a fully staffed and managed facility with UM Hospital having an established medical staff of over 400 community physicians.

The purchase price was approximately \$263.5 million. Closing costs and other transactional fees are expected to increase the total capitalized value of the transaction to approximately \$275 million, of which approximately \$109 million will be recorded as goodwill. The required additional investment in net working capital (less acquired inventory) is approximately \$38 million through December 2008. The University has continued UM Hospital's relationships with most third party payers, including its participation in the Medicare and Medicaid programs.

UM Hospital is 35 years old. The facility does not require any emergency repairs and upgrades and no upgrades are currently required in order to remain in compliance with building codes and other applicable laws. In addition to the expenditures funded by the Series 2008 Bonds, based on reviews by independent consultants, the University anticipates funding, from operations, certain remediation and replacements of physical plant components over the next five years totaling approximately \$39 million in 2007 dollars.

A variety of expansion plans are in various stages of discussion but none have been approved by the University. If approved, the University may finance the costs with the issuance of additional bonds. As a general objective, the University intends to integrate UM Hospital's operations with the other patient care operations now existing on the medical campus.

As part of the acquisition of UM Hospital, the University continued the employment of UM Hospital's senior management. The management of UM Hospital, UMHC/SCC and ABLEH report to the University's Associate Vice President and Executive Director for Clinical Operations. This integrated management structure was established to support the integration of patient care services across the medical campus. The University also entered into a series of long-term service agreements with certain HCA subsidiaries and affiliates for the continuation of the financial and operational systems support that had been in place at UM Hospital prior to acquisition by the University.

As of December 2007, the medical staff of UM Hospital included approximately 410 community physicians. Those physicians accounted for approximately 94% of total patient days, 91% of total inpatient admissions, and 90% of net revenue in 2007. The remaining activity was accounted for by approximately 50 University (employed) physicians. This mixed medical staff model has operated at the facility for a number of years. Since December 2007, the University has not experienced a decline in admissions by community physicians at UM Hospital. Medical staff governance and medical quality assurance leadership is provided by senior UM clinical leadership.

### **Financial and Operating**

Select financial and operating results for UM Hospital are provided below. The information was drawn from the prior years' financial statements and other information as provided by Cedars Healthcare Group, Inc. and has not been audited by the University. Financial highlights relating to UM Hospital for the five years ended December 31, 2006 are shown in the following table.



**EXCERPTS FROM AUDITED FINANCIAL STATEMENTS**

**Cedars Healthcare Group, Inc.<sup>(1)</sup>**

**(In Millions)**

<b>YEAR ENDED DECEMBER 31</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Property and Equipment, at cost before accumulated depreciation	\$153.1	\$153.3	\$158.5	\$162.4	\$170.3
Net Revenues	243.6	223.4	222.9	212.8	216.3
Income before Depreciation, Management Fees, and Non-operating Gains <sup>(2)</sup>	55.0	45.0	37.9	30.9	10.2

(1) Cedars Healthcare Group, Inc. is the Florida Limited Partnership owning and operating the assets prior to the acquisition. The predecessor owner is an affiliate of HCA, Inc. Certain assets and operations of the reporting entity were not included in the acquired assets. Source of the information is the audited financial statements of the Cedars Healthcare Group, Inc. for each fiscal year.

(2) Comparative information regarding accumulated depreciation and net income is not included due to the lack of comparability across prior years. The 2006 financial statements indicate the "correction of an error" in prior periods with respect to depreciation calculations. Financial statements for 2005 and prior were not corrected to present those financial statements on a basis consistent with 2006.

The following table presents key operating statistics for UM Hospital for the year ended December 31, 2006. The University does not anticipate material changes in utilization during the remainder of its fiscal year ending May 2008. Included in the table are case mix indices that are regarded as an indication of complexity of cases among inpatients. The University believes that operating statistics for years prior to its purchase of UM Hospital reflect downward trends but the University has not compiled those statistics.

<b>KEY OPERATING STATISTICS</b>	
Licensed Beds (All Private)	560
Critical Care	68
Psychiatry	104
Beds in Service	515
Percent Occupancy	56%
Admissions	17,227
Patient Days	105,215
Medicare Case Mix Index	1.44
Total Case Mix Index	1.33
Average Length of Stay	6.1
Average Daily Census	288
Outpatient Visits	21,425
Operating Rooms	18
Surgeries	7,670

Source: Predecessor owner's internal financial and operating reports as of, and for the year ended December 31, 2006.

For the year ended December 31, 2006, UM Hospital's patient revenue mix, measured by utilization, was as follows.

<b>FACILITY UTILIZATION BY PATIENT PAYER CLASSIFICATION</b>	
Medicare	45%
Medicaid	20%
HMO/PPO/Self Pay/Other	35%
Source: Predecessor owner's internal financial and operating reports as of, and for the year ended December 31, 2006.	

Hospital admissions by major service lines are included in the following table.

<b>2006 HOSPITAL ADMISSIONS By Major Service Lines</b>		
	<b>#</b>	<b>%</b>
Cardiology	3,585	20.8
Medicine	2,849	16.5
Behavioral	2,682	15.6
Pulmonary	1,374	8.0
Surgery	1,242	7.2
Orthopedics	1,022	5.9
Gastroenterology	945	5.5
Urology	825	4.8
Oncology	814	4.7
Neurology	654	3.8
Vascular Surgery	292	1.7
Gynecology	240	1.4
Diabetes	226	1.3
Cardiovascular	221	1.3
Vascular	119	0.7
Neurosurgery	80	0.5
General Surgery	43	0.2
Obstetrics	14	0.1
<b>Total</b>	<b>17,227</b>	<b>100.0%</b>
Source: Predecessor owner's internal financial and operating reports as of, and for the year ended December 31, 2006.		

UM Hospital has approximately 1,300 direct employees, of which approximately 1,100 are in classifications covered by a Collective Bargaining Agreement ("CBA") with the Service Employees International Union (SEIU). Supervisors, professionals, and those considered confidential employees are not covered by the CBA. The University's rights under the current CBA (which expires May 31, 2009) include the right to alter, rearrange, change, extend, limit, curtail, or suspend cases or close any or all of its services or operation. The University generally can contract out and/or subcontract bargaining unit work or services, and is not obligated to bargain with the Union over its decision or the effects of its decision to subcontract work. However, the University agreed not to subcontract out environmental and dietary services until May 31, 2009. The University may also amend or terminate benefit plans and that action is not subject to the CBA's grievance and/or arbitration provisions, although a 60 day notice to SEIU is required for any plan changes. The University also retains the right to change personnel policies. SEIU could request to bargain over the effects of personnel policy changes with such bargaining subject to arbitration. There is a no strike/lockout clause including no sympathy strikes, work stoppage, sit-downs, or slow-downs in the CBA.

## ABLEH and UMHC/SCCC

The following tables show further information on ABLEH and UMHC/SCCC including the patient care visits and procedures performed during the past five years.

UMHC/SCCC STATISTICS					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
Hospital admissions	1,085	1,336	1,428	1,588	1,581
Hospital patient days (excluding observations)	7,484	8,710	8,747	9,232	8,225
Observation Days	2,816	2,455	1,603	1,307	1,353
Average daily census	28	31	28	29	26
Average length of stay	6.9	6.5	6.1	5.8	5.2
Outpatient clinic visits	174,210	181,638	175,234	173,238	196,895
Emergency room visits	n/a	n/a	n/a	n/a	n/a
Outpatient Ancillary					
Chemo Therapy Agents	320,235	443,726	587,134	910,049	1,259,255
Chemo Therapy Procedures	24,588	22,541	34,603	61,702	43,750
Total Outpatient Ancillary	344,823	466,267	621,737	971,751	1,303,005

ABLEH STATISTICS					
YEAR ENDED MAY 31	2003	2004	2005	2006	2007
Hospital admissions	172	181	174	135	154
Hospital patient days (excluding observation)	729	646	733	571	585
Observation Days	788	729	337	260	205
Outpatient clinic visits	172,078	169,622	175,673	182,125	195,481
Emergency room visits	14,376	14,182	13,133	13,828	13,794
Outpatient visits (excluding ER)	157,702	155,440	162,540	168,297	181,687
Outpatient Ancillary					
Photography Procedures	20,720	27,901	37,996	44,423	55,755
Visual Field Procedures	10,329	10,083	10,652	10,527	11,469
Total Outpatient Ancillary	31,049	37,984	48,648	54,950	67,224

## PATIENT CARE OPERATIONS AT ABLEH AND UMHC/SCCC AND THROUGH UMMG

For fiscal 2007 and preceding years, patient care revenues include revenues generated at ABLEH and UMHC/SCCC and revenues generated by the University's faculty physicians' group practice. The faculty physicians' group practice, a multi-specialty group practice of approximately 800 physicians, is managed by the

University of Miami Medical Group (“UMMG”) as a discrete business unit within the University structure. UMMG’s professional business management is centralized and performs such functions as marketing and contracting, regulatory and contractual compliance, clinic facility coordination, patient access through referral and scheduling, billing and collection systems support, as well as credentialing, case management and similar medical directorship functions. Responsibility for direct patient care services remains at the specialty department level.

In fiscal 2007, the physician practice revenues collected by the UMMG accounted for \$314 million, or 52%, of total patient care revenues. ABLEH and UMHC/SCCC accounted for \$288 million, or 48%, of total patient care revenues.

Physician practice revenues in fiscal 2007 were generated as follows, 59% from outpatient services and 41% from inpatient services. Over 92% of physician practice revenues from inpatient services were earned at Jackson Memorial Hospital (JMH) facilities. JMH is a Miami-Dade County owned and operated facility corporately independent of the University of Miami. Approximately 3% of all physician practice revenues in 2007 were earned at UM Hospital (then under previous ownership as Cedars Medical Center).

Outpatient volume and revenues accounted for approximately 87% of total patient service revenues at ABLEH and UMHC/SCCC. For ABLEH and UMHC/SCCC it is expected that inpatient volume will hold or slightly increase over the next three years, but will continue to become a smaller proportion of total revenues as a result of even greater relative growth in outpatient activities. This is viewed as a positive trend at these two hospitals given the nature of the facilities, historical referral patterns, and the more competitive cost structure associated with outpatient, rather than inpatient, services.

Medicare payments for physicians and hospitals represented approximately 28% of total patient care volume in fiscal 2007. Approximately 11% of fiscal 2007 patient care volume was derived from Medicaid, a program subject to public policy at the state level. Medicare and Medicaid are the commonly used names for reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Medicare is a federal program and Medicaid is a combined federal and state program. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, disabled or qualify for the End Stage Renal Disease Program. Medicaid is designed to pay providers for care given to the medically indigent, funded by federal and state appropriations, and administered by the various states. Patient care volume from managed care organizations (“MCOs”) comprised 46% of total patient care volume in fiscal 2007. Most of the University’s contracts with MCOs provide for discounted fees for service and are not capitation contracts. MCOs continue to exert pressure on payment rates to providers and often have the ability to constrain the utilization of provider capabilities. MCOs are capable of selectively “redirecting” patient flows from one provider to another, leaving proportionately more of the costly, severely ill and injured patients to be cared for by academic medical centers. Approximately 8% of total patient care volume was derived from private medical insurance and an additional 5% was received directly from patients.

In fiscal 2007, approximately 9% of all revenues generated by the Medical School were derived from JMH payments to the University for medical directorship and other physician and non-physician services. The University has been advised by JMH that it derives approximately 46% of its gross patient service revenue from Medicare and Medicaid. In addition, JMH receives another 22% of its total revenue from the taxpayers of Miami-Dade County in the form of a dedicated 0.5% sales surtax and annual appropriations. Further, as a teaching hospital, JMH receives certain medical education reimbursement under the Medicare program. The amount and structure of such reimbursement to teaching hospitals continues to be a subject of public policy debate in both the Administration and Congress. Any shifts in public policy affecting JMH may impact JMH’s ability to support its relationship with the University. The University does not expect that the acquisition of UM Hospital will have a material effect on revenues derived from JMH.

The University’s patient care operations are subject to the inherent risks of the entire health care industry. Tolerance levels for compliance with Medicare regulations are very low and subject to extensive audit with significant potential for retroactive refunds, penalties, and interest based upon extrapolation of audit findings.

## OUTSTANDING OBLIGATIONS OF THE UNIVERSITY

The following table summarizes the University's indebtedness outstanding as of November 30, 2007.

<b>INDEBTEDNESS OUTSTANDING</b>				
<b>As of November 30, 2007</b>				
<b>(In Millions)</b>				
	<b>SERIES</b>	<b>FINAL MATURITY</b>	<b>INTEREST RATE</b>	<b>PRINCIPAL</b>
MDCFEFA Revenue Bonds	2007A	2037	4.00%-5.00%	\$ 156.9
MDCFEFA Revenue Bonds	2007B	2034	5.00%-5.25%	278.6
MDCFEFA Revenue Bonds	2007C	2016	5.23%-5.58%	67.6
Repurchase Agreement <sup>(1)</sup>		2008	Variable	7.0
Notes and Mortgages		2009 to 2035	Variable	<u>324.8</u>
Par amount of bonds and notes payable				834.9
Net unamortized premium				<u>37.0</u>
<b>Total Bonds and Notes</b>				<b><u>\$871.9</u></b>
<sup>(1)</sup> Collateralized by U.S. treasury securities				

In November, 2007, the University opened a \$325,000,000 line of credit with Bank of America to fund the acquisition of UM Hospital and a portion of the facility's working capital requirements. As of November 30, 2007 the University had an outstanding balance on the line of credit of \$270,206,000. The loan will be repaid with the proceeds of the Series 2008 Bonds.

In addition to the outstanding indebtedness, the University is party to an interest rate swap with an effective date of December 1, 2010. Pursuant to the swap, the University pays a fixed rate of 4.68% and receives a variable rate on a notional amount of \$20 million. Under certain circumstances, the University may be required to post collateral or make a termination payment.

### ANTICIPATED CAPITAL PROJECTS

The University is considering a variety of capital projects and improvements on its four campuses. These projects are in various stages of planning and development of business plans that have not yet been approved by its board. Some or all of these projects may be financed with additional tax-exempt or taxable debt.

### PENSION PLANS

The University has a defined benefit plan primarily for full-time non-faculty employees. During fiscal year 2004, the University contributed \$110 million, although there was no contribution required under applicable statutes. Due to recent contributions made in excess of the minimum required amounts, the University does not anticipate a required contribution during fiscal year 2008. The University may, in reassessing the Employee Plan, make discretionary contributions during the next fiscal year. The University also has a defined contribution plan for eligible faculty and the University also sponsors an unfunded, defined benefit postretirement health plan that covers certain employees who elect coverage. See Note 6 to the University's financial statements attached as Appendix B hereto.

The University introduced a new retirement plan, the Retirement Savings Plan (RSP) that will replace the University's existing retirement plans for all faculty and staff hired after June 1, 2007. Current faculty and staff will have the option of choosing to stay with their existing retirement plan or moving to the RSP. The RSP is a defined contribution plan with a University funded core contribution equal to 5.0% of pay with a dollar for dollar matching contribution from the University on the first 5.0% of pay that faculty and staff contribute to the plan.

UM Hospital employees participate only in a defined contribution plan which does not give rise to any funding liability by the University.

## **INSURANCE COVERAGE**

The University renegotiates its insurance coverage for each fiscal year. The University's experience is that the insurance market is volatile, particularly with respect to windstorm and professional liability coverage. As to particular risks, there is no guarantee the same or any coverage will be available year to year.

The University employs risk managers who assess risks against the cost of coverage. In many instances, additional coverage may be available but the University has made a business judgment that the cost of that coverage is not commensurate with risk. The coverage described in the following paragraphs is accurate only with respect to coverage currently in effect. While the University does not currently anticipate material changes for fiscal year 2008, the University may reduce or eliminate coverage for particular risks if in the view of the University's risk management personnel and Executive Committee the costs of coverage for particular risks are excessive or unavailable. Windstorm coverage in particular has become increasingly difficult to obtain in South Florida and coverage may be reduced in fiscal year 2008, with the University assuming a substantial portion of risk of loss.

Property coverage for fiscal year 2007 is based upon a replacement value of its buildings and their contents, excluding land and building foundations. The policy limit is \$25 million for windstorm and flood and \$200 million for all other perils such as fire and theft. UM Hospital has a separate property policy with a limit of \$50 million for windstorm and flood and \$228 million for all other perils. Both policy deductibles are: five-percent (5%) of the total value per building and contents at the time of loss, for losses resulting from wind and/or flood damages for storms named by the National Oceanic and Atmospheric Administration (NOAA), with a minimum deductible of \$1 million for any one occurrence and a deductible of \$100,000 (\$50,000 for UM Hospital) for all other perils. The main property policy includes coverage for loss of tuition with a \$25 million sub limit and extra expense with a \$25 million sub limit. In addition, the University carries Fine Arts coverage with limits of \$70 million.

Additional Flood Insurance is provided under separate coverage for the marine campus through the National Flood insurance Program (NFIP) and is structured as follows:

- 1) Primary coverage with maximum limits of \$500,000 per building and \$500,000 contents. The deductibles per policy are either \$500 or \$1,000, depending on the values, and apply separately to each building and to its contents. Valuation is on an actual cash value basis.
- 2) Additional flood coverage is provided by various carriers for limits of \$25 million applicable to all campuses. Limits apply on an annual aggregate basis. Valuation is on a replacement cost basis. The deductible for this coverage is 5% of the total insurable values with a minimum of \$1 million (wind and flood deductibles are combined).

The University also carries boiler and machinery insurance, automobile liability, general liability, workers' compensation and other various liability insurance policies, including excess liability policies with a total limit of \$100 million.

The University is self-insured for medical liability, but maintains commercial excess coverage within specified limits. Provisions for medical liability claims are based on several factors, including an annual actuarial study and are recorded as a liability on the University's Statement of Financial Position. See note 1 to the University's Financial Statements attached as Appendix B.

## LITIGATION AND OTHER LEGAL MATTERS

While there is no litigation involving the University's creation, organization or existence, or in any manner questioning the right of the University to enter into the bond documents, the University is involved in litigation as either plaintiff or defendant concerning various matters including claims by and against the University for monetary damages, matters in probate, and personnel matters. There are also other legal matters such as claims pending before the Equal Employment Opportunity Commission. There are several claims, which could involve substantial legal fees and expenses, even if the University is able to defend its actions successfully. In addition, the University is subject to regulation by various governmental authorities.

In March, 2008, back-up computer tapes that contained University patient records were stolen from a van contracted by an archive company. The University has determined it would be unlikely that a thief would be able to access the backup tapes because of the complex and proprietary format in which they were written. Based on this information, the University believes misuse of the information on the tapes is unlikely. Anyone who has been a patient of a University of Miami physician or visited a UM facility since Jan. 1, 1999, is likely included on the tapes.

The data included names, addresses, Social Security numbers, or health information. The University will be notifying by mail the 47,000 patients whose data may have included credit card or other financial information regarding bill payment. The University's permanent records are not affected; all patient information remains current, protected, and appropriately available on UM computer systems.

The University believes, based upon the advice of various advisors and counsel engaged to represent the University in litigation and other contingent liability matters, that the outcome of these matters would not have a material effect on the University's financial position or results of operations.



**FINANCIAL STATEMENTS OF THE UNIVERSITY  
FOR THE YEAR ENDED MAY 31, 2007  
AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Trustees  
University of Miami

We have audited the accompanying statements of financial position of the University of Miami (the University) as of May 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of May 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Fort Lauderdale, Florida  
August 3, 2007

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF FINANCIAL POSITION**  
As of May 31, 2007 and 2006  
(in millions )

<b>Assets</b>	2007	2006
Cash and cash equivalents	\$ 233.7	\$ 146.8
Accounts and loans receivable	184.6	175.6
Contributions receivable	108.9	104.7
Other assets	42.4	38.5
Investments	1,293.8	1,073.3
Property and equipment	1,025.9	904.5
Trusts held by others	51.4	59.5
<b>Total Assets</b>	<b>\$ 2,940.7</b>	<b>\$ 2,502.9</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 133.9	\$ 116.1
Deferred revenues and other deposits	73.8	64.7
Other liabilities	203.6	161.0
Actuarial liability of annuities payable	10.5	10.4
Reserves for medical self-insurance	62.7	66.0
Government advances for student loans	24.2	24.0
Bonds and notes payable	613.2	457.8
<b>Total Liabilities</b>	<b>1,121.9</b>	<b>900.0</b>
<b>Net Assets</b>		
<b>Unrestricted:</b>		
Operations, programs, facilities expansion, and student loans	404.3	248.2
Invested in facilities	448.1	500.5
Endowment and similar funds	450.5	359.7
<b>Total unrestricted net assets</b>	<b>1,302.9</b>	<b>1,108.4</b>
<b>Temporarily restricted:</b>		
Gifts for programs and facilities expansion	51.9	58.1
Contributions (pledges) and trusts	105.7	117.3
Life income and annuity funds	12.9	11.4
Endowment and similar funds	29.1	28.7
<b>Total temporarily restricted net assets</b>	<b>199.6</b>	<b>215.5</b>
<b>Permanently restricted:</b>		
Contributions (pledges) and trusts	54.6	46.9
Endowment and similar funds	261.7	232.1
<b>Total permanently restricted net assets</b>	<b>316.3</b>	<b>279.0</b>
<b>Total Net Assets</b>	<b>1,818.8</b>	<b>1,602.9</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,940.7</b>	<b>\$ 2,502.9</b>

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

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF ACTIVITIES**  
For the years ended May 31, 2007 and 2006  
(in millions)

	2007	2006
<b>Changes in unrestricted net assets</b>		
<b>Operating activities</b>		
<b>Operating revenues</b>		
Tuition and fees, net	\$ 344.2	\$ 329.0
State appropriation-School of Medicine	16.2	10.4
Grants and contracts	400.5	386.6
Gifts and trusts	55.0	55.9
Net assets released from restrictions	29.0	19.4
Endowment spending distribution	28.3	24.5
Investment return	26.0	21.4
Auxiliary enterprises, net	92.2	78.7
Medical professional practice	313.8	259.0
Hospitals and clinics	287.6	248.5
Other sources	23.2	20.2
<b>Total operating revenues</b>	<b>1,616.0</b>	<b>1,453.6</b>
<b>Operating expenses</b>		
Instruction	353.4	315.1
Research	172.7	167.7
Public service	136.3	129.9
Academic support	108.8	95.0
Student services	39.0	33.9
Institutional support	82.2	78.9
Auxiliary enterprises	127.2	103.6
Patient care	533.0	435.9
<b>Total operating expenses</b>	<b>1,552.6</b>	<b>1,360.0</b>
<b>Change in unrestricted net assets from operating activities</b>	<b>63.4</b>	<b>93.6</b>
<b>Non-Operating activities</b>		
<b>Revenues and other additions</b>		
Endowment, annuity and other investment return	136.4	62.0
Gifts and trusts	8.0	.8
Other sources	.2	-
Net assets released from restrictions	9.2	6.8
Transfer to permanently restricted net assets	(.5)	(2.1)
<b>Total non-operating income</b>	<b>153.3</b>	<b>67.5</b>
<b>Expenses and other deductions</b>		
	2.3	.6
<b>Change in unrestricted net assets from non-operating activities</b>	<b>151.0</b>	<b>66.9</b>
<b>Minimum pension liability</b>	<b>(6.8)</b>	<b>6.7</b>
<b>Loss on early extinguishment of debt</b>	<b>(13.1)</b>	<b>-</b>
<b>Cumulative effect of change in accounting principle</b>	<b>-</b>	<b>(3.4)</b>
<b>Increase in unrestricted net assets</b>	<b>194.5</b>	<b>163.8</b>
<b>Changes in temporarily restricted net assets</b>		
Endowment, annuity and other investment return	2.0	1.2
Gifts and trusts	24.0	48.9
Net assets released from restrictions	(38.2)	(26.2)
Transfer to permanently restricted net assets	(5.8)	(.3)
Changes in value of annuities payable and trusts held by others	2.1	2.6
<b>(Decrease) increase in temporarily restricted net assets</b>	<b>(15.9)</b>	<b>26.2</b>
<b>Changes in permanently restricted net assets</b>		
Endowment, annuity and other investment return	2.1	1.1
Gifts and trusts	28.9	27.0
Transfer from unrestricted and temporarily restricted net assets	6.3	2.4
<b>Increase in permanently restricted net assets</b>	<b>37.3</b>	<b>30.5</b>
<b>Increase in total net assets</b>	<b>215.9</b>	<b>220.5</b>
<b>Net Assets</b>		
Beginning of year	1,602.9	1,382.4
<b>End of year</b>	<b>\$ 1,818.8</b>	<b>\$ 1,602.9</b>

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

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF CASH FLOWS**  
For the years ended May 31, 2007 and 2006  
(in millions)

	2007	2006
<b>Cash flows from operating activities</b>		
Increase in total net assets	\$ 215.9	\$ 220.5
Adjustments to reconcile increase in total net assets to net cash provided by operating activities		
Net realized and unrealized investment gains	(158.2)	(77.7)
Gifts and trusts	(46.4)	(52.4)
Depreciation and amortization	75.2	67.2
Provision for doubtful accounts	33.6	29.6
Net loss on sale, disposal of real estate and plant assets	2.3	.6
Present value adjustment on annuities payable and trusts held by others	(2.1)	(2.6)
Amortization of bond premiums	(.1)	-
Loss on early extinguishment of debt	13.1	-
Cumulative effect of change in accounting principle	-	3.4
Change in operating assets and liabilities		
(Increase) decrease in		
Accounts and loans receivable	(46.8)	(30.6)
Other assets	(11.4)	(10.3)
Increase (decrease) in		
Accounts payable and accrued expenses	17.8	11.8
Deferred revenues, annuities payable and other liabilities	56.4	28.5
Reserves for medical self-insurance	(3.3)	(7.9)
Government advances for student loans	.2	.5
Net cash provided by operating activities	146.2	180.6
<b>Cash flows from investing activities</b>		
Purchases of investments	(368.1)	(430.3)
Proceeds from the sales and maturities of investments	312.8	492.2
Capital expenditures for property and equipment	(218.1)	(188.0)
Proceeds from sale of real estate	27.1	-
Student loans issued	(59.1)	(66.5)
Proceeds from collections of student loans	63.3	60.6
Net cash used in investing activities	(242.1)	(132.0)
Gifts for plant expansion and endowment	39.0	29.6
Proceeds from the issuance of debt	547.9	9.3
Call premium on bonds	(1.4)	-
Premium paid on extinguishment of debt	(10.3)	-
Payments to retire or defease bonds and notes payable	(392.4)	(52.9)
Net cash provided by (used in) financing activities	182.8	(14.0)
<b>Cash and cash equivalents</b>		
Net increase	86.9	34.6
Beginning of year	146.8	112.2
<b>End of year</b>	<b>\$ 233.7</b>	<b>\$ 146.8</b>

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

**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

The University of Miami (the University), is a major private not-for-profit research university located in South Florida. Its mission is to educate and nurture students, to create knowledge through innovative research programs, and to provide service to our community and beyond by pursuing excellence in health care.

***Basis of Presentation***

The financial statements of the University, including its hospitals and clinics, have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

The three net asset categories as reflected in the accompanying financial statements are as follows:

- **Unrestricted** - Net assets which are free of donor-imposed restrictions. It includes the University's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University's policy is to record these net assets as unrestricted. This category includes all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets. It also includes realized and unrealized gains on endowment and other long-term investments, even though the University's policy is to reinvest such earnings for future growth and to use these earnings in accordance with donor stipulations as to the original gift corpus.

Unrestricted non-operating activities reflect transactions of a long-term investment or capital nature including net realized and unrealized investment gains not used to support current operations as well as contributions to be used for facilities and equipment.

- **Temporarily Restricted** - Net assets whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment.
- **Permanently Restricted** - Net assets whose use by the University is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the University. These net assets are invested in perpetuity, the income from which is expended for program purposes, i.e., education, research, public service, and scholarships.

***Use of Estimates***

The preparation of these financial statements requires management of the University to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

***Income Taxes***

The University is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements.

***Cash Equivalents***

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.



**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Investments***

Investments are stated at fair value, based primarily on market quotes. Certain of the limited partnership investments, primarily the private equity interests, are recorded at estimated fair values, adjusted for cash receipts, cash disbursements, and securities distributions through May 31 as reviewed and evaluated by the University with assistance from its investment consultant. In some instances, those changes in value may require use of estimates. Accordingly, such values may differ from the values that would have been used had a ready market for the investments existed.

The University's investments include various types of investment securities which are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

***Revenue Recognition***

Tuition and fees revenue is reported in the fiscal year in which educational programs are primarily conducted. Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit, and are netted against tuition and other fees, and auxiliary enterprises revenue in the statements of activities as follows (in millions):

	<u>2007</u>	<u>2006</u>
Scholarships and fellowships:		
Institutionally funded	\$ 119.1	\$ 111.3
Externally funded – gifts and grants	<u>8.1</u>	<u>7.4</u>
Total amount netted against tuition and fees revenue	<u>\$ 127.2</u>	<u>\$ 118.7</u>
Amount netted against auxiliary enterprises revenue	<u>\$ 8.1</u>	<u>\$ 8.0</u>

Gifts of cash, property and marketable securities are recorded as revenue when received. Unconditional pledges (note 3) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Conditional pledges are recorded as revenue only when donor stipulations are substantially met.

Grants and contracts revenue is recognized as expenses are incurred.

Medical professional practice, and hospitals and clinics revenue (patient care revenue) are recorded net of contractual adjustments, discounts and allowances, and include amounts estimated by management to be paid by third-party governmental and private payors.

Revenue received before it is earned is deferred.

***Annuities Payable and Trusts Held by Others***

Certain gift annuities, charitable lead and remainder annuity trust agreements have been entered into with donors. Assets held under these agreements are valued at either fair value or the present value of expected cash flows. These assets are included in trusts held by others on the statements of financial position, except for gift annuities which are included in investments. Gift annuities included in investments totaled \$23.2 and \$21.5 million at May 31, 2007 and 2006, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established after recording liabilities for the present value of the estimated future payments to donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Annuities Payable and Trusts Held by Others (continued)***

The University is also the beneficiary of certain perpetual trusts which are also included in trusts held by others on the statements of financial position. The present values of the estimated future cash receipts from the trusts or the fair value of the assets held in the trust are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. Distributions from the trusts are recorded as gift and trust revenue, and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

***Medical School***

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses. The net assets of patient care activities are designated for medical school programs.

The University and the Public Health Trust of Miami-Dade County, Florida (PHT), owner and operator of Jackson Memorial Hospital (JMH), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff. All such treatment and training is the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

***Insurance***

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and hospital liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study using a discount rate of 5% as of May 31, 2007 and 2006.

***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation is not recorded on land and art objects. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

***Facilities and Administrative Cost Recovery***

The Federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on predetermined rates through 2009. Facilities and administrative cost recovery from government and private sources included in grant and contract revenues totaled \$49.6 and \$50.5 million during the years ended May 31, 2007 and 2006, respectively.

***Reclassifications***

Certain reclassifications have been made to the comparative information for the year ended May 31, 2006, to conform to the presentation for the year ended May 31, 2007.

**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Facilities Expenses***

Facilities related expenses have been allocated across applicable functional expense categories in the statements of activities based on space usage (in millions):

	<u>2007</u>	<u>2006</u>
Depreciation and amortization	\$ 75.2	\$ 67.2
Interest	19.7	14.4
Operations and maintenance	<u>96.8</u>	<u>73.6</u>
Total	<u>\$ 191.7</u>	<u>\$ 155.2</u>

***Accounting Change due to New Pronouncement and Impact of Future Accounting Standards***

In March 2005, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" (FIN 47). This Interpretation states that a legal obligation to perform an asset retirement activity is a liability even if the timing and/or settlement is conditional on a future event that may or may not be within the control of an entity. Accordingly, a liability must be recorded for the conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. FIN 47 is effective for fiscal years ending after December 15, 2005. The University adopted FIN 47 during fiscal year 2006 and reflected a \$3.4 million charge which is reported as a "Cumulative effect of change in accounting principle" in the statements of activities. The liability for conditional asset retirement obligations was \$4.5 and \$4.4 million at May 31, 2007 and 2006, respectively. Pro forma effects of retroactively applying FIN 47 (as if it had been applied for all years reported) are as follows (in millions):

Pro forma increase in total net assets for the year ended May 31, 2006	\$ 223.9
Pro forma asset retirement obligations as of May 31, 2006	\$ 4.4

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans, an amendment of FASB Statements Nos. 87, 88, 106 and 132(R)" (SFAS 158). SFAS 158 requires that an employer sponsoring one or more single-employer defined benefit plans must recognize an asset or a liability in its statement of financial position for the plan's overfunded or underfunded status. SFAS 158 also requires an employer to recognize the actuarial gains or losses and prior service costs or credits in the statements of activities that arise during the period but are not components of net periodic benefit cost pursuant to SFAS 87 and 106. The University will be required to adopt SFAS 158 in fiscal year 2008.

In addition, SFAS 158 requires an employer to measure a defined benefit plan's assets and obligations that determine its funded status as of the end of the employer's fiscal year and recognize changes in the funded status of a defined benefit plan through changes in unrestricted net assets in the year in which the change occurs. This provision is not required to be adopted by the University until the year ending May 31, 2009.

**2. ACCOUNTS AND LOANS RECEIVABLE**

At May 31, accounts and loans receivable consist of the following (in millions):

	<u>2007</u>	<u>2006</u>
Accounts receivable, net:		
Patient care	\$ 91.9	\$ 88.8
Student	4.2	3.6
Grants, contracts and other	50.5	40.9
Student loans, net	<u>38.0</u>	<u>42.3</u>
Total	<u>\$ 184.6</u>	<u>\$ 175.6</u>

Accounts and student loans receivable are net of allowances for doubtful accounts of \$33.8 and \$.6 million, respectively, for 2007 and \$33.2 and \$.8 million, respectively, for 2006.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms. Their fair value is not readily determinable.

**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**3. CONTRIBUTIONS RECEIVABLE (PLEDGES)**

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate commensurate with the risk involved. They are expected to be realized in the following periods at May 31, (in millions):

	<u>2007</u>	<u>2006</u>
In one year or less	\$ 37.7	\$ 32.0
Between one year and five years	41.1	46.8
More than five years	<u>73.8</u>	<u>73.3</u>
	152.6	152.1
Discount of \$32.5 and allowance of \$11.2 for 2007 and \$34.5 and \$12.9 for 2006, respectively	<u>(43.7)</u>	<u>(47.4)</u>
Total	<u>\$ 108.9</u>	<u>\$ 104.7</u>

**4. PROPERTY AND EQUIPMENT**

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	<u>Useful Lives</u>	<u>2007</u>	<u>2006</u>
Land	-	\$ 58.1	\$ 57.6
Land improvements	20 years	60.6	46.7
Buildings and building improvements	8 to 50 years	980.8	796.1
Leasehold improvements	1 to 50 years	22.3	22.0
Construction in progress	-	106.2	180.4
Moveable equipment	3 to 20 years	342.4	360.6
Library materials	12 years	94.5	87.9
Art objects	-	<u>42.1</u>	<u>35.3</u>
		1,707.0	1,586.6
Accumulated depreciation and amortization		<u>(681.1)</u>	<u>(682.1)</u>
Total		<u>\$ 1,025.9</u>	<u>\$ 904.5</u>

Interest on borrowings to finance facilities is capitalized during construction, net of any investment income earned through the temporary investment of project borrowings. Total net interest expense of \$1.5 and \$7.1 million was capitalized for the years ended May 31, 2007 and 2006, respectively.

**5. INVESTMENTS**

Investments at May 31 consist of the following (in millions):

	<u>2007</u>	<u>2006</u>
Short term investments	\$ 196.5	\$ 125.9
U.S. government obligations	9.7	16.6
Corporate bonds	-	9.8
Publicly traded stocks	215.8	180.2
Mutual funds:		
Equities	125.0	113.0
Fixed Income	85.0	80.7
Limited partnerships		
Equities	314.7	250.0
Fixed income	95.2	85.3
Private equity	36.7	31.3
Other	203.6	149.0
Other investments	<u>11.6</u>	<u>31.5</u>
Total fair value	<u>\$ 1,293.8</u>	<u>\$ 1,073.3</u>
Total cost	<u>\$ 1,090.7</u>	<u>\$ 984.5</u>



**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**5. INVESTMENTS (Continued)**

Short term investments consist primarily of commercial paper with maturities in excess of three months. Included in investments at May 31, 2007 is \$146.1 million of unspent project funds related to the issuance of the 2007 bonds. Amounts included in limited partnerships, other, represent marketable alternative investments. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2007 and 2006, the primary investment pool fair value amounted to \$1,033.2 and \$875.9 million, with a cost basis of \$837.8 and \$791.0 million, respectively. The primary investment pool is managed by multiple investment managers with asset allocation per the University's investment policy. The total net unrealized gain on investments for the years ended May 31, 2007 and 2006 was \$114.7 and \$36.8 million, respectively.

The University's policy is to distribute five percent of the three-year moving average fair market value of the investment pool. This policy is designed to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The components of total investment return as reflected in the statements of activities are as follows (in millions):

	<u>2007</u>	<u>2006</u>
<b>Operating:</b>		
Endowment spending distribution	\$ 28.3	\$ 24.5
Investment return	<u>26.0</u>	<u>21.4</u>
Total operating investment return	<u>54.3</u>	<u>45.9</u>
<b>Non-Operating:</b>		
Unrestricted		
Endowment interest and dividend income, realized and unrealized gains, net of endowment spending distribution	91.7	41.0
Other net realized and unrealized gains	<u>44.7</u>	<u>21.0</u>
Total unrestricted non-operating investment return	136.4	62.0
Temporarily restricted investment return	2.0	1.2
Permanently restricted investment return	<u>2.1</u>	<u>1.1</u>
Total non-operating investment return	<u>140.5</u>	<u>64.3</u>
Total investment return	\$ <u>194.8</u>	\$ <u>110.2</u>

**6. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS**

The University has two non-contributory retirement plans covering substantially all employees, the Employee Retirement Plan and the Faculty Retirement Plan. The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

**The Employee Retirement Plan (Employee Plan)** is a defined benefit plan primarily for full-time non-faculty employees. Employee Plan assets are held by a Trustee. The benefits are based on years of service and the employee's compensation during the last five years of employment. The Employee Plan also provides an alternative benefit through a cash balance benefit formula determined each year based on compensation and investment earnings. In April 2006, the Board of Trustees of the University voted to close the Employee Plan to new employees effective June 1, 2007, and to allow existing participants a one-time choice to freeze their benefits in the Employee Plan and begin participating in a new defined contribution plan effective June 1, 2007. In accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," the University recognized a net curtailment loss of \$1.0 million in 2007 and recorded an increase to the pension liability.

**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**6. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

As a result of recent contributions made in excess of the minimum required amounts, the University was not required to make contributions during fiscal year ending 2007. The University may, in reassessing the Employee Plan, make discretionary contributions during the next fiscal year.

The following table summarizes the allocation of the assets available for plan benefits for the Employee Plan at May 31:

<u>Asset category</u>	<u>Pension Benefits</u>	
	<u>2007</u>	<u>2006</u>
Equity securities	46.3%	46.9%
Fixed income	31.8%	32.9%
Real estate	1.0%	-
Other investments	20.9%	20.2%
Totals	100.0%	100.0%

The weighted average target asset allocation for the Employee Plan is 39.0% equity securities, 35.0% fixed income, and 26.0% other investments. The investment policy and strategy, as established by the University, is to provide for growth of capital with a moderate level of volatility by investing assets based on the target allocations noted above.

The University reallocates its investments periodically to meet the above target allocations. The University also reviews its investment policy periodically to determine if the policy or allocations should be changed.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	<u>Pension Benefits</u>	<u>Postretirement Benefits</u>
2008	\$ 25.7	\$ .8
2009	26.7	.7
2010	27.8	.8
2011	29.2	.7
2012	30.7	.7
2013-2017	180.8	3.9

The measurement date for the Employee Plan is February 28, 2007 and 2006, and for the postretirement health benefit plan is May 31, 2007 and 2006.

At May 31, 2007, a proposed Employee Plan amendment which would offer lump sum distribution options to future retirees was still pending formal approval from the Internal Revenue Service. At May 31, 2007 and 2006, the accumulated benefit obligation of the Employee Plan was \$581.2 and \$518.0 million, respectively, \$76.8 and \$45.5 million, respectively, in excess of Employee Plan assets. As required, the University recorded a minimum pension liability adjustment of \$108.5 million for the year ended May 31, 2005. The liability was reduced by \$7.5 million for the year ended May 31, 2006, and was increased by \$5.1 million for the year ended May 31, 2007. At May 31, 2007 and 2006, an intangible asset of \$3.0 and \$4.7 million, respectively, was also recorded. This intangible asset equals the unrecognized prior service cost and is to be amortized over future years. For the year ended May 31, 2007, the net effect of the minimum pension liability adjustment of \$5.1 million and the net decrease in the intangible asset of \$1.7 million resulted in a net decrease to unrestricted net assets in the accompanying statements of activities of \$6.8 million. For the year ended May 31, 2006, the net effect of the minimum pension liability adjustment of \$7.5 million was offset by the net decrease in the intangible asset of \$8 million for a net increase to unrestricted net assets in the accompanying statements of activities of \$6.7 million.

**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**6. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following tables provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets and funded status (in millions):

	Pension Benefits		Postretirement Benefits	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Benefit obligation at beginning of year	\$ 572.1	\$ 534.8	\$ 2.2	\$ 4.1
Service cost – benefits attributed to employee service during period	20.2	18.7	.1	.1
Interest costs accrued to measure benefit obligation at present value	34.1	31.0	.1	.1
Plan participant contributions	-	-	.5	.5
Actuarial (gain) loss	28.8	5.4	.1	(1.9)
Benefits paid to University retirees	(18.2)	(17.8)	(.6)	(.7)
Curtailments	(10.1)	-	-	-
Benefit obligation at end of year	<u>626.9</u>	<u>572.1</u>	<u>2.4</u>	<u>2.2</u>
Employee Plan assets at fair value at beginning of year	472.5	451.8	-	-
Investment return on Employee Plan assets	51.5	39.7	-	-
Benefits paid to University retirees	(18.2)	(17.8)	(.6)	(.7)
Employer contributions	-	-	.1	.2
Plan participant contributions	-	-	.5	.5
Employee Plan expenses	(1.4)	(1.2)	-	-
Employee Plan assets at fair value at end of year	<u>504.4</u>	<u>472.5</u>	<u>-</u>	<u>-</u>
Employee Plan funded status	(122.5)	(99.6)	(2.4)	(2.2)
Unrecognized amounts subject to annual amortization:				
Net actuarial (gain) loss	148.8	150.4	(2.1)	(2.1)
Prior service costs and costs of Employee Plan amendments	3.0	4.7	(.4)	(.4)
Prepaid (accrued) benefit cost	29.3	55.5	(4.9)	(4.7)
Minimum pension liability adjustment	(106.1)	(101.0)	-	-
Accrued benefit cost	<u>\$ (76.8)</u>	<u>\$ (45.5)</u>	<u>\$ (4.9)</u>	<u>\$ (4.7)</u>

The following table provides the components of net periodic pension cost for the plans (in millions):

	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Service cost:				
Benefits attributed to employee service during periods	\$ 20.2	\$ 18.7	\$ .1	\$ .1
Administrative expenses	1.2	1.2	-	-
Total	<u>21.4</u>	<u>19.9</u>	<u>.1</u>	<u>.1</u>
Interest costs accrued to measure benefit obligation at present value	34.1	31.0	.1	.1
Expected return on Employee Plan assets	(39.1)	(37.5)	-	-
Amortization of prior service cost (includes changes in pension formula and cost of Employee Plan amendments)	.7	.8	.1	.1
Recognized net actuarial (gain) loss	8.2	7.8	(.1)	(.1)
One-time curtailment cost as of February 28, 2007	1.0	-	-	-
Net periodic benefit cost	<u>\$ 26.3</u>	<u>\$ 22.0</u>	<u>\$ .2</u>	<u>\$ .2</u>



**UNIVERSITY OF MIAMI**  
**Notes To Financial Statements**  
**May 31, 2007 and 2006**

**6. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following weighted-average assumptions were used for the above calculations:

	Pension Benefits		Postretirement Benefits	
	2007	2006	2007	2006
Discount rate for benefit obligation	5.75%	5.75%	5.75%	5.75%
Discount rate for net periodic benefit cost	5.75%	5.75%	5.75%	5.75%
Expected return on Employee Plan assets	8.50%	8.50%	N/A	N/A
Rate of compensation increase	4.20%	4.20%	N/A	N/A

To develop the expected long-term rate of return for the Employee Plan, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

A 10% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2006. The rate is assumed to decrease 1% per year until reaching the ultimate 5.5% in 2011. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A 1% change in assumed health care cost trend rates would have the following effect (in millions):

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ .1	\$ (.1)
Effect on the health care component of the accumulated postretirement benefit obligation	\$ .3	\$ (.2)

***Faculty Retirement Plan (Faculty Plan)***

The Faculty Plan is a defined contribution plan for eligible faculty hired after September 30, 1977, and certain faculty hired on or before that date, who ceased participation in the Employee Plan. Under the terms of the Faculty Plan, the University purchases individual annuity contracts which commence payment when the faculty member retires. Similar to the Employee Plan, in April 2006, the Board of Trustees of the University voted to close the Faculty Plan to new employees effective June 1, 2007, and to allow existing participants a one-time choice to cease participation in the Faculty Plan and begin participating in a new defined contribution plan effective June 1, 2007.

Contributions are based upon a combination of compensation, age, length of service, and other factors and are funded as accrued. Contributions for the Faculty Plan were \$29.2 million in 2007 and \$27.4 million in 2006. In addition, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

**7. BONDS AND NOTES PAYABLE**

Bonds and notes payable at May 31 consist of the following (in millions):

	Series	Final Maturity	2007 Interest Rate	2007	2006
University of Miami					
Exchangeable revenue bonds	1996A	2020	-	\$ -	\$ 14.0
Miami-Dade County, Florida					
Educational Facilities Authority	1993 to 2007C	2016 to 2037	4.00% to 5.48%	503.1	347.4
Repurchase agreement	-	2008	Variable	7.0	9.3
Notes payable to banks and others	-	2009 to 2035	Variable	<u>65.4</u>	<u>87.1</u>
Par amount of bonds and notes payable				575.5	457.8
Net unamortized premium				<u>37.7</u>	<u>-</u>
Total				<u>\$ 613.2</u>	<u>\$ 457.8</u>

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**7. BONDS AND NOTES PAYABLE (Continued)**

In April 2007, the University issued \$156.9 million of Series 2007A Revenue Bonds, \$278.6 million of Series 2007B Revenue Refunding Bonds, and \$67.6 million of Series 2007C Revenue and Refunding Bonds through the Miami-Dade County, Florida Educational Facilities Authority (MDCFEDA). The proceeds of the refunding bonds were used to refund all of the previous MDCFEDA Series bonds, and the University of Miami Exchangeable revenue bonds Series 1996A. Although this refunding resulted in a loss on early extinguishment of debt of \$13.1 million, the new bonds bear lower rates thus achieving significant future savings for the University. The repurchase agreement is collateralized by United States Treasury securities.

The annual maturities for bonds and notes payable at May 31, 2007 are as follows (in millions):

2008	\$ 53.4
2009	37.6
2010	17.4
2011	11.8
2012	13.3
Thereafter	<u>442.0</u>
Total	<u>\$ 575.5</u>

Total interest paid was \$24.4 and \$24.7 million for the years ended May 31, 2007 and 2006, respectively.

**8. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, patient and student receivables, and other receivables approximate fair value because of the short maturity of these financial instruments. The carrying amounts of accounts payable and accrued expenses approximate fair value because of the short maturity of these financial instruments. The carrying amounts of notes payable with variable interest rates approximate their fair value because the variable rates reflect current market rates for notes with similar maturities and credit quality. The fair value of bonds payable with fixed interest rates is based on rates assumed to be currently available for bond issues with similar terms and average maturities. The estimated fair value and carrying amounts of these bonds payable at May 31, 2007 approximated \$536.7 and \$540.8 million, respectively. The estimated fair value and carrying amounts of these bonds payable at May 31, 2006 approximated \$369.7 and \$361.4 million, respectively.

The University entered into a \$20.0 million interest rate swap agreement in fiscal 2005 to manage the market risk associated with outstanding variable-rate debt. Derivative financial instruments are reported at fair value with any resulting gain or loss recognized as part of non-operating activities in the statements of activities. Parties to the interest rate swap agreement are subject to market risk for changes in interest rates as well as risk of credit loss in the event of nonperformance by the counterparty. The University deals only with high quality counterparties that meet rating criteria for financial stability and creditworthiness. The estimated cumulative fair value loss of the swap agreement was \$.8 and \$.1 million for the years ended May 31, 2007 and 2006, respectively. Changes in the fair value, which for fiscal 2007 and 2006 amounted to an unrealized loss of \$.7 million and an unrealized gain of \$.7 million, respectively, are recorded as non-operating activities in the statements of activities.

**9. GIFTS AND TRUSTS**

The University's Advancement Office (Advancement) reports total gifts and trusts based on the Management Reporting Standards issued by the Council for Advancement and Support of Education (CASE). Gifts, trusts, and pledges (gifts and trusts) reported for financial statement purposes are recorded on the accrual basis.

**UNIVERSITY OF MIAMI**  
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**9. GIFTS AND TRUSTS (Continued)**

The following summarizes gifts and trusts received for the years ended May 31, 2007 and 2006, reported in the statements of activities as well as the CASE standards as reported by Advancement (in millions):

	<u>2007</u>	<u>2006</u>
Unrestricted gifts and trusts in support of programs	\$ 55.0	\$ 55.9
Unrestricted gifts and trusts for plant expansion	8.0	.8
Temporarily restricted gifts and trusts for programs and plant expansion	24.0	48.9
Permanently restricted endowment gifts and trusts	28.9	27.0
Total gifts and trusts, per statements of activities	115.9	132.6
Increases/(decreases) to reflect gifts and trusts per CASE standards:		
Pledges, net	(4.2)	(8.7)
Non-government grants, included in grants and contracts revenue	43.0	35.2
Differences in valuation/recording:		
Funds held in trust by others	16.9	(6.3)
Annuity	.4	1.3
Timing	8.6	7.9
Other	(.1)	(.4)
Total gifts and trusts as reported by Advancement	\$ 180.5	\$ 161.6

**10. COMMITMENTS AND CONTINGENCIES**

The University had contractual obligations of approximately \$144.4 million at May 31, 2007 for various construction projects and purchases of equipment. In addition, the University is obligated under certain investment fund agreements to periodically advance additional funding up to specified levels. At May 31, 2007, the University had future commitments of \$29.1 million.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

The University leases certain real property. These leases are classified as operating leases and have lease terms ranging up to seventy five years. Total lease expense for the years ended May 31, 2007 and 2006 was \$13.4 and \$12.2 million, respectively.

Future minimum lease payments under noncancelable operating leases at May 31, 2007 are as follows (in millions):

2008	\$ 4.3
2009	4.4
2010	3.9
2011	3.3
2012	2.1
Thereafter	<u>113.0</u>
Total	<u>\$ 131.0</u>

**11. SUBSEQUENT EVENTS**

On March 27, 2007, the University signed a non binding letter of intent to purchase a general acute care hospital. The purchase is expected to be completed by the fall of 2007. The University plans to ultimately finance the purchase through the issuance of bonds.

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**INVESTMENT CONSIDERATIONS**

The following information describes certain risks relating to the ability of the University to make payments sufficient to pay the principal of and interest on the Series 2008 Bonds. This information is not intended to be a complete enumeration of all of the risks associated with ownership of the Series 2008 Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

The Series 2008 Bonds constitute limited obligations of the Authority payable and secured solely by the Authority's rights in the Loan Agreement including its rights to receive payments pursuant to the Loan Agreement. The University is obligated to make payments under the Loan Agreement sufficient for the payment of the Series 2008 Bonds, and the rights of the Authority to receive payments under the Loan Agreement are assigned to the Trustee.

The Loan Agreement and the Indenture do not contain any limitations on the right of the University to dispose of its assets (other than certain limitations relating to a merger, consolidation, conveyance, transfer or lease of its assets substantially as an entirety) or to have or to incur other indebtedness or to grant and allow to exist liens and encumbrances. To the extent that any future indebtedness is secured by a pledge, mortgage, lien or security interest, holders thereof will have priority in payment from the property subject thereto over holders of the Series 2008 Bonds.

The ability of the University to meet its payment obligations under the Loan Agreement will depend upon the continued availability to the University of revenues from a variety of sources sufficient to meet such obligations, the University's operating expenses, debt service on other indebtedness, extraordinary costs or expenses which may occur and other costs and expenses. Revenues and expenses of the University will be affected by future events and conditions relating generally to, among other things, the ability of the University to provide educational programs to meet the needs and wishes of students during the time that the Series 2008 Bonds remain outstanding, competition for students from other universities and colleges and for patients from other hospitals and medical practitioners, the capabilities of the University's Board of Trustees and administration, the University's ability to control expenses during inflationary periods, the University's ability to maintain or increase rates for tuition and other fees, the investment experience of the University's endowment and other funds, future gifts and bequests, reductions in and elimination of programs with respect to governmental assistance for student financial aid, and grants and contracts (including research grants) from governmental bodies and agencies and others, changing demographics and efforts by the federal and state governments, private insurance companies and business coalitions to reduce health care costs, including but not limited to, the cost of in-patient and out-patient care, physicians' fees, capital expenditures and the cost of graduate medical education. The University competes for students generally with colleges and universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition rates than the University. In addition, future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time.

See APPENDIX A for general information regarding the University. The most recent audited financial statements for the University are the financial statements appearing at APPENDIX B. No interim financial statements have been audited or reviewed.

The remedies granted to the Trustee and to the owners of the Series 2008 Bonds upon an event of default under the Loan Agreement and Indenture could be dependent upon judicial actions, which are often subject to discretion and delay. Under existing law, the remedies specified in the Loan Agreement and Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 2008 Bonds were qualified as to the enforceability of the provisions of the Loan Agreement and of the Indenture by limitations imposed by state and federal laws, by rulings and decisions affecting equitable remedies regardless of whether enforceability is sought in a proceeding at law or in equity and by bankruptcy, reorganization, insolvency, receivership and other similar laws affecting the rights of creditors generally.

## Health Care Matters

### General

The University receives a substantial portion of its revenues from patient care by its physicians and health care facilities. The healthcare industry has been in the process of rapid and fundamental change driven in part by increasing pressures from federal and state governments, employers and other purchasers that are seeking to control or manage their healthcare costs. Certain parties, including presidential candidates, are now openly advocating some form of universal health care system. Future changes in healthcare reimbursement could have a material adverse affect on University revenues and costs. At present, the University is subject to regulatory actions and contractual restraints by those governmental authorities that administer Medicare, Medicaid and other federal and state healthcare programs and by nongovernmental organizations who are sources of payment. Actions of these organizations could adversely affect future operations of the University's health care system.

### Medicare

A substantial portion of the University's revenues is derived from the federal Medicare program currently available to individuals age 65 or over and to certain other classes of individuals. The Medicare program provides, among other things, healthcare benefits that cover, within prescribed limits, the major costs of most medically necessary physician care for such individuals, subject to certain deductibles and co-payments. Inpatient hospital services are reimbursed under a Prospective Payment System ("PPS"). Under PPS, the federal government determines prospectively a payment amount for each hospital discharge. Discharges are classified into Diagnosis Related Groups ("DRGs"), and the payments for various DRGs are derived from historical Medicare cost data. With certain exceptions, such payments are not adjusted for actual costs, varying services or length of stay. If a hospital treats a patient and incurs less than the applicable DRG-based payment, the hospital will be entitled to retain the difference. Conversely, if a hospital's cost for treating the patient exceeds the DRG-based applicable payment amount, the hospital will not be entitled to any additional amount. Rates for PPS payments are adjusted annually by use of an update factor based upon the projected increase in a market basket inflation index, which measures changes in the cost of goods and services purchased by hospitals. Historically, these adjustments have not kept pace with inflation and, in fact, have often been reductions from earlier levels. Reimbursement for inpatient capital costs is also paid per case on a prospective basis that is adjusted annually for inflation. The federal rate for capital costs is adjusted for the area's wage index and for the severity of the case as indicated by the DRG relative weight. The federal government has also promulgated final regulations implementing a prospective payment system for Medicare outpatient costs. Medicare outpatient claims are paid based on the procedure codes billed. The procedure code determines which fee schedule or ambulatory payment classification group will be used for payment. The Prospective Payment System ("PPS") for outpatient services replaces the former cost based reimbursement methodology.

In 2003, Congress enacted The Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA") The MMA contains significant provisions affecting hospital reimbursement, a prescription drug benefit for Medicare beneficiaries, a plan to allow private health insurance companies to provide fee-for-service coverage for Medicare beneficiaries, the establishment of a new managed care program called Medicare Advantage to replace the current Medicare+Choice program, increased coverage for preventative care, and increased payment for certain components of hospital reimbursement.

Under the Medicare program, the federal government has the authority to audit healthcare providers, to recover overpayments, and to curtail payments and level other civil and criminal penalties if abuses are discovered. State Programs

**Florida Medicaid.** Medicaid is a federally assisted, state administered program that provides reimbursement for a portion of the cost of caring for indigent persons who are aged, blind, or disabled, or members of families who are eligible for Aid To Families with Dependent Children. The Florida Medicaid Program is administered by the Agency for Health Care Administration ("AHCA") for Florida and is funded by federal and state appropriations. Medicaid benefits are available, within prescribed limits, to persons meeting certain minimum income or other need requirements. Medicaid reimburses hospitals for inpatient services on a prospective per diem rate that is determined for each hospital on the basis of a hospital's allowable costs in accordance with Medicare cost



reimbursement principles. Significant changes have been and may be made in the Medicaid program which could have a material adverse impact on the financial condition of the University. Healthcare providers, including the University, have been affected significantly by changes in the last several years in federal and state healthcare laws and regulations, particularly those pertaining to Medicaid. The purpose of much of this statutory and regulatory activity has been to contain the rate of increase in healthcare costs, particularly costs paid under the Medicaid program. Diverse and complex mechanisms to limit the amount of money paid to healthcare providers under the Medicaid program have been enacted.

***Florida Indigent Assistance.*** The Public Medical Assistance Act (the “Assistance Act”) provides a mechanism for the funding of healthcare services to indigent persons. The Assistance Act imposes upon each hospital in Florida an assessment in an amount equal to 1.5 percent of each hospital’s annual net operating revenue for inpatient services and 1 percent of the annual net operating revenue for outpatient services each fiscal year, with the exception of outpatient radiation therapy services. AHCA determines such revenues based on the hospital’s actual experience reported to AHCA and certifies the amount of the assessment for each hospital within 6 months after the end of each hospital fiscal year. The assessment is payable to and collected by AHCA in equal quarterly amounts, on or before the first day of each calendar quarter beginning with the first full calendar quarter that occurs after AHCA certifies the amount of assessment for each hospital. All moneys collected pursuant to the Assistance Act are to be deposited into the Public Medical Assistance Trust Fund. AHCA shall impose administrative fines for the failure of any hospital to timely pay its quarterly assessment. Purchasers, successors or assignees of a facility, which are subject to AHCA’s jurisdiction, shall be liable for any assessments, fines or penalties incurred by a facility or its employees, regardless of when it was identified.

### **Increased Competition**

It is likely that the University will continue to face competition from other hospitals, some of which will belong to corporations or systems that are significantly larger and better capitalized, physician groups, health maintenance organizations and other forms of healthcare delivery entities that can offer comparable healthcare services to the population served by the University. Insurance companies, health maintenance organizations and other payors, including government payors, may increasingly utilize selective contracting, resulting in a decrease in the patient population eligible to be served by the University.

Alternative delivery systems are expected to continue to account for an increasing percentage of the admissions of the University under contracts requiring discounts from charges or payment at negotiated rates. Moreover, other forms of competition may affect the ability of the System to maintain or to improve its market share, including increasing competition: (i) between physicians, who generally use hospitals, and non-physician practitioners such as nurse-midwives, nurse practitioners, chiropractors, and physical and occupational therapists, who may not generally use hospitals; and (ii) from nursing homes, home health agencies, ambulatory care facilities, surgical centers, rehabilitation and therapy centers, physician group practices, and other non-hospital providers of many services for which patients currently rely on hospitals.

### **Limitations on Contractual and Other Arrangements Imposed by Internal Revenue Code**

As a tax-exempt organization, the University is limited with respect to its use of physician practice income guarantees, reduced rent on medical office space, low-interest loans, joint venture programs, and other means of recruiting and retaining physicians. The Internal Revenue Service has intensified its scrutiny of a broad variety of contractual relationships commonly entered into by hospitals. It has issued detailed hospital audit guidelines suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on, or revocation of, their tax-exempt status or assessment of additional tax. The Internal Revenue Service has also engaged in intensive audits of selected teaching hospitals to determine whether the activities of these providers are consistent with their continued tax-exempt status. The Internal Revenue Service has indicated that, in certain circumstances, violation of the fraud and abuse statutes (described below) could constitute grounds for revocation of a hospital’s tax-exempt status.



## **Limitations on Contractual and Other Arrangements Imposed by Fraud and Abuse Statutes**

There are a variety of federal and state laws that affect a hospital's ability to enter into financial arrangements with physicians and other providers. The Medicare and Medicaid fraud and abuse laws and other laws, including similar state laws, prohibit the payment of any remuneration, directly or indirectly, in cash or in kind, in exchange for referrals for goods or services (the "Anti-Kickback Law").

The federal fraud and abuse laws have been constructed broadly by the Office of the Inspector General of the Health Care Financing Administration of the United States Department of Health and Human Services (the "OIG") and by the federal courts to apply to physician recruitment, joint venture activities and other contractual arrangements. While certain "safe harbors" have been established by regulation, the safe harbors do not protect many common arrangements between healthcare providers and suppliers. There can be no assurance that all of the contractual arrangements of the University would be found by the OIG or a court to be in compliance with the requirements of such statutes and regulations.

Entities that violate these laws are subject to a range of penalties and sanctions, including fines and possible exclusion from the Medicare and Medicaid programs. The determination that any such violation has occurred with respect to activities of the University could have a materially adverse effect on the University.

## **Regulation of Patient Transfer**

Federal law requires hospitals to provide emergency treatment to all persons presenting themselves with emergency medical conditions. Congress enacted the Emergency Medical Treatment and Active Labor Act ("EMTALA") in response to concerns regarding inappropriate hospital transfers of emergency patients based on the patient's inability to pay for the services provided. EMTALA requires hospitals with emergency rooms, including the University, to treat or conduct an appropriate and uniform medical screening for emergency conditions (including active labor) on all patients and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient to another hospital.

Failure to comply with EMTALA can result in exclusion from the Medicare and/or Medicaid programs as well as civil penalties of up to \$50,000 per violation. In addition, the hospital is liable for any claim by an individual who has suffered harm as a result of such violation.

## **False Claims Act and Civil Monetary Penalties Law**

The Medicaid and Medicare Programs require that extensive financial information be reported on a periodic basis and in a specific format or content. These requirements are numerous, technical and complex and may not be fully understood or properly implemented by provider billing or reporting personnel. With respect to certain types of classifications of information, the False Claims Act and other similar laws may be violated merely by reason of inaccurate or incomplete reports if it is determined that the entity submitting such claims or reports knew or should have known that they were incorrect. As a consequence, ordinary course errors or omissions may also result in liability. New billing systems, new medical procedures and procedures for which there is not clear guidance from the United States Health Care Financing Administration ("HCFA") or other regulatory authorities may all result in liability under federal false claim prohibitions including the False Claims Act and other similar laws. The penalties for violation include criminal and civil monetary liability and may include, for serious or repeated violations exclusion from participation in the Medicare and Medicaid program.

Under the Civil Monetary Penalties Law of the Social Security Act (the "CMP Law"), civil monetary penalties may be imposed against any person who knowingly presents or causes to be presented a claim (i) for items or services not provided as claimed (including upcoding), (ii) that is false or fraudulent, (iii) for services provided-by-an unlicensed or uncertified-- - physician, (iv) for items or services provided by an excluded person, or (v) for items or services that are not medically necessary. Penalties include up to \$10,000 for each item or service claimed plus an assessment of up to three times the amount claimed for each such item of service. The CMP Law applies to all federal healthcare programs. The BBA provided for the imposition of civil monetary penalties under the CMP Law when a person commits an act described in the Anti-Kickback Law.

Florida also has a false claims act known as the “Florida False Claims Act.” Under that Act, the Medicaid Fraud Control Unit of the Department of Legal Affairs of the Office of the Attorney General may bring an action against any person who knowingly presents a false claim for payment or approval. No proof of specific intent to defraud is required. Actions also may be brought by the Florida Department of Banking and Finance and by a private person. If found liable under this statute, the individual or facility may be liable for a civil penalty of \$5,000 to \$10,000 for each violation, as well as for treble the government’s damages.

Enforcement activity in this area is increasing and enforcement authorities are adopting more aggressive approaches. It can be expected that many hospitals and physician groups will be subject to investigation or inquiry regarding billing practices and false claims. Enforcement authorities are in a position to encourage settlements by providers charged with false claims violations by withholding or threatening to withhold Medicare, Medicaid and/or similar payments, and/or by threatening criminal action. The cost of defending such an action, the time and management attention consumed thereby and the facts of a particular case may influence a settlement decision. Therefore, regardless of the merits of a particular case, the University could experience materially adverse settlement costs. Prolonged and publicized investigations could be damaging to the reputation, business and credit of the University, regardless of their outcome.

### **Limitations on Certain Arrangements Imposed by Federal Ethics in Patient Referrals Act**

The Federal Ethics In Patient Referrals Act (the “Stark Law”) generally prohibits a physician who has a financial relationship with an entity such as a hospital from making referrals to that entity for “designated health services” if payment may be made under the Medicare or Medicaid program. If such a financial relationship exists, referrals are prohibited unless a statutory exception is met. Violations of the Stark Law can result in denial of payment, substantial civil money penalties and exclusion from the Medicare and Medicaid programs. “Designated health services” include inpatient and outpatient hospital services, physical and occupational therapy services, radiology or other diagnostic services, radiation therapy services, durable medical equipment, parenteral and enteral nutrients, prosthetics, home health services and outpatient prescription drugs.

Exceptions exist for certain arrangements, including arrangements with hospitals in which the remuneration paid is unrelated to the provision of any of the listed services. However, the failure of arrangements between any of the University and a physician to fall within one or more of these exceptions could have a materially adverse effect on the University. There is no assurance that all financial relationships between the University and physicians would be found to be in compliance with the Stark Law.

Various states, including Florida also have statutes designed to prevent or regulate certain types of referrals, whether Medicare, Medicaid or a private payor. These restrictions, like the federal restrictions, may be vague with respect to coverage and effect. Generally, state referral laws have less onerous penalties, but, as a practical matter, could be materially adverse to subject facilities in certain circumstances.

### **Patient Records and Patient Confidentiality**

Providers of healthcare will be significantly affected by certain health information requirements contained in the “administrative simplification” provisions of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”). The privacy and security regulations impose stringent requirements. Disclosure of protected health information is prohibited unless expressly permitted by the regulations or otherwise authorized by the patient. Civil monetary penalties were established by HIPAA for violations of the privacy laws. Additionally, HIPAA establishes criminal penalties for knowingly obtaining or using individually identifiable health information. Such penalties range from \$50,000 and imprisonment for up to one year to an amount not to exceed \$250,000 and imprisonment for up to ten years if the information was obtained or used with the intent to sell, transfer or use such information for commercial advantage, personal gain or malicious harm. The University has incurred additional expense to make their operations and information systems compliant with the HIPAA privacy regulations. It is anticipated that the University will continue to incur additional expense to ensure that their operations and information systems comply with the HIPAA privacy regulations.

## **Antitrust**

Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities and certain pricing or salary setting activities, as well as other areas of activity. Violators of the antitrust laws may be subject to criminal and/or civil enforcement by federal and state agencies, as well as by private litigants in certain instances. At various times, the University may be subject to an investigation or inquiry by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or private party. Common areas of potential liability are joint action among providers with respect to payor contracting and medical staff credentialing. With respect to payor contracting, the University may, from time to time, be involved in joint contracting activity with hospitals, physicians or other providers. The precise degree, if any, to which this or similar joint contracting activities may expose the participants to antitrust risk is dependent on myriad factual matters. Physicians who are subject to adverse peer review proceedings may file federal antitrust actions against hospitals and seek treble damages. Hospitals, including the University, regularly have disputes regarding credentialing and peer review, and therefore may be subject to liability in this area. In addition, hospitals occasionally indemnify medical staff members who are involved in such credentialing or peer review activities, and may, therefore, also be liable with respect to such indemnity.

From time to time, the University is or may be involved with all of these types of activities, and it cannot be predicted in general when or to what extent liability may arise, if any. Liability in any of these or other trade regulation areas may be substantial, depending on the facts and circumstances of each case.

## **Other Governmental Regulation**

The University is subject to regulatory actions and policy changes by those governmental and private agencies that administer the Medicare and Medicaid programs and actions by, among others, the National Labor Relations Board, professional and industrial associations of staff and employees, applicable professional review organizations, the Joint Commission on Accreditation of Healthcare Organizations, the Environmental Protection Agency, the Internal Revenue Service, and other federal, state and local governmental agencies, and by the various federal, state and local agencies created by the National Health Planning and Resources Development Act and the Occupational Safety Health Act.

Renewal and continuation of certain licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative activity or response by the University. These activities generally are conducted in the normal course of business of health facilities. Nevertheless, an adverse result could cause a loss or reduction in the University's scope of licensure, certification or accreditation, could reduce the payment received or could require repayment of amounts previously remitted to the provider.

## **Tax Exemption for Not-For-Profit Corporations**

Loss of tax-exempt status by the University could result in loss of tax exemption of the Series 2008A Bonds and of other tax-exempt debt issued for the benefit of the University, and defaults in covenants regarding the Series 2008A Bonds and other related tax-exempt debt would likely be triggered. Loss of tax-exempt status by the University would have material adverse consequences on its financial condition. Management of the University is not aware of any transactions or activities currently contemplated that are likely to result in the revocation of its tax-exempt status.

The maintenance by the University of its status as an organization described in Section 501(c)(3) of the Code is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals. The Internal Revenue Service, or the IRS, has announced that it intends to closely scrutinize transactions between not-for-profit corporations and for-profit entities. In addition, neither Co-Bond Counsel nor Counsel to the University has rendered any opinion relating to whether actions that may be taken upon default by the University under covenants

relating to the Series 2008A Bonds or other obligations of the University may adversely affect the status of the University as an organization described in section 501(c)(3) of the Code.

The Taxpayers Bill of Rights 2, referred to for purposes of this Official Statement as the Intermediate Sanctions Law, allows the Internal Revenue Service to impose “intermediate sanctions” against certain individuals in circumstances involving the violation by tax-exempt organizations of the prohibition against private inurement. Prior to the enactment of the Intermediate Sanctions Law, the only sanction available to the Internal Revenue Service was revocation of an organization’s tax-exempt status. Intermediate sanctions may be imposed in situations in which a “disqualified person” (such as an “insider”) (i) engages in a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receives unreasonable compensation from a tax-exempt organization or (iii) receives payment in an arrangement that violates the prohibition against private inurement. These transactions are referred to as “excess benefit transactions.” Intermediate sanctions may be imposed in addition to revocation of tax-exempt status.

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income. An investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported unrelated business taxable income and in some cases could ultimately affect the tax-exempt status of the University as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Series 2008A Bonds and other tax-exempt debt of the University. In addition, legislation, if any, which may be adopted at the federal, state and local levels with respect to unrelated business income cannot be predicted. Any legislation could have the effect of subjecting a portion of the income of the University to federal or state income taxes.

In 1990, the former Employee Plans and Exempt Organizations Division of the IRS expanded the Coordinated Examination Program (CEP) of the IRS to tax-exempt health care organizations. CEP audits are conducted by teams of revenue agents. The CEP audit teams consider a wide range of possible issues, including the community benefit standard, private inurement and private benefit, partnerships and joint ventures, retirement plans and employee benefits, employment taxes, tax-exempt bond financing, political contributions and unrelated business income.

Because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, a CEP audit could result in additional taxes, interest and penalties. A CEP audit could ultimately affect the tax-exempt status of the University as well as the exclusion from gross income for federal income tax purposes of the interest payable with respect to the Series 2008A Bonds and other tax-exempt debt of the University.

In addition to the foregoing proposals with respect to income by not-for-profit Universities, various state and local governmental bodies have challenged the tax-exempt status of not-for-profit institutions and have sought to remove the exemption from real estate taxes of part or all of the property of various not-for-profit institutions on the grounds that a portion of its property was not being used to further the charitable purposes of the institutions or that the institutions did not provide sufficient care to indigent persons so as to warrant exemption from taxation as a charitable institution. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations of federal, state or local governments will not materially adversely affect the operations and financial condition of the University by requiring it to pay income or local property taxes.

### **Bond Audits**

Internal Revenue Service officials have recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. The Series 2008A Bonds may be, from time to time, subject to audits by the IRS. The University believes that the Series 2008A Bonds properly comply with the tax laws. In addition, Co-Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2008A Bonds, as described under the caption, “TAX MATTERS.” No ruling with respect to the tax-exempt status of the Series

2008A Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts. There can be no assurance that an audit of the Series 2008A Bonds will not adversely affect the Series 2008A Bonds.

### **Other Risk Factors**

The following factors, among others, may adversely affect future operations of healthcare providers, including the University, to an extent that cannot be determined at this time:

- Difficulty in attracting and retaining qualified nurses and other allied health professionals;
- Increased medical malpractice claims that affect the cost and availability of malpractice insurance, and sufficiency of self-insurance reserves;
  
- Adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs;
  
- Reduced need for hospitalization or other medical services arising from future medical and scientific advances;
  
- Increased levels of costs incurred in connection with uncompensated care services for indigent patients or in connection with catastrophic illnesses, AIDS, and other diseases;
  
- Increases in costs and limitations in the availability of any insurance, such as fire, and/or business interruption, automobile and comprehensive general liability, that the University generally carries;
  
- Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, occupational health and safety and outpatient healthcare delivery may reduce utilization and revenues of the facilities;
  
- Technological advances in recent years have accelerated the trend toward the use by hospitals of sophisticated and costly equipment and services for diagnosis and treatment. The acquisition and operation of certain equipment or services may continue to be a significant factor in hospital utilization, but the ability of the University to offer such equipment or services may be subject to the availability of equipment or specialists, governmental approval or the ability to finance such acquisitions or operations; and
  
- Increased unemployment or other adverse economic conditions that would increase the proportion of patients who are unable to pay fully for the cost of their care.

The occurrence of one or more of the foregoing or the occurrence of other unanticipated events could adversely affect the financial performance of the University.

### **Environmental Laws Affecting University Facilities**

The University is subject to a wide variety of federal and local environmental and occupational health and safety laws and regulations. Among the types of regulatory requirements faced by universities are air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at University facilities; and requirements for training employees in the proper handling and management of hazardous materials and wastes. In their role as owners and operators of properties or facilities, universities may be subject to liability for investigating and remedying any hazardous substances that have come to be located on their property, including any such substances that may have migrated off of the property. Environmental risks may result in damage to individuals, property or the environment; may interrupt operations or increase their cost or both; may result in legal liability, damages, injunctions or fines; and may trigger investigations, administrative proceedings, penalties or other government, agency actions. There can be no assurance that the University will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the University.

## **Weather**

The University is located in an area that has a high risk of hurricanes and lesser storms. These events may damage some or all of the University's facilities, interrupt utility service to some or all of these facilities or otherwise impair the operation of some or all of these facilities operated by the University and consequently the generation of revenues from some or all of such facilities.

## **Legal Requirements**

The University is not aware of any failure to be in material compliance with governmental requirements. However, because of the uncertainty of future regulatory determinations and the uncertainty of future judicial interpretation of the applicable statutes and related regulations, there can be no assurances that the University will not be found to have violated governmental laws and regulations, and if so, whether any sanctions imposed would have a material adverse effect upon the operations and financial condition of the University.

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**DEFINITIONS OF CERTAIN TERMS AND  
SUMMARIES OF PRINCIPAL DOCUMENTS**

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**DEFINITIONS OF CERTAIN TERMS AND  
SUMMARIES OF PRINCIPAL DOCUMENTS**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain provisions of the Indenture (For Debt Securities) dated as of April 1, 2007 among the Authority, the University and the Trustee, as supplemented by the Second Authority Supplemental Indenture dated as of April 1, 2008, (as it may be further amended or supplemented from time to time, the "Indenture"), which is qualified in its entirety by reference to the Indenture.

**Definitions**

*"Act"*, when used with respect to any Holder of a Security, has the meaning specified in Section 104 of the Indenture.

*"Affiliate"* of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or through one or more intermediaries, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

*"Amortization Installment"* means, with respect to any Securities, an amount designated for mandatory principal redemption prior to Maturity thereof, or an amount designated for any sinking fund payments, payable on any Securities issued under the provisions of the Indenture.

*"Authenticating Agent"* means the Trustee or any Person (other than the University or an Affiliate of the University) authorized by the Trustee to act on behalf of the Trustee to authenticate one or more series of Securities.

*"Authority"* means the Miami-Dade County, Florida Educational Facilities Authority, its successors and assigns.

*"Authority Resolution"* means a copy of a resolution of the Authority certified by an Authorized Officer of the Authority to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

*"Authority Request"* or *"Authority Order"* means a written request or Order signed in the name of the Authority by an Authorized Officer of the Authority.

*"Authority Securities"* means Securities issued by the Authority.

*"Authority Securities Service Payment"*, when used in the context of a particular series of Authority Securities or a Tranche thereof, shall have the meaning given to it in the Supplemental Indenture relating

to such series or Tranche, and when otherwise used in the Indenture, shall mean, as of the date of determination, the aggregate of all Authority Securities Service Payments so defined.

*"Authorized Officer"* means (1) with respect to the University, the President, any Vice President, the Treasurer, the Secretary or any other duly authorized officer of the University; or (2) with respect to the Authority, the Chairman, the Vice Chairman, the Executive Director, or any other duly authorized officer of the Authority.

*"Average Annual Securities Service Requirement"* means, as of each date on which a series of Securities is to be issued, the total amount of Securities Service Requirement to become due on all Securities Outstanding immediately after the issuance of such series of Securities divided by the total number of years for which Securities are deemed to be Outstanding, except that with respect to any Securities for which Amortization Installments have been established, the amount of principal coming due on the final maturity date with respect to such Securities shall be reduced by the aggregate principal amount of such Securities that are to be redeemed from Amortization Installments to be made in prior Securities Years.

*"Board of Trustees"* means the board of trustees of the University, the Executive Committee thereof, or any committee thereof duly authorized to act in respect of matters relating to the Indenture.

*"Board Resolution"* means a copy of a resolution of the Board of Trustees certified by the Secretary or an Assistant Secretary of the University to have been duly adopted by the Board of Trustees and to be in full force and effect on the date of such certification, and delivered to the Trustee.

*"Business Day"* means any day, other than a Saturday, Sunday or day on which banking institutions located in the State of Florida or the State of New York or in any state in which the principal office of the Paying Agent or the Trustee is located are required or authorized to remain closed or on which The New York Stock Exchange is closed.

*"Code"* means the Internal Revenue Code of 1986, as amended from time to time, and all rules and regulations promulgated or applicable thereunder.

*"Commission"* means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after the date of execution and delivery of the Indenture such Commission is not existing and performing the duties now assigned to it, then the body, if any, performing such duties at such time.

*"Continuing Disclosure Certificate"* means any agreement required by Rule 15c2-12 or any successor provision of the Commission.

*"Corporate Trust Office"* means the designated corporate trust office of the Trustee or its agent, which office at the date of execution and delivery of the Indenture is located at c/o The Bank of New York Trust Company of Florida, N.A., Corporate Trust Department, 10161 Centurion Parkway, Jacksonville, Florida 32256.

*"Corporation"* means a corporation, a not for profit corporation, association, joint stock company, limited liability company, or business trust.

*"Credit Enhancement"* has the meaning specified in Section 1207 of the Indenture.

*"Credit Provider"* means a party who provides Credit Enhancement pursuant to the terms of Section 1207 of the Indenture.

*"Debt Service Fund"* means the University of Miami Debt Service Fund and the subaccounts therein created by Section 1002 of the Indenture and, in the case of University Securities, subaccounts created by any Supplemental Indenture or a Board Resolution, or an Officer's Certificate pursuant to a Supplemental Indenture or a Board Resolution, and, in the case of Authority Securities, subaccounts created by any Supplemental Indenture.

*"Defaulted Interest"* has the meaning specified in Section 307 of the Indenture.

*"Designated Maturity Securities"* means Securities for which no Amortization Installments have been established prior to the issuance thereof.

*"Discount Security"* means any Security which is sold on its date of issuance for less than the principal amount thereof to be due and payable upon Maturity. *"Interest"* with respect to a Discount Security means interest, if any, borne by such Security at a Stated Interest Rate.

*"Dollar"* or *"\$"* means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

*"Eligible Obligations"* means:

- (a) United States Government Obligations;
- (b) direct obligations of, or obligations guaranteed by, any agency or instrumentality of the United States of America, whether or not the full faith and credit of the United States of America is pledged to the full and timely payment of all interest and principal thereof, including, without limitation:
  - a) participation certificates and direct obligations of the Federal Home Loan Mortgage Corporation and the Federal Housing Administration;
  - b) consolidated debt obligations, and obligations secured by a letter of credit, of the Federal Home Loan Banks;
  - c) debt obligations and mortgage-backed securities of the Federal National Mortgage Association; and
  - d) debt obligations of the Resolution Trust Corporation and Resolution Funding Corporation, including stripped obligations;
- (c) commercial paper which is rated at the time of purchase not lower than the second highest short-term rating category (without regard to gradations within such category) of at least one nationally recognized rating agency and which matures not more than 270 days after the date of purchase;

- (d) obligations of, or obligations fully guaranteed by, any state of the United States of America, or political subdivision, agency, instrumentality or authority thereof, which obligations, at the time of purchase, are rated by at least one nationally recognized rating agency in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by such rating agency to obligations of that nature;
- (e) investment agreements with any financial institution, the long-term debt, the claims paying ability or the financial program strength of which is rated not lower than the second highest category (without regard to gradations within such category) by at least one nationally recognized rating agency. If the investment agreement is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only. In all cases, the above rating requirements will apply only at the time the investment agreement is executed; and
- (f) forward agreements with respect to obligations listed in paragraphs (a), (b), (c) or (d) in which a financial institution has a continual obligation to deliver or purchase the obligations at an agreed upon price or yield. The financial institution must have long-term debt, claims paying ability or financial program strength ratings in one of the three highest rating categories (without regard to gradations within such category) by at least one nationally recognized rating agency. If the financial institution's obligation is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only.

*"Escrow Agent"* means the Trustee, any Paying Agent, or any other bank or trust company appointed by the University to perform the duties of an Escrow Agent pursuant to Article Seven of the Indenture.

*"Escrow Deposit Agreement"* means an escrow deposit agreement to be entered into pursuant to Article Seven of the Indenture by and between the Issuer of the Securities and the Escrow Agent.

*"Event of Default"* has the meaning specified in Section 801 of the Indenture.

*"Governmental Authority"* means the government of the United States or of any state or territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any thereof, or any department, agency, authority or other instrumentality of any of the foregoing.

*"Holder"* means a Person in whose name a Security is registered in the Security Register.

*"Indenture"* means the Indenture (for Debt Securities) among the Authority, the University and the Trustee, dated as of April 1, 2008, as originally executed and delivered and as it may from time to time be supplemented or amended by one or more Supplemental Indentures.

*"Interest Payment Date"*, when used with respect to any Security, shall have the meaning set forth in the Supplemental Indenture or Board Resolution pursuant to which such Security is issued.

*"Issuer"* with reference to Authority Securities means the Authority, and with reference to University Securities means the University.

*"Loan Agreement"* means a loan agreement, note, or other evidence of indebtedness between the Authority and the University, as originally executed and delivered and as it may from time to time be supplemented or amended by one or more loan agreements, notes or other evidences of indebtedness supplemental thereto, entered into pursuant to the applicable provisions of the Indenture.

*"Loan Payment"* means the payments to be made by the University under a Loan Agreement.

*"Maturity"*, when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as provided in such Security or in the Indenture, whether at the Stated Maturity, by declaration of acceleration, upon call for redemption, or otherwise.

*"Moody's"* means Moody's Investors Service, Inc. or any successor to its rating business;

*"Officer's Certificate"* means a certificate signed by an Authorized Officer and delivered to the Trustee.

*"Opinion of Bond Counsel"* means an Opinion of Counsel by an attorney or firm of attorneys selected by the Authority and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

*"Opinion of Counsel"* means a written opinion of counsel, who may be counsel for the University, or the Authority, or other counsel acceptable to the Trustee or in the case of Authority Securities, the Authority.

*"Order"* means a written direction executed and delivered by an Authorized Officer of a party to another party which the party in receipt of the Order is obligated to follow, unless such Order is contrary to the provisions of the Indenture or a Loan Agreement or requires an act which the party in receipt of the Order does not have the authority or power to perform.

*"Outstanding"*, when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under the Indenture, except:

- (a) Securities previously canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Securities deemed to have been paid in accordance with Section 701 of the Indenture; and
- (c) Securities which have been paid pursuant to Sections 3A-06 and 3B-06 of the Indenture or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to the Indenture;

provided, however, that in determining whether or not the Holders of the requisite principal amount of the Securities Outstanding under the Indenture, or the Securities Outstanding of any series or Tranche,



have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether or not a quorum is present at a meeting of Holders of Securities,

(x) Securities owned by the University or any other obligor upon the Securities or any Affiliate of the University or of such other obligor (unless the University, such Affiliate or such obligor owns all Securities Outstanding under the Indenture, or all Outstanding Securities of each such series and each such Tranche, as the case may be, determined without regard to this clause (x)) shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which the Trustee knows to be so owned shall be so disregarded; provided, however, that Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the University or any other obligor upon the Securities or any Affiliate of the University or of such other obligor; and

(y) the principal amount of a Discount Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 802 of the Indenture.

provided, further, that for the purposes of the immediately preceding clause (x), the Authority will not be deemed an obligor, the Authority will not be deemed an Affiliate of the University, and a Person will not be deemed an Affiliate of the University by reason of being an Affiliate of the Authority; provided, further, that, in the case of any Security the principal of which is payable from time to time without presentment or surrender, the principal amount of such Security that shall be deemed to be Outstanding at any time for all purposes of the Indenture shall be the original principal amount thereof less the aggregate amount of principal thereof theretofore paid.

*"Participating Underwriter"* has the meaning ascribed thereto in the Continuing Disclosure Certificate.

*"Paying Agent"* means any Person, including the Trustee or its agents, authorized by the University in the case of University Securities, or the Authority in the case of Authority Securities, to pay the principal of and premium, if any, or interest, if any, on any Securities on behalf of the University or the Authority, as the case may be.

*"Periodic Offering"* means an offering of Securities of a series from time to time any or all of the specific terms of which Securities, including without limitation the rate or rates of interest, if any, thereon, the Stated Maturity or Maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Issuer thereof or the agents of the Issuer, or the University with respect to Authority Securities when authorized by the Authority, upon the issuance of such Securities.

*"Person"* means any individual, corporation, national banking association, limited liability company, partnership, joint venture, trust or unincorporated organization or any Governmental Authority.

*"Place of Payment"*, when used with respect to the Securities of any series, or Tranche thereof, means the place or places, specified as contemplated by Section 3A-01 or 3B-01 of the Indenture, at which, subject to Section 614 thereof, principal of and premium, if any, and interest on the Securities of such series or Tranche are payable.

*"Predecessor Security"* of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3A-06 or 3B-06 of the Indenture in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed (to the extent lawful) to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

*"Project Fund"* means the University of Miami Project Fund and the subaccounts therein created by Section 1004(b) of the Indenture and any Supplemental Indenture or Board Resolution, or Officer's Certificate pursuant to such Supplemental Indenture or Board Resolution.

*"Project Loan Fund"* means the University of Miami Project Loan Fund and the subaccounts therein created by Section 1004(a) of the Indenture and any Supplemental Indenture or in an Officer's Certificate pursuant to such Supplemental Indenture.

*"Rebate Fund"* means, in respect to any Tax Exempt Securities, a fund created in a Supplemental Indenture or in an Officer's Certificate pursuant to a Supplemental Indenture as contemplated by Section 3A-01(u) of the Indenture and held from time to time by the Trustee for future payment to the United States pursuant to Section 148(f) of the Code, its successor provision, if any, and any valid and applicable rules and regulations promulgated thereunder.

*"Redemption Date"*, when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to the Indenture.

*"Redemption Price"*, when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to the Indenture.

*"Regular Record Date"* for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 3A-01 or 3B-01 of the Indenture.

*"Reserve Fund"* means the University of Miami Reserve Fund created by Section 1003 of the Indenture and any Reserve Fund Subaccounts.

*"Reserve Fund Subaccounts"* means subaccounts of the Reserve Fund created, in the case of a series of University Securities or a Tranche thereof, by any Supplemental Indenture or a Board Resolution, or an Officer's Certificate pursuant to a Supplemental Indenture or a Board Resolution relating to such series or Tranche, and, in the case of a series of Authority Securities or a Tranche thereof, by any Supplemental Indenture or an Officer's Certificate pursuant to a Supplemental Indenture, relating to such series or Tranche.

*"Reserve Requirement"* means the amount, if any, required, in the case of a particular series of University Securities or a Tranche thereof, by any Supplemental Indenture or a Board Resolution, or an

Officer's Certificate pursuant to a Supplemental Indenture or a Board Resolution relating to such series or Tranche, and, in the case of a particular series of Authority Securities or a Tranche thereof, by any Supplemental Indenture relating to such series or Tranche, to be held in a Reserve Fund Subaccount as additional security for that series or Tranche of Securities.

*"Responsible Officer"*, when used with respect to the Trustee, means any authorized officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

*"S&P"* means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. or any successor to its rating business.

*"Securities"* means bonds, notes or other evidences of indebtedness and more particularly means any securities authenticated and delivered under the Indenture, whether issued by the Authority or the University.

*"Securities Service Payment Date"* means the date in any Securities Year in which any Securities are Outstanding in which any component of an Authority Securities Service Payment or a University Securities Service Payment becomes due.

*"Securities Service Requirement"* means, in any Securities Year, the sum of the amounts, if any, after subtracting any accrued and funded amounts for such year deposited into the Debt Service Fund, required to be deposited in such Securities Year into the Debt Service Fund. For the purpose of calculating the Securities Service Requirement with respect to Variable Rate Securities, the interest rate used to calculate the Securities Service Requirement shall be assumed to be one hundred and ten percent (110%) of the greater of (a) the daily average interest rate on such Variable Rate Securities during the twelve months ending with the month preceding the date of calculation or (b) the most recent effective interest rate on such Variable Rate Securities prior to the date of calculation. If such Variable Rate Securities were not outstanding for a full twelve months ending with the month immediately preceding the date of calculation, the rate described in clause (b) of the immediately preceding sentence shall be used. If Securities are payable at the option of the holder, the "put" date or dates shall be disregarded and the Maturity and the Stated Maturity dates thereof shall be used for purposes of this calculation.

*"Securities Year"* means a year commencing on April 1 and ending on the next succeeding March 31 in each succeeding year.

*"Security Register"* and *"Security Registrar"* means the Authority Security Register and Authority Security Registrar as specified in Section 3A-05 of the Indenture and University Security Register and University Security Registrar as specified in Section 3B-05 of the Indenture.

*"Special Record Date"* for the payment of any Defaulted Interest on the Securities of any series means a date fixed by the Trustee pursuant to Section 307 of the Indenture.

*"State Act"* means Chapter 243, Part I, Florida Statutes §243.18-243.40, as from time to time amended, cited as the Higher Educational Facilities Authorities Law.

*"Stated Interest Rate"* means a rate (whether fixed or variable) at which an obligation by its terms is stated to bear interest.

*"Stated Maturity"*, when used with respect to any obligation or any installment of principal thereof or interest thereon, means the date on which the principal of such obligation or such installment of principal or interest thereon is stated to be due and payable (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension).

*"Supplemental Indenture"* means an indenture supplemental to the Indenture which may be executed and delivered by the University or the Authority, as the case may be, from time to time in accordance with the provisions of Article Twelve of the Indenture.

*"Tax Exempt Securities"* means Authority Securities issued pursuant to the Indenture, the interest upon which is excluded from gross income for federal income tax purposes under the Code.

*"Tranche"* means a group of Securities including Variable Rate Securities which (a) are of the same series and (b) have identical terms (or identical terms permitting variations in terms) except as to principal amount and/or date of issuance.

*"Trust Estate"* means the rights granted to the Trustee, as its interest may appear in the Indenture.

*"Trustee"* means the Person named as the "Trustee" in the first paragraph of the Indenture until a successor Trustee shall have become such with respect to one or more series of Securities pursuant to the applicable provisions of the Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee under the Indenture, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

*"United States"* means the United States of America, its territories, its possessions and other areas subject to its political jurisdiction.

*"United States Government Obligations"* means:

(a) direct obligations (including obligations in book entry form) of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and which are entitled to the benefit of the full faith and credit thereof; and

(b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company (which may include an escrow agent, the Trustee or any Paying Agent) subject to federal or state supervision or examination with a combined capital and surplus of at least \$50,000,000; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom.

*"University"* means the Person named as the "University" in the first paragraph of the Indenture until a successor Person shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "University" shall mean such successor Person.

*"University Securities Service Payment"*, when used in the context of a particular series of University Securities or a Tranche thereof, shall have the meaning given to it in the Supplemental Indenture or a Board Resolution relating to such series or Tranche, and when otherwise used in the Indenture, shall mean, as of the date of determination, the aggregate of all University Securities Service Payments so defined.

*"University Request"* or *"University Order"* means a written request or order signed in the name of the University by an Authorized Officer.

*"University Securities"* means Securities issued by the University.

*"Variable Rate Securities"* means Securities of a series or Tranche thereof issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage at the date of issue for the entire term thereof.

#### **Amount Unlimited; Issuable in Series**

The aggregate principal amount of Authority Securities which may be authenticated and delivered under the Indenture is unlimited.

The Authority Securities may be issued in one or more series or Tranches. Prior to the authentication and delivery of Authority Securities of any series or Tranche thereof there shall be established by specification in a Supplemental Indenture or in an Officer's Certificate pursuant to a Supplemental Indenture certain terms set forth in the Indenture with regard to such Securities.

#### **Limitations on Outstanding Securities; Parity of Securities**

No Securities shall be issued and sold pursuant to the Indenture until (A) the University has agreed that, if a Reserve Fund Subaccount is to be created for such additional Securities to be issued and sold, the University will deposit in that Reserve Fund Subaccount sufficient funds to meet the Reserve Requirement with respect to that Reserve Fund Subaccount in accordance with the provisions of Section 1010 of the Indenture, and (B) no Event of Default shall have occurred and be continuing, unless such Event of Default would be cured by the issuance of such additional Securities.

All Securities Outstanding from time to time shall be on a parity and rate equally as to source for payment and in all other respects, except as may be otherwise expressly provided in the Indenture

#### **Election to Redeem; Notice to Trustee**

Unless otherwise provided or contemplated by the Indenture, any right to elect to redeem any Securities of any series, or any Tranche thereof, may be made by the University in its sole discretion and shall be evidenced by a Board Resolution or an Officer's Certificate. The University shall, at least 45 days prior to the Redemption Date fixed by the University (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of such Securities to be redeemed. In the case of any redemption of Securities (a) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in the Indenture or (b) pursuant to an election of the University which is subject to a condition specified in the terms of such

Securities, the University shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction or condition.

### **Selection of Securities to be Redeemed**

If less than all the Securities of any series, or any Tranche thereof, are to be redeemed, the particular Securities to be redeemed shall be selected by the Security Registrar from the Outstanding Securities of such series or Tranche not previously called for redemption, by such method as shall be provided for any particular series, or, in the absence of any such provision, by lot or such other method of selection as the University shall deem fair and appropriate and which may, in any case, provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of such series or Tranche or any integral multiple thereof) of the principal amount of Securities of such series or Tranche of a denomination larger than the minimum authorized denomination for Securities of such series or Tranche; provided, however, that if, as indicated in an Officer's Certificate, the University shall have offered to purchase all or any principal amount of the Securities then Outstanding of any series, or any Tranche thereof, and less than all of such Securities as to which such offer was made shall have been tendered to the University for such purchase, the Security Registrar, if so directed by University Order, shall select for redemption all or any principal amount of such Securities which have not been so tendered.

The Security Registrar shall promptly notify the University and the Trustee in writing of the Securities selected for redemption and, in the case of any Securities selected to be redeemed in part, the principal amount thereof to be redeemed.

For all purposes of the Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

### **Securities Payable on Redemption Date**

Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the Securities or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless, in the case of an unconditional notice of redemption, the University shall default in the payment of the Redemption Price and accrued interest, if any) such Securities or portions thereof, if interest-bearing, shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with such notice, such Security or portion thereof shall be paid at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that no such surrender shall be a condition to such payment if so specified as contemplated by the Indenture with respect to such Security; and provided, further, that except as otherwise specified as contemplated by the Indenture with respect to such Security, any installment of interest on any Security, the Stated Maturity of which installment is on or prior to the Redemption Date, shall be payable to the Holder of such Security, or one or more Predecessor Securities, registered as such at the close of business on the related Regular Record Date according to the terms of such Security and subject to the provisions of the Indenture.



### **Purchase in Lieu of Redemption.**

Any Securities called for redemption under the Indenture may be purchased by the University or by any other party designated in writing by the University, on the date upon which such Securities were to have been redeemed (the "Purchase in Lieu of Redemption Date"), at a purchase price equal to the redemption price thereof. The University shall give immediate written notice on or before the designated Purchase in Lieu of Redemption Date to the Trustee, the Credit Provider, if any, and any tender agent and remarketing agent for such Securities, of the aggregate principal amount of Securities, if any, for which an election to purchase is being made. Securities to be purchased pursuant to the Indenture which are not delivered to the Trustee on the Purchase in Lieu of Redemption Date shall be deemed to have been so purchased, and the purchaser of such Securities shall be the Holder of such Securities for all purposes under this Indenture, and interest accruing on such Securities on and after the Purchase in Lieu of Redemption Date shall be payable solely to the purchaser of the Securities or any assignee(s) of its interest in such Securities.

The purchase of Securities in accordance with the Indenture is not intended, and shall not be deemed to constitute, a redemption of such Securities nor an extinguishment of the debt evidenced thereby.

### **Payment of Principal and Interest**

The Authority shall pay, or cause to be paid, the principal of, premium, if any, and interest, if any, on Authority Securities issued under the Indenture in the manner provided therein and in said Authority Securities. The principal, premium, if any, and interest, if any, are payable solely from payments the Authority receives from the University pursuant to the Loan Agreement, the Indenture and other agreements, if any, and nothing in the Indenture, the Loan Agreement, or the Authority Securities shall be considered as pledging any other funds or assets of the Authority. Neither the County of Miami-Dade, the State of Florida, nor any other Governmental Authority shall be liable for the payment of the principal of, premium, if any, or interest, if any, on any of the Authority Securities or for the performance of any pledge, obligation or agreement undertaken by the Authority.

### **Inspection of Books**

The Authority covenants and agrees that all books and documents in its possession relating to the projects, payments under the Loan Agreement and any Authority Securities shall at all reasonable times be open to inspection by such agents as the Trustee may from time to time designate.

### **Maintenance of Existence**

For as long as any of the principal of or interest, if any, on any of the Authority Securities shall be outstanding and unpaid, the Authority and the Trustee severally covenant with the owners of any and all Authority Securities that each will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of their assets, and will not consolidate with or merge into another body politic or corporation, respectively, or permit another body politic or corporation, as the case may be, to consolidate with or merge into it, unless there exists at the time a surviving, resulting or successor body politic or corporate, respectively, which assumes in writing or by operation of law all of the obligations of the Authority or the Trustee, as the case may be, under the Indenture.

### **Qualification in Florida; Maintenance of Status**

The University covenants that throughout the term of the Indenture and the Loan Agreement, it will continue to be organized as a not for profit corporation under the laws of the State of Florida and to be duly qualified to act as an institution for higher education in the State of Florida.

The University represents that it is an organization described in Section 501(c)(3) of the Code and that it is exempt from federal income taxation under Section 501(a) of the Code. The University agrees and covenants that it will at all times maintain its existence as a not for profit corporation and will take no action or suffer any action to be taken by others which will alter, change or destroy its status as a not for profit corporation or its status as an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxation under Section 501(a) of said Code.

The University further covenants that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its members, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the University; provided, however, the University may pay to any person, association or corporation the value of any service or product performed for or supplied to the University by such person, association or corporation.

These provisions shall not be construed to prohibit the University from having an Affiliate which does not meet the requirements of this section, provided that the existence of the Affiliate does not cause the University to fail to meet the covenants of the University contained herein.

### **Authority's, Trustee's and Paying Agents' Fees, Charges and Expenses**

The University covenants to pay to the Trustee, commencing with the execution and delivery of the Indenture and continuing until the principal of, premium, if any, and interest, if any, on the Securities and all other amounts due under the Indenture shall have been fully paid or provided for in accordance with the provisions of the Indenture: (1) an amount equal to the compensation and reimbursement to the Trustee in accordance with the Indenture, as and when the same become due, (2) the reasonable fees, charges and expenses of the Securities Registrar and Paying Agent, as and when the same become due, and (3) the reasonable fees, charges and expenses of the Trustee for any necessary extraordinary services and expenses of the Trustee under the Indenture, (in excess of those services usually rendered and those expenses usually incurred by a Trustee under instruments similar to the Indenture, as and when the same become due), and (4) the reasonable fees and expenses of any escrow agent in the event the income derived for such purpose from the escrowed proceeds are insufficient, which fees and expenses, in such event shall be paid directly to an escrow agent; provided, however, that this section shall not be construed to permit a Person to adjust its fees beyond that contemplated by that Person's original agreement.

The University covenants to pay to the Trustee, for the account of the Authority, the Authority's reasonable expenses in connection with the issuance and sale of Authority Securities pursuant to the Indenture, from time to time upon each such issuance and sale, subject to any agreement between the University and the Authority to the contrary. The Trustee agrees to collect such funds upon issuance of such Authority Securities and, immediately upon receipt, pay such funds to the Authority.

## **Common Covenants and Representations**

The Authority and the University each covenants and represents as follows:

### **Rights and Obligations Under Loan Agreement**

The Loan Agreement sets forth certain covenants and obligations of the Authority and the University, and reference is hereby made to the Loan Agreement for a detailed statement of said covenants and obligations. The Authority and the University each agrees that the Trustee in its name or in the name of the Authority may enforce all rights of the Authority (other than those rights enumerated in subsections (i) through (vii) in section (b) of the first paragraph of the Granting Clause of the Indenture) and all obligations of the University under and pursuant to the Loan Agreement for and on behalf of the Authority Security Holders, whether or not the Authority or the University is in default under the Indenture or the Loan Agreement.

### **Covenants Relating to Tax Exempt Securities**

No use will be made of the proceeds of any Tax Exempt Security which, if such use were reasonably expected on the date of issuance of such Tax Exempt Security, would cause the same to be "arbitrage bonds" within the meaning of the Code. For purposes of federal income taxation and with respect to Tax Exempt Securities, if any, the Authority and the University each at all times while any of such Tax Exempt Securities and the interest thereon are outstanding will comply with the requirements of the Code, and any laws supplemental thereto, whether or not made a part of the Code, necessary to maintain the tax exempt status of the interest on any Tax Exempt Security. Further, to the extent required by any new federal law and regulations in effect on, or effective as of a date on or prior to, the date of delivery of any Tax Exempt Securities, the University will maintain adequate accounting records, and rebate or cause to be rebated investment income from the investment of proceeds of the Tax Exempt Security to the United States within the time allowed and in the manner specified by such law and regulations and will otherwise comply with such laws and regulations.

In order to insure compliance with the rebate provisions of Section 148(f) of the Code as they apply to Tax Exempt Securities, pursuant to the Indenture, the Authority will create and establish with the Trustee Rebate Funds. Rebate Funds need not be maintained if the Authority shall have received an Opinion of Bond Counsel to the effect that failure to create Rebate Funds shall not adversely effect the exclusion of interest on the Tax Exempt Securities, if any, from gross income for purposes of federal income taxation. Moneys in Rebate Funds shall not be considered moneys held under the Indenture and shall not constitute a part of the Trust Estate held for the benefit of the Holders of Securities or the Authority. Moneys in Rebate Funds (including earnings and deposits therein) shall be held in trust by the Trustee for future payment to the United States at the written direction of the University as as determined by the University to be required by the regulations and as set forth in an arbitrage rebate agreement executed upon issuance of any Tax Exempt Securities. It is acknowledged that the University shall be responsible for the calculation necessary to comply with the arbitrage rebate requirements of the Code, and the University shall supply such information to the Trustee as is necessary for the Trustee to comply with its duties under the Indenture, and the Trustee may conclusively rely on such information supplied by the University. The Trustee shall not be liable for any damage or loss occasioned by its reliance on the instructions given by the University in this regard.

Any requirement imposed by the Code on Tax Exempt Securities may be amended or deleted upon receipt by the University, the Authority and the Trustee of an Opinion of Bond Counsel that such amendment or deletion will not adversely effect the tax exempt status of any Tax Exempt Securities Outstanding or to be issued under the Indenture.

In furtherance of the covenants contained in the Indenture, the University, the Authority and the Trustee will comply with any procedures and covenants set forth in any tax compliance agreement executed and delivered in connection with the issuance of any Tax Exempt Securities under the Indenture.

Notwithstanding anything in the Indenture to the contrary, the University acknowledges that it shall be the University's responsibility and not the Trustee's responsibility to ensure that any actions necessary to comply with the Code to maintain the Tax Exempt status of any Tax Exempt Securities are taken.

### **Scope of Agreement**

Nothing contained in the Indenture is intended to prohibit or restrict the University from using, disposing of, or encumbering any real or personal property of the University, including any project financed by the Securities issued under the Indenture, or any part thereof, for any lawful purpose of the University, provided only that any such use, disposition or encumbrance is not inconsistent with or in violation of any express covenant, condition, agreement, representation or undertaking of the University or the Authority contained herein and such use, disposition or encumbrance will not adversely effect the exclusion of interest on any Tax Exempt Securities from gross income for federal income tax purposes.

### **Satisfaction and Discharge of Securities**

Except as otherwise provided by Supplemental Indenture, any Security or Securities, or any portion of the principal amount thereof, shall be deemed to have been paid for all purposes of the Indenture, and the entire indebtedness of the University in respect thereof shall be deemed to have been satisfied and discharged, if at the election of the University there shall have been irrevocably deposited with an Escrow Agent appointed by the University (other than the University), such appointment in the case of Authority Securities to be approved by the Authority, in trust:

- (a) money in an amount which shall be sufficient, or
- (b) in the case of a deposit made prior to the Maturity of such Securities or portions thereof, United States Government Obligations, which shall not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by an escrow agent, shall be sufficient, or
- (c) a combination of (a) or (b) which shall be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof on or prior to Maturity; provided, however, that in the case of the provision for payment or redemption of less than all the Securities of any series or Tranche, such

Securities or portions thereof shall have been selected by the Security Registrar as provided herein and, in the case of a redemption, the notice requisite to the validity of such redemption shall have been given or irrevocable authority shall have been given by the Issuer (in the case of the Authority, upon a University Order) to the Trustee to give such notice, under arrangements reasonably satisfactory to the Trustee; and provided, further, that the University shall have delivered to an escrow agent:

(x) if such deposit shall have been made prior to the Maturity of such Securities, a University Order stating that the money and United States Government Obligations deposited in accordance with this section shall be held in trust, as provided in the Indenture;

(y) if United States Government Obligations shall have been deposited, an opinion of an independent public accountant of nationally recognized standing, selected by the University, to the effect that the requirements set forth in clause (b) above have been satisfied; and

(z) if such deposit shall have been made prior to the Maturity of such Securities, an Officer's Certificate stating the University's intention that, upon delivery of such Officer's Certificate, the United States Government Obligations in respect of such Securities or portions thereof will have been satisfied and discharged as contemplated in this section.

Upon the deposit of money or United States Government Obligations, or both, in accordance with this section, together with the documents required by clauses (x), (y) and (z) above, the Trustee shall, upon receipt of a University Order, acknowledge in writing that the Security or Securities or portions thereof with respect to which such deposit was made are deemed to have been paid for all purposes of the Indenture and that the entire indebtedness of the University and the Issuer in respect thereof has been satisfied and discharged as contemplated in this section. In the event that all of the conditions set forth in the preceding paragraph shall have been satisfied in respect of any Securities or portions thereof except that, for any reason, the Officer's Certificate specified in clause (z) shall not have been delivered, such Securities or portions thereof shall nevertheless be deemed to have been paid for all purposes of the Indenture, and the Holders of such Securities or portions thereof shall nevertheless be no longer entitled to the benefits of the Indenture or of any of the covenants of the University under the Indenture (except the covenants contained in Sections 614, 615, 6A-06, 6A-03 and 6A-04 of the Indenture) or any other covenants made in respect of such Securities or portions thereof as contemplated by the Indenture, but the indebtedness of the University in respect of such Securities or portions thereof shall not be deemed to have been satisfied and discharged prior to Maturity for any other purpose, and the Holders of such Securities or portions thereof shall continue to be entitled to look to the University for payment of the indebtedness represented thereby; and, upon University Order, the Trustee shall acknowledge in writing that such Securities or portions thereof are deemed to have been paid for all purposes of the Indenture.

If payment at Stated Maturity of less than all of the Securities of any series, or any Tranche thereof, is to be provided for in the manner and with the effect provided in this section, the Security Registrar shall select such Securities, or portions of principal amount thereof, in the manner specified by the Indenture for selection for redemption of less than all the Securities of a series or Tranche.

In the event that Securities which shall be deemed to have been paid for purposes of the Indenture, and, if such is the case, in respect of which the University's indebtedness shall have been

satisfied and discharged, all as provided in this section do not mature and are not to be redeemed within the sixty (60) day period commencing with the date of the deposit of moneys or United States Government Obligations, as aforesaid, the University shall, as promptly as practicable, give a notice, in the same manner as a notice of redemption with respect to such Securities, to the Holders of such Securities to the effect that such deposit has been made and the effect thereof.

### **Satisfaction and Discharge of Indenture**

The Indenture shall upon a University Order cease to be of further effect (except as hereinafter expressly provided), and the Trustee, at the expense of the University, shall execute proper instruments acknowledging satisfaction and discharge of the Indenture, when

- (a) no Securities remain Outstanding under the Indenture; and
- (b) the University has paid or caused to be paid all other sums payable under the Indenture by the University;

provided, however, that if, in accordance with the Indenture, any Security, previously deemed to have been paid for purposes of the Indenture, shall be deemed retroactively not to have been so paid, the Indenture shall thereupon be deemed retroactively not to have been satisfied and discharged, as aforesaid, and to remain in full force and effect, and the University and Authority shall execute and deliver such instruments as the Trustee shall reasonably request to evidence and acknowledge the same.

Upon satisfaction and discharge of the Indenture as provided, the Trustee shall assign, transfer and turn over to the University, subject to the lien provided by Section 907 of the Indenture, any and all money, securities and other property then held by the Trustee for the benefit of the Holders of the Securities other than money and United States Government Obligations held by the Trustee pursuant to the Indenture and shall execute and deliver to the University for filing and recordation any termination statements and other instruments and documents reasonably requested by the University to satisfy, discharge and terminate any lien or security interest granted under the Indenture.

### **Events of Default**

"Event of Default", wherever used in the Indenture with respect to Securities of any series, means any one of the following events:

- (a) default in the due and punctual payment of any interest on any Securities; or
- (b) default in the due and punctual payment of the principal of and premium, if any, on any Securities, whether at the Stated Maturity thereof or upon Maturity thereof (whether or not payment is prohibited by the provisions of the Indenture); or
- (c) failure to perform, or breach of, any covenant or warranty of the University in the Indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in this section specifically dealt with or which has expressly been included in the Indenture solely for the benefit of one or more series of Securities other than such series) for a period of 30 days after there has been given, by registered or certified mail, to the University by the Trustee, or to the University and the Trustee by the Holders of at least majority in principal amount of the Outstanding



Securities of such series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture, unless the Trustee, or the Trustee and the Holders of a principal amount of Securities of such series not less than the principal amount of Securities the Holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such principal amount of Securities of such series, as the case may be, shall be deemed to have agreed to an extension of such period if such default or breach can be cured and corrective action is initiated by the University within such period and is being diligently pursued. The foregoing provisions of this subsection are subject to the following limitations. If, by reason of *force majeure*, the University fails to perform, or breaches, any covenant or warranty contained in the Indenture, other than the obligations on the part of the University contained in Article Ten thereof, the University shall not be deemed in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Florida or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the University. The University agrees, however, to attempt to remedy with all reasonable dispatch the cause or causes preventing the University from carrying out its agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the University, and the University shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the University unfavorable to the University; or

(d) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the University in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order adjudging the University a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the University seeking reorganization, arrangement, adjustment or composition of or in respect of the University under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the University or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or

(e) the commencement by the University of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the University in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the University or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Trustees; or



- (f) a default or event of default shall have occurred under the Loan Agreement; or
- (g) a breach by the Authority of its covenants made in Section 613 of the Indenture.

### **Acceleration of Maturity; Rescission and Annulment**

Subject to provisions in the Indenture with respect to Credit Enhancement, if an Event of Default shall have occurred and be continuing with respect to Securities of any series at the time Outstanding, then in every such case the Trustee or the Holders of not less than majority in principal amount of the Outstanding Securities of such series may declare the principal amount (or, if any of the Securities of such series are Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof as contemplated by Section 3A-01 or 3B-01 of the Indenture) of all of the Securities Outstanding and all installments of Loan Payments related thereto, if any, to be due and payable immediately, by a notice in writing to the Issuer and the University (and to the Trustee if given by Holders), and upon receipt by the Issuer of notice of such declaration such principal amount (or specified amount) shall become immediately due and payable; provided, however, that if an Event of Default shall have occurred and be continuing with respect to one series of Securities, the Trustee or the Holders of not less than majority in aggregate principal amount of the Outstanding Securities of all such series, considered as one class (and not the Holders of the Securities of any one of such series), may make such declaration of acceleration.

At any time after such a declaration of acceleration with respect to Securities of any series shall have been made and before a judgment or decree for payment of the money due shall have been obtained by the Trustee as provided in the Indenture, the Event or Events of Default giving rise to such declaration of acceleration shall, without further act, be deemed to have been waived, and such declaration and its consequences shall, without further act, be deemed to have been rescinded and annulled, if

- (a) the University shall have paid or deposited with the Trustee a sum sufficient to pay:
  - (1) all overdue interest on all Securities of such series;
  - (2) the principal of and premium, if any, on any Securities of such series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities;
  - (3) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities;
  - (4) all amounts due to the Trustee under Section 907 of the Indenture; and
- (b) any other Event or Events of Default with respect to Securities of such series, other than the non-payment of the principal of Securities of such series which shall have become due solely by such declaration of acceleration, shall have been cured or waived as provided in the Indenture.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereon.

### **Collection of Indebtedness and Suits for Enforcement by Trustee**

Subject to provisions in the Indenture with respect to Credit Enhancement, if an Event of Default described in clause (a) or (b) of Section 801 of the Indenture shall have occurred and be continuing, the University shall, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Securities of the series with respect to which such Event of Default shall have occurred, the whole amount then due and payable on such Securities for principal and premium, if any, and interest, if any, and, to the extent permitted by law, interest on premium, if any, and on any overdue principal and interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under the Indenture.

If the University shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the University or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the University or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series shall have occurred and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in the Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

### **Trustee May File Proofs of Claim**

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the University or any other obligor upon the Securities or properties of the University or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the University for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for amounts due to the Trustee under the Indenture) and of the Holders allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amounts due it under the Indenture.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

### **Trustee May Enforce Claims Without Possession of Securities**

All rights of action and claims under the Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof or any Loan Agreement in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

### **Application of Money Collected**

Any money collected by the Trustee pursuant to Article 158 of the Indenture shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, if any, upon presentation of the Securities in respect of which or for the benefit of which such money shall have been collected and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) Unless the principal of all the Securities shall have become or shall have been declared due and payable, all such monies shall be applied:

- First: To the payment of all amounts due the Trustee;
- Second: To the payment to the Persons entitled thereto of all installments of interest then due on the Securities, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;
- Third: To the payment to the Persons entitled thereto of the unpaid principal of any of the Securities which shall have become due (other than Securities called for redemption for the payment of which monies are held pursuant to the provisions of the Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Securities due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

Fourth: To the University.

(b) If the principal of all the Securities shall have become due or shall have been declared due and payable, all such monies shall be applied first, to the payment of all amounts due to the Trustee under Section 907, then to the payment of the principal and interest then due and unpaid upon the Securities, 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 Security over any other Security, ratably, according to the amounts due respectively for principal and interest, to the Person entitled thereto without any discrimination or preference.

(c) If the principal of all the Securities shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of paragraph (a) of this section, in the event that the principal of all the Securities shall later become due or be declared due and payable, the monies shall be applied in accordance with the provisions of paragraph (b) of this Section.

#### **Limitation on Suits**

No Holder shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless:

(a) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of such series;

(b) the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of all series in respect of which an Event of Default shall have occurred and be continuing, considered as one class, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such Holder or Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(e) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series in respect of which an Event of Default shall have occurred and be continuing, considered as one class;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such Holders or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under the Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

## **Unconditional Right of Holders to Receive Principal, Premium and Interest**

Notwithstanding any other provision in the Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and (subject to Section 307 of the Indenture) interest, if any, on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

## **Restoration of Rights and Remedies**

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under the Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Authority, University, and Trustee and such Holder shall be restored severally and respectively to their former positions under the Indenture and thereafter all rights and remedies of the Trustee and such Holder shall continue as though no such proceeding had been instituted.

## **Rights and Remedies Cumulative**

Except as otherwise provided in any provision in the Indenture with respect to Credit Enhancement, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

## **Delay or Omission Not Waiver**

No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

## **Control by Holders of Securities**

If an Event of Default shall have occurred and be continuing in respect of a series of Securities, the Holders of a majority in principal amount of the Outstanding Securities of such series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; provided, however, that if an Event of Default shall have occurred and be continuing with respect to more than one series of Securities, the Holders of a majority in aggregate principal amount of the Outstanding Securities of all such series, considered as one class, shall have the right to make such direction, and not the Holders of the Securities of any one of such series; and provided, further, that

(a) such direction shall not be in conflict with any rule of law or with the Indenture, and could not involve the Trustee in personal liability in circumstances where indemnity would not, in the Trustee's sole discretion, be adequate, and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

### **Waiver of Past Defaults**

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default under the Indenture with respect to such series and its consequences, except a default

(a) in the payment of the principal of or premium, if any, or interest, if any, on any Security of such series, or

(b) in respect of a covenant or provision hereof which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any and all Events of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

### **Maintenance and Creation of Funds**

Pursuant to the Indenture there are created and established: (a) a Debt Service Fund to be applied as provided in Section 1002 of the Indenture; (b) a Reserve Fund to be applied as provided in Section 1003 of the Indenture; (c) a Project Loan Fund to be applied as provided in Section 1004(a) of the Indenture and a Project Fund to be applied as provided in Section 1004(b) of the Indenture; and (d) a Cost of Issuance Fund to be applied as provided in Section 1005 of the Indenture.

### **Debt Service Fund**

The Trustee shall hold and maintain the "University of Miami Debt Service Fund" (hereinafter sometimes called the "Debt Service Fund"), to the credit of which deposits shall be made as required by the Indenture. In such fund there shall be maintained the following accounts as needed with respect to University Securities or Authority Securities: The "University Securities Debt Service Account" comprised of at least four subaccounts: the "University Interest Account," the "University Principal Account," the "University Redemption Account," and the "University Administrative Account," and the "Authority Securities Debt Service Account" comprised of at least four subaccounts: the "Authority Interest Account," the "Authority Principal Account," the "Authority Redemption Account," and the "Authority Administrative Account." The Debt Service Fund shall also be comprised of any additional subaccounts created, in the case of University Securities, in a Supplemental Indenture or a Board Resolution, or an Officer's Certificate pursuant to such Supplemental Indenture or Board Resolution, or, in the case of Authority Securities, in a Supplemental Indenture or an Officer's Certificate pursuant to such Supplemental Indenture.



## **Reserve Fund**

The Trustee shall hold and maintain the "University of Miami Reserve Fund" (herein sometimes called the "Reserve Fund"), which shall be comprised of one or more Reserve Fund Subaccounts, which Reserve Fund Subaccounts will be created pursuant to a Supplemental Indenture with respect to Securities or a series or Tranche thereof if such Supplemental Indenture so requires, to the credit of which deposits shall be made to the extent required by such Supplemental Indenture. If so required, deposits to Reserve Fund Subaccounts shall be made as required by Section 1010 of the Indenture and from which funds shall be paid in the amounts which cannot be paid from the Debt Service Fund as provided in the Indenture.

## **Project Loan Fund**

The Trustee shall hold and maintain the "University of Miami Project Loan Fund" (herein sometimes called the "Project Loan Fund"), to the credit of which deposits shall be made as are required by the Indenture and the Loan Agreement. The Project Loan Fund shall be comprised of any subaccounts created in a Supplemental Indenture or an Officer's Certificate pursuant to such Supplemental Indenture.

(1) Except as otherwise provided in a Supplemental Indenture, any moneys deposited in the Project Loan Fund shall be used only to pay the costs of or relating to projects financed by Authority Securities (including internally financed projects for which funds previously have been expended by the University), including any Authority fees or charges, necessary incidental expenses and reimbursement to the University for such project for costs and expenses paid by the University in connection with such project as are approved by the Authority. For purposes of internal accounting, such Project Loan Fund may contain one or more subaccounts, as the Authority or the Trustee may deem proper.

(2) Payments pursuant to paragraph (1) of this section shall be made in accordance with a certificate or certificates signed by an Authorized Officer of the University describing in reasonable detail (a) in the case of payments to third parties, the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment, and (b) in the case of reimbursements to the University, the purpose for which such moneys were used and the amount thereof, and in both cases, further stating the opinion that such purposes constitute a necessary part of the cost of the project to which such certificate relates.

(3) Upon completion of a project, the University shall deliver to the Trustee a certificate signed by the Authorized Officer of the University certifying the balance of moneys then remaining in the Project Loan Fund for such project and shall forthwith pay such balance to the Trustee if not already deposited with the Trustee. The Trustee shall pay the balance so received, to the extent available, as follows and in the following order of priority:

First: to the Reserve Fund Subaccount relating to Authority Securities, the proceeds of which were used to finance the project (to the extent a Reserve Fund Subaccount was required with respect to such Authority Securities), such amount, if any, as shall be necessary to make the amount on deposit in such subaccount after such payment equal to the Reserve Requirement for such Reserve Fund Subaccount; and



Second: to the Authority Principal Account, any balance remaining after making the payment required above.

Completion of the project (as specified in the definition of a project in the Supplemental Indenture relating thereto) shall be determined by a certificate signed by the architect if retained in connection with such project, and delivered within \_ninety (90) days after the date of completion to the Trustee, the Authority and the University. Each certificate shall state that the project has been completed, describe it in terms sufficient for identification and specify the date of completion. Each project shall be determined to be completed when a certificate has been so delivered as to each such project.

### **Project Fund**

The Trustee shall hold and maintain the "University of Miami Project Fund" (herein sometimes called the "Project Fund"), to the credit of which deposits shall be made as are required by the Indenture. The Project Fund shall be comprised of any subaccounts created in a Supplemental Indenture or a Board Resolution, or an Officer's Certificate pursuant to such Supplemental Indenture or Board Resolution

(1) Except as otherwise provided in a Supplemental Indenture, any moneys deposited in the Project Fund shall be used only to pay the costs of or relating to projects financed by University Securities (including internally financed projects for which funds previously have been expended by the University), including any necessary incidental expenses and reimbursement to the University for such project for costs and expenses paid by the University in connection with such project. For purposes of internal accounting, such Project Fund may contain one or more sub-accounts, as the University or the Trustee may deem proper.

(2) Payments pursuant to paragraph (1) of this section shall be made in accordance with a certificate or certificates signed by an Authorized Officer of the University describing in reasonable detail (a) in the case of payments to third parties, the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment, and (b) in the case of reimbursements to the University, the purpose for which such moneys were used and the amount thereof, and in both cases, further stating the opinion that such purposes constitute a necessary part of the cost of the project to which such certificate relates.

(3) Upon completion of a project, the University shall deliver to the Trustee a certificate signed by the Authorized Officer of the University certifying the balance of moneys then remaining in the Project Fund for such project and shall forthwith pay such balance to the Trustee if not already deposited with the Trustee. The Trustee shall pay the balance so received, to the extent available, as follows and in the following order of priority:

First: to the Reserve Fund Subaccount relating to University Securities, the proceeds of which were used to finance the project (to the extent a Reserve Fund Subaccount was required with respect to such University Securities), such amount, if any, as shall be necessary to make the amount on deposit in such subaccount after such payment equal to the Reserve Requirement for such Reserve Fund Subaccount; and

Second: to the University Principal Account, any balance remaining after making the payment required above.

Completion of the project (as specified in the definition of a project in the Supplemental Indenture relating thereto) shall be determined by a certificate signed by the architect if retained in connection with such project, and delivered within ninety (90) days after the date of completion to the Trustee and the University. Each certificate shall state that such project has been completed, describe it in terms sufficient for identification and specify the date of completion. Each project shall be determined to be completed when a certificate has been so delivered as to such project.

### **Cost of Issuance Fund**

There is hereby created the "University of Miami Cost of Issuance Fund" (herein sometimes called the "Cost of Issuance Fund") which shall be comprised of one or more Cost of Issuance Fund Subaccounts, which Subaccounts will be created pursuant to a Supplemental Indenture with respect to Securities or a series or Tranche thereof, to the credit of which deposits shall be made as provided in the Indenture.

(1) As soon as practicable after the delivery of the Securities herein, the Trustee shall pay from the Cost of Issuance Fund Subaccount applicable to such Securities, to the firms, corporations or persons entitled thereto the legal, administrative, financing and incidental expenses relating to the issuance of the Securities. Notwithstanding any other provisions hereof, neither the Authority nor the University will direct the Trustee to use proceeds of any series of Tax Exempt Authority Securities to pay such costs of issuance in excess of two percent (2%) of the proceeds of those Authority Securities if to do so will adversely effect the status of such Securities as Tax Exempt Securities.

(2) Any proceeds remaining in a Cost of Issuance Fund Subaccount relating to University Securities six (6) months after the date of deposit thereof, and not needed to pay expenses as provided in paragraph (1) above, shall be transferred by the Trustee, upon receipt of written direction to do so from the University, to the Project Fund.

Any proceeds remaining in a Cost of Issuance Fund Subaccount relating to Authority Securities six (6) months after the date of deposit thereof, and not needed to pay expenses as provided in paragraph (1) above, shall be transferred by the Trustee, upon receipt of written direction to do so from the University, to the Project Fund.

### **Rebate Fund**

The Trustee shall hold and maintain the Rebate Fund. Deposits and transfers from the Rebate Fund shall be made by the Trustee in accordance with the Tax Certificate and related tax documents dated as of the date of issuance of the Series 2008 Bonds executed by the Authority and the University.

### **Custody of Proceeds**

When the documents contemplated by Section 3A-03 of the Indenture (in the case of Authority Securities) or Section 3B-03 of the Indenture (in the case of University Securities) herein shall have been filed with the Trustee and when the Securities to be issued shall have been executed and authenticated as required herein, the Trustee shall deliver, first, said Securities at one time to, or upon the order of, the purchaser thereof, but only upon receipt of the Securities proceeds by the Trustee. The Trustee shall then

become custodian of the Securities proceeds and shall deposit such proceeds as provided in the Indenture.

### **Application of Securities Proceeds**

(A) The proceeds, including accrued interest and premium, if any, received from the sale of any or all Securities shall be applied simultaneously with the delivery of such Securities to the purchaser thereof, as follows:

(1) The accrued interest, if any, on the Securities shall be deposited by the Trustee in the University Interest Account (in the case of University Securities) or in the Authority Interest Account (in the case of Authority Securities) created in the Indenture, segregated from other funds on deposit therein and used only for the purpose of paying interest becoming due on such Securities.

(2) To the extent not paid by the original purchaser of the Securities or the University, the Trustee shall deposit into the Cost of Issuance Fund Subaccount relating to such Securities, from such proceeds, an amount sufficient to pay all costs and expenses in connection with the preparation, issuance and sale of the Securities, as certified to the Trustee by the University; provided that the amount of proceeds deposited in the Cost of Issuance Fund Subaccount shall not exceed, in the case of Tax Exempt Securities, two percent (2%) of the proceeds of such Tax Exempt Securities, if to do so would adversely effect the status of such Securities as Tax Exempt Securities.

(3) To the extent a Reserve Requirement exists for such Securities and such requirement is not met by the University, an amount which will equal the Reserve Requirement for such Securities shall be deposited in the Reserve Fund Subaccount created in the Supplemental Indenture related to such Securities, and shall be used only for purposes set forth in the Indenture. Securities eligible for deposit in accordance with the Indenture shall be valued at one hundred percent of their fair market value at the time of deposit and at such other times as their value is subject to review by the Trustee; provided, however, if a Reserve Fund Subaccount is invaded for any reason, all investments in that Reserve Fund Subaccount shall be valued at fair market value annually at the commencement of each Securities Year until the deficiency in that Reserve Fund Subaccount is eliminated.

(4) The balance of the Securities proceeds shall be deposited (i) into the Project Loan Fund, in the case of Authority Securities, created in the Indenture and used by the University for the project specified in the Supplemental Indenture relating to such Securities, (ii) into the Project Fund, in the case of University Securities, created in the Indenture and used by the University for the project specified in the Supplemental Indenture relating to such securities, or (iii) such other funds as may be created with respect to such Securities or a series or Tranche thereof, as contemplated by the Indenture.

### **Obligation to Make Payment of Securities**

Funds shall be deposited in the Debt Service Fund as required by the Indenture. The University hereby covenants to make payments on the Outstanding Securities at the times and in the amounts set forth in the Loan Agreement which will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Securities as they become due.

## Deposits to the Reserve Fund

To the extent a Reserve Fund Subaccount is required with respect to any Securities or a series or Tranche thereof, before any revenues (including in the case of Authority Securities, Loan Payments or other moneys derived from the Loan Agreement or paid to the Authority by the University under any agreement) are paid into any other funds, other than the various accounts within the Debt Service Fund for the payment of principal and interest, the amount of money on deposit in the Reserve Fund Subaccount must equal the Reserve Requirement established for that series of Securities. If the Reserve Fund Subaccount is not fully funded as, in the case of Authority Securities, provided in a Loan Agreement, and/or any other supplemental agreement, or is depleted to any degree, the University shall be required (which requirement, in the case of Authority Securities, shall be set forth in a Loan Agreement and any other supplemental agreement) to increase its semi-annual payments, or, in the alternative, the University may deposit Eligible Obligations with the Trustee for credit to the Reserve Fund Subaccount to restore the Reserve Fund Subaccount to the maximum amount required to be on deposit in the Reserve Fund Subaccount at the time. The amount representing the increased payment will be deposited to the credit of that Reserve Fund Subaccount, and such increased payments shall continue until the amount on deposit in the Reserve Fund Subaccount again equals the amount required to be in said subaccount, as specified in this section. Any securities deposited as provided herein and in a Loan Agreement shall be valued as provided in Section 1008 of the Indenture. Any such securities so deposited shall be reviewed by the Trustee for value of the last day of each Securities Year and as of the time of any substitution of any securities by the University. So long as it is not in default under a Loan Agreement, the University shall have the absolute right to substitute for securities so deposited other securities eligible in accordance with the Loan Agreement, so long as the value of the securities and moneys in any and all Reserve Fund Subaccount shall equal the aggregate Reserve Requirement established for all such Reserve Fund Subaccounts.

Earnings received on the moneys or securities on deposit in the Reserve Fund Subaccount shall, if the amount on deposit in the Reserve Fund Subaccount at the end of the Securities Year is equal to the aggregate Reserve Requirement established for that series of Securities, be transferred at the end of each Securities Year to the Debt Service Fund and shall be credited against the next Authority Securities Service Payment or University Securities Service Payment, as the case may be, becoming due. Furthermore, any excess amounts in the Debt Service Fund after provisions for payment of the Authority Securities Service Payments and University Securities Service Payments is made for any Securities Service Payment Date, if such excess is insufficient to retire all Outstanding Bonds, shall be returned to the University as an over payment.

Notwithstanding the foregoing, in lieu of depositing cash or securities to be held in any Reserve Fund Subaccount as additional security for any series of Securities issued under the Indenture, the University may provide Credit Enhancement in an amount equal to the Reserve Requirement for such series of Securities, in either case provided by a Credit Provider which satisfies the requirements of each rating agency providing a rating for such series of Securities. Any interest or fees due to the Credit Provider shall be subordinate to any amounts required to be paid for the benefit of the Holders of Securities. In the event such Credit Enhancement expires prior to the final maturity of the series of Securities for which it has been provided, upon expiration of the Credit Enhancement, either the applicable Reserve Fund Subaccount must be fully funded or substitute Credit Enhancement which meets the requirements of this section must then be in effect. Furthermore, Securities may be issued pursuant to the Indenture without benefit of a Reserve Fund Subaccount, if no Reserve Fund Subaccount

is required by any rating agency providing a rating on such series of Securities in order to maintain the current ratings on the Securities, or the Credit Provider, if any.

With respect to Authority Securities, the Authority may by resolution determine whether any Reserve Fund Subaccount established pursuant to the Indenture shall be held for the benefit of multiple series of Authority Securities on a parity basis or whether separate Reserve Fund Subaccounts shall be segregated within the Reserve Fund for the benefit of respective series of Authority Securities. With respect to University Securities, the University may by resolution determine whether any Reserve Fund Subaccount established pursuant to the Indenture shall be held for the benefit of multiple series of University Securities on a parity basis or whether separate Reserve Fund Subaccounts shall be segregated within the Reserve Fund for the benefit of respective series of University Securities.

### **Deposits to the Debt Service Fund**

(A) Authority Securities. All revenues of the Authority derived from the Loan Payments pursuant to the Loan Agreement on and after the date on which Authority Securities are delivered to the purchasers thereof shall be deposited by the Trustee upon receipt to the credit of the following accounts in the following order:

(a) Interest Account: All interest becoming due on the Authority Securities on the next Securities Service Payment Date, together with any fees or charges of the Paying Agent therefor. Such payments shall be increased or decreased proportionately prior to the first interest payment date or dates, after making allowance for any deposits made into the Interest Account upon the issuance of Authority Securities.

(b) Principal Account: All principal becoming due on the Authority Securities on the next Securities Service Payment Date and which is not payable from the Redemption Account.

(c) Redemption Account: An amount sufficient to pay the Amortization Installment as required by any Supplemental Indenture, becoming due on the Authority Securities on the next Securities Service Payment Date.

(d) Administrative Account: An amount sufficient to pay amounts coming due in the then current Securities Year payable to the Trustee, the Authority, the Securities Registrar and the Paying Agent pursuant to the Indenture.

(B) University Securities. All revenues deposited by the University for a University Securities Service Payment on and after the date on which such University Securities are delivered to the purchasers thereof shall be deposited by the Trustee upon receipt to the credit of the following accounts in the following order:

(a) Interest Account: All interest becoming due on the University Securities on the next Securities Service Payment Date, together with any fees or charges of the Paying Agent therefor. Such payments shall be increased or decreased proportionately prior to the first interest payment date or dates, after making allowance for any deposits made into the Interest Account upon the issuance of University Securities.

(b) Principal Account: All principal becoming due on the University Securities on the next Securities Service Payment Date and which is not payable from the Redemption Account.

(c) Redemption Account: An amount sufficient to pay the Amortization Installment as required by any Supplemental Indenture, becoming due on the University Securities on the next Securities Service Payment Date.

(d) Administrative Account: An amount sufficient to pay amounts coming due in the then current Securities Year payable to the Trustee, the Authority, the Securities Registrar and the Paying Agent pursuant to the Indenture.

### **Additional Payments into the Debt Service Fund**

In addition to the amounts required by the Indenture to be deposited in the Debt Service Fund, there shall be deposited into the Debt Service Fund, as and when received, all other moneys received by the Trustee when accompanied by written directions of the University or the Authority that such moneys are to be paid into the Debt Service Fund. The Trustee agrees to hold and disburse such moneys in accordance with the provisions of the Indenture. Subsequent agreements and Supplemental Indentures may provide for payments into the Debt Service Fund in addition to those stated above.

### **Application of Moneys in the Debt Service Fund**

The moneys deposited to the credit of the Debt Service Fund shall be applied as follows:

(1) The University Securities Debt Service Account shall be in the custody of the Trustee but in the name of the University and the Authority Securities Debt Service Account shall be in the custody of the Trustee but in the name of the Authority. Subject to the restrictions contained in the Indenture, the University hereby authorizes and directs the Trustee to withdraw sufficient funds from the University Securities Debt Service Account to pay the University Securities Service Payment as the same shall become due and payable, which authorization and direction the Trustee hereby accepts, and the Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the Authority Securities Debt Service Account to pay the Authority Securities Service Payment as the same shall become due and payable, which authorization and direction the Trustee hereby accepts.

(2) The moneys deposited in the Debt Service Fund, after providing for all the deposits to the Reserve Fund Subaccounts, if any, which are necessary to bring the amount on deposit in the Reserve Fund Subaccounts to their respective Reserve Requirements, and after providing for current and past due University Securities Service Payments and Authority Securities Service Payments which are in excess of those required by subsection (1) hereof shall be returned to the University, provided the University is not in default as defined in the Indenture, and only to the extent said moneys are in excess of the amount required for payment of Securities theretofore matured or called for redemption and past-due interest in all cases when such Securities have not been presented for payment.

(3) Whenever the amount in the Debt Service Fund and the Reserve Fund from any source whatsoever is sufficient to redeem all of the Securities Outstanding under the Indenture and to pay interest to accrue thereon prior to such redemption, and the redemption premium, if any, the Authority and the University covenant and agree to take and cause to be taken the necessary steps under the



Indenture to redeem all of the Securities Outstanding on the next succeeding redemption date for which the required redemption notice may be given and on which the Securities Outstanding are permitted to be redeemed under the Indenture; provided, however, any reserve account for the benefit of a particular series of Securities shall be applied to the redemption of such series only.

(4) Whenever the amount in the Debt Service Fund is insufficient to pay any University Securities Service Payment or any Authority Securities Service Payment, the Trustee shall distribute such amounts ratably to the University Securities Debt Service Fund and the Authority Securities Debt Service Fund for distribution in accordance with the terms of subsection (1) of Section 1013 of the Indenture.

### **Application of Moneys in the Reserve Fund**

To the extent a Reserve Fund Subaccount is required with respect to any Securities or a series or Tranche thereof, the moneys deposited in that Reserve Fund Subaccount shall be used by the Trustee for the purpose of paying principal of and interest on the Securities entitled to the benefit thereof, whether at maturity or because of redemption, whenever and to the extent that the moneys held for the credit of the Debt Service Fund for payment of such Securities shall be insufficient for such purpose. When the principal of and interest on each series of Securities maturities and all other amounts owed pursuant to the Indenture have been paid, any balance remaining in the respective Reserve Fund Subaccount shall be returned to the University. At the written request of the University, the Authority may withdraw moneys and securities from the Reserve Fund Subaccount for the acquisition and construction of capital Projects authorized by subsequent resolution of the Authority if on the date of such withdrawal the University has obtained, on behalf of the Authority, for deposit in the Reserve Fund Subaccount, Credit Enhancement by a Credit Provider in an amount at least equal to the amount of money and the value of securities so withdrawn.

### **Charge**

Subject to the terms and conditions set forth in the Indenture, moneys deposited to the credit of the various funds created therein are hereby pledged to and charged with the payments mentioned in the Indenture, and such moneys held in trust constitute part of the Trust Estate and are subject to a lien and charge in favor of the Holders of the Securities issued and outstanding under the Indenture and for the further security of such Holders until paid out or transferred as therein provided.

### **Repayment to the University from the Funds**

Should the Indenture be discharged under the provisions of Article Seven of the Indenture, any amounts remaining in the various funds established under the provisions of the Indenture shall be paid to the University.

### **Accounts for Accounting Purposes Only; Additional Funds**

Except with respect to Reserve Fund Subaccounts which as provided herein may be for the exclusive benefit of the respective series or Tranche of Securities for which each such Subaccount was created, the accounts and subaccounts within each Fund created in Article Ten of the Indenture or in a Supplemental Indenture or Board Resolution, or an Officer's Certificate pursuant to a Supplemental Indenture or Board Resolution, shall be maintained by the Trustee for accounting purposes only (and the



Trustee shall maintain a separate accounting of each such account or subaccount), and shall not adversely effect the absolute parity status of all Securities Outstanding.

The funds created in Article Ten of the Indenture shall not be exclusive and, as to Securities of a particular series or a Tranche thereof, may be supplemented by additional funds, accounts and subaccounts as contemplated by the Indenture.

### **Investment of Fund Moneys**

Any moneys held as part of the funds established pursuant to the Indenture shall, pursuant to a University Order, be invested or reinvested by the Trustee only in Eligible Obligations. Any such investments shall be held by the Trustee and shall be deemed at all times a part of the fund from which the investment was made; provided, however, unless otherwise provided in a Supplemental Indenture, investment income earned in all funds and accounts created pursuant to the Indenture (other than the Reserve Fund and Reserve Fund Subaccounts, the Project Loan Fund and the Project Fund) shall be deposited in the Debt Service Fund and, unless an Event of Default exists and continues, credited to the University Securities Service Payments and the Authority Securities Service Payments, on a pro rata basis, if any, and the excess, if any, shall be disposed of as provided in the Indenture. Unless otherwise provided in a Supplemental Indenture, investment income earned on a Project Loan Fund and a Project Fund shall be retained therein. Investment earnings on funds or securities held in Reserve Fund Subaccounts shall remain in such Reserve Fund Subaccounts until the Reserve Requirement for each such Reserve Fund Subaccount is satisfied, and upon such satisfaction, such earnings shall be deposited in the Debt Service Fund and, unless an Event of Default exists and continues, credited to the University Securities Service Payments and the Authority Securities Service Payments, on a pro rata basis, if any, and the excess, if any, shall be disposed of as provided in the Indenture. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this section whenever the cash balance in a fund is insufficient for the purposes for which such fund is established. No investments shall be made or ordered, however, which may violate the covenant prohibiting excessive arbitrage contained herein. The Trustee shall not be liable for any violations of the arbitrage restrictions in the Code which result from investments made at the written direction of the University as provided in the Indenture.

### **University May Consolidate, Etc., Only on Certain Terms**

The University shall not consolidate with or merge into any other Corporation, or convey or otherwise transfer or lease its properties and assets substantially as an entirety to any Person, unless

- (a) the Corporation formed by such consolidation or into which the University is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the University substantially as an entirety shall be a Person organized and existing as a corporation described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code and qualifies as an institution for higher education within the meaning of the State Act, and shall expressly assume, by a Supplemental Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest, if any, on all Outstanding Securities and the performance of every covenant of the Indenture on the part of the University to be performed or observed;

(b) immediately after giving effect to such transaction and treating any indebtedness for borrowed money which becomes an obligation of the University as a result of such transaction as having been incurred by the University at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing;

(c) the University shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, or other transfer or lease and such Supplemental Indenture comply with this Article and that all conditions precedent herein provided for relating to such transactions have been complied with;

(d) the University shall have delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the merger, consolidation or transfer will not change the federal income taxation status of the Outstanding Tax Exempt Securities;

(e) if Authority Securities are Outstanding, such merger or consolidation of the University shall have been approved by the Authority, which approval shall not be withheld unreasonably; and

(f) the University shall have delivered to the Trustee evidence satisfactory to the Trustee that the ratings on the Securities Outstanding will not be adversely affected by such merger, consolidation or transfer.

Any foregoing provisions to the contrary notwithstanding, further restrictions or limitations may be applied to any such merger or consolidation of the University by a Supplemental Indenture.

### **Successor Corporation Substituted**

Upon any consolidation by the University with or merger by the University into any other corporation or any conveyance, or other transfer or lease of the properties and assets of the University substantially as an entirety in accordance with the Indenture, the successor corporation formed by such consolidation or into which the University is merged or the Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the University under the Indenture with the same effect as if such successor Person had been named as the University herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under the Indenture and the Securities Outstanding under the Indenture.

### **Supplemental Indentures Without Consent of Holders**

Without the consent of any Holders, the Authority, the University and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto in respect of Authority Securities, in a form satisfactory to the Trustee, for any of the purposes set forth in the Indenture. Without the consent of any Holders, the University and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto (without the consent of the Authority so long as such indenture supplemental hereto is not inconsistent with the terms of the Indenture) in respect of University Securities, in a form satisfactory to the Trustee, for any of the following purposes as set forth in the Indenture:

- (a) to provide for the issuance of additional Securities of any series or Tranche as contemplated by Article Two or Article Three of the Indenture, as applicable; or
- (b) to establish the form or terms of Securities of any series or Tranche as contemplated by Article Two or Article Three of the Indenture; or
- (c) to evidence the succession of another Person to the Authority or the University and the assumption by any such successor of the covenants of the Authority or the University herein and in the Securities, all as provided in Article Eleven of the Indenture; or
- (d) to add one or more covenants of the Authority or the University or other provisions for the benefit of all Holders or for the benefit of the Holders of, or to remain in effect only so long as there shall be Outstanding, Securities of one or more specified series, or one or more specified Tranches thereof, or to surrender any right or power herein conferred upon the Authority or the University; or
- (e) to provide collateral security, including, without limitation, funding a reserve fund subaccount, for any series or Tranche of the Securities, provided, however, that such amendment shall not alter the parity status of all of the Securities issued under the Indenture; or
- (f) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts under the Indenture by more than one Trustee, pursuant to the requirements of the Indenture; or
- (g) to provide for the procedures required to permit the Authority or the University to utilize, at its option, a non-certificated system of registration for all, or any series or Tranche of, the Securities; or
- (h) to change any place or places where (1) the principal of and premium, if any, and interest, if any, on all or any series of Securities, or any Tranche thereof, shall be payable, (2) all or any series of Securities, or any Tranche thereof, may be surrendered for registration of transfer, (3) all or any series of Securities, or any Tranche thereof, may be surrendered for exchange, and (4) notices and demands to or upon the Authority or the University in respect of all or any series of Securities, any Tranche thereof, or the Indenture may be served; or
- (i) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other changes to the provisions of the Indenture or to add other provisions with respect to matters or questions arising under the Indenture, provided that such other changes or additions shall not adversely effect the interests of the Holders of Securities of any series or Tranche in any material respect; or
- (j) to qualify the Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal or state laws from time to time in effect; or
- (k) to change or eliminate any other provision of the Indenture or to add any new provision to the Indenture; provided, however, that if such change, elimination or addition shall

adversely effect the interests of the Holders of Securities of any series or Tranche Outstanding on the date of such indenture supplemental hereto in any material respect, such change, elimination or addition shall become effective (i) with respect to such series or Tranche only pursuant to the provisions of Section 1202 of the Indenture or (ii) when no Security of such series or Tranche remains Outstanding; or

(l) to make amendments to the provisions of the Indenture relating to matters under Section 148(f) of the Code, provided that an Opinion of Bond Counsel stating to the effect that such amendments will not adversely effect the exclusion from gross income for federal income taxation purposes of the interest on Authority Securities is delivered to the Trustee; or

(m) to make any changes required in order to provide for the deposit of Credit Enhancement to any Reserve Fund Subaccount pursuant to the Indenture.

### **Supplemental Indentures With Consent of Holders**

With the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class, by Act of said Holders delivered to the University and the Trustee, the Authority, when authorized by an Authority Resolution, the University, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture; provided, however, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed Supplemental Indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed Supplemental Indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required except that, notwithstanding any provision herein to the contrary, if there shall be Credit Enhancement in effect for any series or Tranche, then the consent of the Credit Provider for such Credit Enhancement shall suffice in lieu of the consent of the Holders of such series or Tranche referred to in this section; and provided, further, that no such Supplemental Indenture shall:

(a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to the Indenture, or change the coin or currency (or other property), in which any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity of any Security (or, in the case of redemption, on or after the Redemption Date), without, in any such case, the consent of the Holder of such Security, or

(b) reduce the percentage in principal amount of the Outstanding Securities of any series or any Tranche thereof, the consent of the Holders of which is required for any such

Supplemental Indenture, or the consent of the Holders of which is required for any waiver of compliance with any provision of the Indenture or of any default under the Indenture and its consequences, or reduce the requirements of the Indenture for quorum or voting, without, in any such case, the consent of the Holders of each Outstanding Security of such series or Tranche, or

(c) modify any of the provisions of Section 813 of the Indenture with respect to the Securities of any series, or any Tranche thereof, or except to increase the percentages in principal amount referred to in this section or such other Sections or to provide that other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this section, or the deletion of this proviso, in accordance with the requirements of the Indenture, or

(d) require the approval of the Authority if the Supplemental Indenture affects only University Securities.

A Supplemental Indenture which changes or eliminates any covenant or other provision of the Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or of one or more Tranches thereof, or which modifies the rights of the Holders of Securities of such series or Tranches with respect to such covenant or other provision, shall be deemed not to affect the rights under the Indenture of the Holders of Securities of any other series or Tranche.

It shall not be necessary for any Act of Holders under this section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such Act shall approve the substance thereof. A waiver by a Holder of such Holder's right to consent under this section shall be deemed to be a consent of such Holder.

The underwriters of any series of Securities or any Tranche thereof, may consent, on the date of issuance of such Securities, to any Supplemental Indenture, in lieu of the ultimate purchasers of such Securities, and such consent by the underwriters on behalf of the ultimate purchasers of such Securities may be counted toward the consent required to effectuate such Supplemental Indenture, so long as adequate disclosure of the contents of such Supplemental Indenture is made in any offering document delivered in connection with the sale of such Securities. In addition, the remarketing agent of any series of Securities or any Tranche thereof, which are subject to a mandatory or optional tender, may consent, on the tender date, to any Supplemental Indenture, in lieu of the ultimate purchasers of such Securities, and such consent by the remarketing agent on behalf of the tendering holders of such Securities may be counted toward the consent required to effectuate such Supplemental Indenture, so long as adequate disclosure of the contents of such Supplemental Indenture is made in any disclosure document delivered in connection with the remarketing of such Securities.

### **Credit Enhancement**

Without the consent of the Holders, the University and the Trustee, with reference to University Securities of any series or Tranche thereof, and the University, the Authority, and the Trustee with respect to Authority Securities of any series or Tranche thereof, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, containing terms required by a third party Credit Provider, not an Affiliate of the University, as a condition of that



Credit Provider's providing credit enhancement, either in the form of insurance, letter of credit, guaranty, reimbursement agreement or other instrument under which a party agrees to assure payment of principal and interest on such Securities or any series of Tranche thereof ("Credit Enhancement"). Such indenture supplemental hereto may include provisions deeming such third party as the Holder of the Securities benefiting from such Credit Enhancement for the purpose of giving consents and exercising any remedy under the Indenture and may limit the right of the Trustee or the Holders of any Securities benefiting from such Credit Enhancement to exercise any remedy, including, without limitation, the right of acceleration.

### **Liability Solely Corporate**

No recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under the Indenture, against any officer or trustee, past, present or future, of the University of the Authority whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any officer or trustee, past, present or future, of the University or the Authority because of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in the Indenture or in any of the Securities or to be implied herefrom or therefrom, and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

### **Limited Liability of the Authority**

The Authority Securities, together with interest thereon, shall be limited obligations of the Authority payable solely from the Loan Payments pursuant to the Loan Agreement and shall be a valid claim of the respective Holders thereof against the funds and accounts created by the Indenture and other moneys held by the Trustee for the benefits of the Holders and the payments and other amounts derived from the University pursuant to the Loan Agreement, and except as herein provided, shall be used for no other purpose than to pay the principal, premium, if any, and interest on such indebtedness and Authority Securities to the extent payable from the Trust Estate, and to pay the Trustee's fees and expenses under the Indenture, except as may be otherwise expressly authorized in the Indenture. The Authority Securities do not now and shall never constitute a charge against the general credit or taxing powers of the County of Miami-Dade, Florida, or the State of Florida.

Except as expressly provided in the Indenture, no recourse shall be had for the payment of the principal or redemption premium, or interest, if any, on any Authority Securities, or any part thereof, against the Authority; and no liability whatsoever shall attach to, or be incurred by, the Authority, either directly or indirectly through the University, because of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in the Indenture or in any of the Authority Securities or to be implied herefrom or therefrom, and that any such liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

Any provisions contained in the Indenture to the contrary notwithstanding, the Authority shall not be responsible or liable in any manner whatsoever with respect to any University Security, including

without limitation, the payment of the principle or redemption premium, if any, or interest on any University Security, or any part thereof.

## SUMMARY OF CERTAIN PROVISIONS OF LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement (Series 2008 Bonds) between the Authority and the University dated as of April 1, 2008 (the "Loan Agreement"), which is qualified in its entirety by reference to the Loan Agreement.

### **Principal Amount of the Loan**

In the Loan Agreement the Authority agrees to make and the University agrees to accept a loan in the principal amount corresponding to the aggregate principal amount of the Series 2008 Bonds. The University shall be obligated to continue making Loan Payments on such loan separate from and independent of the loan with respect to any other series of Securities for as long as any of the Series 2008 Bonds shall be Outstanding.

The loan described in the preceding paragraph shall be evidenced by the Loan Agreement and the University shall make payment in satisfaction thereof and at the times and in the amounts set forth in the Indenture for the payments due in respect of the Series 2008 Bonds.

### **Total Loan Payment**

(a) The aggregate amount of the Loan Payment to be made by the University to the Trustee two Business Days prior to each Security Service Payment Date until all Outstanding Series 2008 Bonds are retired shall be the aggregate of the payment for (i) accrued and unpaid interest on the Series 2008 Bonds for the next ensuing Securities Service Payment Date; (ii) premium, if any, coming due on the Series 2008 Bonds for the next ensuing Securities Service Payment Date; (iii) a sum sufficient to pay the Amortization Installment on, if any, and the principal, if any, coming due on the next ensuing Securities Service Payment Date for the Series 2008 Bonds; and (iv) a sum sufficient to pay the fees, expenses and other obligations described in the Indenture, coming due on the next ensuing Securities Service Payment Date for the Series 2008 Bonds (collectively, the "Securities Service Payment").

(b) At least seven Business Days prior to each Securities Service Payment Date, the Trustee shall send written notice to the University of the amount of the Loan Payment to be made. The University shall continue to make such Loan Payments until the principal of, premium, if any, and interest on the Series 2008 Bonds and all other amounts due under the Loan Agreement shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. In calculating the Loan Payments as herein provided, credit shall be given for investment income earnings on all funds and accounts created in the Indenture and deposited in the Debt Service Fund, subject to the Indenture. In the event excess moneys remain in the Debt Service Fund after payment of the Trustee's fee and expenses (to the extent payable from the Trust Estate upon an event of default pursuant to the Indenture) and the Authority Securities Service Payment on any Securities Service Payment Date pursuant to the Loan Agreement, such excess moneys shall be returned to the University as an overpayment for such period.



## Payments and Other Amounts Payable

(a) Unless previously paid by the University on the second Business Day prior to each Securities Service Payment Date until the principal of, premium, if any, and interest on the Series 2008 Bonds and any other amounts due under the Loan Agreement shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the University shall transfer to the Trustee for deposit as provided in the Indenture as payment under the Loan Agreement a sum equal to the amount payable on such date as the Authority Securities Service Payment, together with all other amounts payable by the University to the Authority and the Trustee pursuant to any other Loan Agreement (as that term is defined in the Indenture) and the Indenture.

(b) Notwithstanding any other provision of the Loan Agreement, Loan Payments shall be sufficient to pay the total amount of the Authority Securities Service Payment payable on the next succeeding Securities Service Payment Date; provided that the Excess Amount (as hereinafter defined) held by the Trustee in the Authority Securities Debt Service Account on the payment date set forth in (a) above shall be credited against the payment due on such date; and provided further, that, subject to the provisions of the next succeeding sentence, if at any time the amount held by the Trustee in the Authority Securities Debt Service Account should be sufficient to pay at the times required the principal of, interest and redemption premium, if any, on the Series 2008 Bonds then remaining unpaid and to pay any other amounts payable under the Loan Agreement the University shall not be obligated to make any further Loan Payments. Furthermore, any Excess Amount, if insufficient to pay principal, redemption premium, if any, and interest on all Outstanding Series 2008 Bonds and to pay any other amounts payable under the Loan Agreement, shall be returned to the University as an overpayment under the Loan Agreement for such period. Notwithstanding the provisions of the preceding sentence, if on any date the amount held by the Trustee in the Authority Securities Debt Service Account is insufficient to make the then required payments the University shall forthwith pay such deficiency. The term "Excess Amount" as of any date shall mean the amount in the Authority Securities Debt Service Account on such date in excess of the amount required for the then due payment of the Securities Service Requirement.

(c) The University unconditionally agrees and guarantees to make the Loan Payments required by the Loan Agreement to the Trustee until the principal of, premium, if any, and interest on the Series 2008 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, as supplemented, and in addition thereto to pay: (i) an amount equal to the reasonable annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its advances, counsel fees and other ordinary expenses incurred under the Indenture, as and when the same become due; (ii) the reasonable fees, charges and expenses of the Trustee, as bond registrar and as paying agent as and when the same become due, and (iii) the reasonable fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as supplemented, and the Loan Agreement, as and when the same become due.

(d) In the event the University should fail to make any of the payments required by paragraphs (a) or (b) of this section, the item or installment so in default shall continue as an obligation of the University until the amount in default shall have been fully paid, and the University agrees to pay the same with interest thereon at the rate of 10 percent (10%) per annum until paid, except that interest on overdue installments of principal and/or interest on the Series 2008 Bonds shall be paid at the respective rates borne by the Series 2008 Bonds of the maturity in respect of which such principal and/or interest is overdue. In the event the University should fail to make any of the Loan Payments required by clauses

(i), (ii) or (iii) in paragraph (c) of this section, the item so in default shall continue as an obligation of the University until the amount in default shall have been fully paid, and the University agrees to pay the same with interest thereon at the rate of ten percent (10%) per annum, until paid .

### **Obligations of University Under Loan Agreement Unconditional**

The obligations of the University to make the payments required in the Indenture, and to perform and observe the other agreements on its part contained in the Loan Agreement shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise and, until such time as the principal of, interest and premium, if any, on the underlying the Series 2008 Bonds and any other amounts due and owing under the Loan Agreement or under the Indenture shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the University (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in the Indenture; (ii) will perform and observe all of its other agreements contained in the Loan Agreement; and (iii) will not terminate the Loan Agreement for any cause including, without limiting the generality of the foregoing, failure to complete the Project, or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of administrative rulings of or administrative actions by the United States of America or the State of Florida or any political subdivision of either, or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement. Nothing contained in this section shall be construed to release the Authority from the performance of any of the agreements on its part contained in the Loan Agreement; and in the event the Authority shall fail to perform any such agreement on its part, the University may institute such action against the Authority as the University may deem necessary to compel performance provided that no such action shall (i) violate the agreements on the part of the University contained in the first sentence of this section or (ii) diminish the amounts required to be paid by the University pursuant to the Indenture. The University may, however, at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the University deems reasonably necessary in order to secure or protect its rights under the Loan Agreement and its rights of possession, occupancy and use of any and all of the Project or portions thereof, and in such event the Authority hereby agrees to cooperate fully with the University and to take all action necessary to effect the substitution of the University for the Authority in any such action or proceeding if the University shall so request.

### **Insurance**

During the term of the Loan Agreement, the University will manage risk of loss relating to property, public liability, workers compensation and the like in a reasonably prudent manner, having regard for the cost of risk protection, based on recommendations received by the University from its internal risk management personnel. The University may manage risk with commercial insurance, self-insurance, captive insurance arrangements and other programs and techniques commonly employed by enterprises having similar risks and financial capability to absorb loss.

## **Assignment**

Except as otherwise provided in the Loan Agreement and with respect to transactions described in under the caption "ASSIGNMENT, MORTGAGING, AND SELLING; REDEMPTION; LOAN REPAYMENT," the Loan Agreement may not be assigned, in whole or in part, by the University without obtaining the written consent of both the Authority and the Trustee, and any assignment shall be subject, however, to each of the following conditions:

(a) No assignment pursuant to this section shall relieve the University from primary liability for any of its obligations under the Loan Agreement, and in the event of any such assignment the University shall continue to remain primarily liable for payments specified in the Loan Agreement and for performance and observance of the other covenants, warranties, representations and agreements on its part herein provided to be performed and observed by it to the same extent as though no assignment has been made.

(b) The assignee shall assume the obligations of the University under the Loan Agreement to the extent of the interest so assigned.

(c) The University shall within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and to the Trustee a true and complete copy of each such assignment and/or assumption of obligations, as the case may be.

## **Prepayment of Loan Agreement Payments**

There is expressly reserved to the University the right, and the University is authorized and permitted, at any time it may choose, to prepay all or any part of the payments payable under the Loan Agreement, and the Authority agrees that the Trustee may accept such prepayments when the same are tendered by the University; provided, however, the University shall not have the right to prepay the Loan Payments in full prior to the time the Series 2008 Bonds are redeemable without the consent of the Authority and such prepayments shall not be permitted if the prepayments would violate the "arbitrage" provisions of Section 148 of the Code, and the regulations promulgated thereunder proposed or in effect on the date of issuance of, and applicable to, the Series 2008 Bonds. All payments so prepaid shall be credited to the Loan Payments specified in the Loan Agreement, in the order of their due dates.

## **Events of Default Defined**

The following shall be "events of default" under the Loan Agreement and the term "event of default" shall mean, whenever used in the Loan Agreement, any one or more of the following events:

(a) Failure by the University to pay the payments required to be paid under the Loan Agreement at the times specified therein and in the Indenture.

(b) Failure by the University to perform or its breach of any covenant, warranty or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this section for a period of thirty days after written notice, given by registered or certified mail specifying such default or breach and requesting that it be remedied and stating that such notice is a "Notice of Default" under the Loan Agreement, given to the University by the Authority or the Trustee, unless the Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration;

provided, however, that the Authority and the Trustee, shall be deemed to have agreed to an extension of such period if such default or breach can be cured and corrective action is initiated by the University within such period and is being diligently pursued. The foregoing provisions of this subsection (b) are subject to the following limitations. If by reason of *force majeure* the University is unable in whole or in part to carry out its agreements on its part herein contained, other than the obligations on the part of the University contained in Article V and Section 2.1(c) of the Loan Agreement, the University shall not be deemed in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Florida or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the University. The University agrees, however, to attempt to remedy with all reasonable dispatch the cause or causes preventing the University from carrying out its agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the University, and the University shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the University unfavorable to the University.

(c) The entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the University in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (ii) a decree or order adjudging the University a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the University seeking reorganization, arrangement, adjustment or composition of or in respect of the University under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the University or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days.

(d) The commencement by the University of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the University in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the University or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Trustees.

### **Remedies on Default**

Whenever any event of default referred to above shall have happened and be subsisting, the Authority may take any one or more of the following remedial steps:

(a) The Trustee as provided in the Indenture may, at its option, declare the entire amount payable under the Indenture for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon all amounts payable under the Loan Agreement shall become immediately due and payable.

(b) In the event any of the Series 2008 Bonds shall at the time be outstanding and unpaid, the Authority may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the University, except the University shall not be compelled to provide information relating to privileged or confidential matters protected by law.

(c) The Authority or the Trustee may take whatever action at law or in equity that may appear necessary or desirable to collect the Loan Payments and any other amounts payable by the University under the Loan Agreement, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the University under the Loan Agreement.

(d) By mandamus or other suit, action or proceeding at law or in equity enforce all of the rights of the Authority or the rights of any persons, corporations or governmental agencies to which the Authority's rights may have been assigned, including the right to require the University to collect the tuition and other revenues to make the Loan Payments and to require the University to carry out any other covenant or agreement required by it to be performed and to perform all duties and actions required of the University by the Loan Agreement.

(e) By action or suit in equity require the University (i) to account for all moneys received by it from tuition and other revenues and to account for the receipt, use, application or disposition of such tuition and other revenues, and (ii) by appropriate legal action to enforce the Authority's interest in the Loan Agreement.

(f) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(g) Apply to a court of competent jurisdiction for appointment of a receiver to take charge of and manage the revenues of the University and apply such revenues to the reduction of the University's obligations under the Loan Agreement.

Any amounts collected pursuant to action taken under this section shall be applied in accordance with the provisions of the Indenture, as supplemented. Notwithstanding any other provisions of the Loan Agreement, the Trustee shall not be obligated to exercise any of the remedies set forth herein unless and until it is adequately indemnified for costs, expenses (including attorneys' fees) and liability with respect thereto.

## **Damage, Destruction, Options**

If prior to full payment of the Series 2008 Bonds (or provision thereof having been made in accordance with the provisions of the Indenture, as supplemented) the Series 2008 Project is destroyed (in whole or in part) or is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.2 of the Loan Agreement resulting from such destruction or damage is in excess of \$50,000,000 the University shall promptly give written notice thereof to the Trustee. All net proceeds of insurance resulting from such claims for losses in excess of \$50,000,000 shall be used for one or more of the following purposes: (i) the University is required to proceed promptly to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the University and as will not impair operating unity or the character of the Series 2008

Project; (ii) the University is required to apply so much as may be necessary of the net proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses; (iii) within two years of the date of loss, the University may use such proceeds to acquire facilities of comparable value to the structure(s) destroyed; (iv) within two years of the date of loss, at the election of the University, such proceeds may be used to retire the applicable series of the Series 2008 Bonds as provided in the Indenture; or (v) the University may use such proceeds for any lawful purpose of the University.

## **Condemnation**

In the event that the Series 2008 Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, unless the applicable series of the Series 2008 Bonds have been retired or provision therefor has been made, the University shall utilize the funds received from condemnation proceedings in the same manner as is provided above for insurance proceeds; provided, however, nothing herein shall diminish the University's obligation to make payments under the Loan Agreement until the Series 2008 Bonds are paid in full.



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FORM OF CO-BOND COUNSEL OPINION

May 8, 2008

Miami-Dade County, Florida Educational  
Facilities Authority  
Miami, Florida

Re: \$292,780,000 Miami-Dade County, Florida Educational Facilities Authority Revenue Bonds,  
Series 2008A (University of Miami Issue) and  
\$40,300,000 Miami-Dade County, Florida Educational Facilities Authority Revenue Bonds, Series  
2008B (University of Miami Issue) (Taxable)

Ladies and Gentlemen:

We have acted as co-bond counsel in connection with the issuance by the Miami-Dade County, Florida Educational Facilities Authority (the "Authority") of its Revenue Bonds, Series 2008A (University of Miami Issue), in the aggregate principal amount of \$292,780,000 (the "Series 2008A Bonds"), and its Revenue Bonds, Series 2008B (University of Miami Issue) (Taxable), in the aggregate principal amount of \$40,300,000 (the "Series 2008B Bonds" and, together with the Series 2008A Bonds, the "Bonds"), pursuant to an Indenture (For Debt Securities) dated as of April 1, 2007, among the Authority, the University of Miami (the "University") and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), as supplemented by a Second Authority Supplemental Indenture dated as of April 1, 2008 (the "Second Supplemental Indenture"), among the Authority, the University and the Trustee (collectively, the "Indenture").

The Authority loaned the proceeds of the Bonds to the University pursuant to a Loan Agreement dated as of April 1, 2008 (the "Loan Agreement"), between the Authority and the University. Under the Loan Agreement, the University agreed to make payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds in the manner provided in the Indenture, and such payments and the rights of the Authority under the Loan Agreement (except for the right to enforce certain limited provisions of the Loan Agreement) were pledged and assigned by the Authority to the Trustee as security for the Bonds.

The Bonds are payable solely from (i) payments made by the University pursuant to the Loan Agreement (except any reimbursement or indemnity payments payable to the Authority), and (ii) all moneys and investments held by the Trustee from time to time in specified trust funds under the Indenture, all in the manner and to the extent provided in the Indenture (collectively, the "Trust Estate").

For purposes of this opinion we have examined (i) the resolutions of the Authority authorizing the issuance of the Bonds, (ii) the resolution of the Board of County Commissioners of Miami-Dade County, Florida, approving the issuance of the Bonds, (iii) executed counterparts of the Indenture and the Loan Agreement, (iv) the opinion of even date herewith of the Office of the Miami-Dade County Attorney, Miami, Florida, as counsel to the Authority, (v) the opinion of even date herewith of Squire, Sanders & Dempsey L.L.P., as counsel to the University (the "University's Counsel Opinion"), and (vi) such certified proceedings and other papers as we have considered necessary and appropriate to render this opinion.

In rendering this opinion, we are relying on the University's Counsel Opinion with respect to various matters concerning the University, including (i) the corporate existence of the University, (ii) the status of the

University as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which is exempt from federal income taxation pursuant to Section 501(a) of the Code and is not a private foundation as defined in Section 509(a) of the Code, (iii) the power of the University to enter into and perform the Loan Agreement, (iv) the authorization, execution and delivery of the Loan Agreement by the University and (v) the validity, binding effect and enforceability of the Loan Agreement against the University.

As to questions of fact material to our opinion, we have relied upon representations and covenants made on behalf of the Authority and the University in the Indenture, the Loan Agreement and the Tax Agreement of even date herewith (including all exhibits thereto, the “Tax Agreement”), among the Authority, the University and the Trustee, certificates of officials of the Authority and certificates of officers of the University (including certifications as to the use of Bond proceeds and the operation and use of the property financed thereby), without undertaking to verify the same by independent investigation.

We express no opinion herein as to the accuracy, completeness or sufficiency of any offering material relating to the Bonds. We have not passed upon any matters relating to the business, affairs or condition (financial or otherwise) of the University and no inference should be drawn that we have expressed any opinion on matters relating to the ability of the University to perform its obligations under the contracts described herein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority validly exists as a public body corporate and politic of the State of Florida and has the power to issue the Bonds and to enter into and perform the Indenture and the Loan Agreement.

2. The Second Supplemental Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and the Indenture and the Loan Agreement are valid, binding and enforceable obligations of the Authority. All rights of the Authority under the Loan Agreement (except for the right to enforce certain limited provisions of the Loan Agreement) have been validly assigned to the Trustee under the Indenture.

3. The Bonds were duly authorized, executed and delivered by the Authority and are valid, binding and enforceable special and limited obligations of the Authority payable solely from the Trust Estate.

4. Based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes under Section 103 of Code. Interest on the Series 2008A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2008A Bonds. The Authority and the University have made certain representations and have covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2008A Bonds will not be included in federal gross income. The opinion set forth in this paragraph assumes the accuracy of these representations and compliance with these covenants. We have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any matters coming to our attention after the date of issuance of the Series 2008A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2008A Bonds. We express no opinion regarding other federal income tax consequences arising with respect to the Series 2008A Bonds.

5. Interest on the Series 2008B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of Code.

Our opinions expressed herein are predicated upon present laws and interpretations thereof. We assume no affirmative obligation with respect to any change of circumstances or law that may adversely affect after the date hereof the exclusion from gross income for federal income tax purposes of interest on the Series 2008A Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

FOLEY & LARDNER LLP  
RICHARD KUPER, P.A.

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## CONTINUING DISCLOSURE CERTIFICATE

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of April 1, 2008, is executed and delivered by the UNIVERSITY OF MIAMI, a not-for-profit corporation organized under the laws of the State of Florida, (the “Obligated Person”) and DIGITAL ASSURANCE CERTIFICATION, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the Repositories.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report, or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice required to be submitted to the Repositories under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Treasurer, or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Holder” means any person (a) having 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) treated as the owner of any Bonds for federal income tax purposes.



“Information” means the Annual Financial Information, the Audited Financial Statements (if any) the Notice Event Notices, and the Voluntary Reports.

“Issuer” means the Miami-Dade County Educational Facilities Authority, as issuer of the Bonds.

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“National Repository” means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The list of National Repositories maintained by the United States Securities and Exchange Commission shall be conclusive for purposes of determining National Repositories. Currently, the following are National Repositories:

1. DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
(201) 346-0701 (phone)  
(201) 947-0107 (fax)  
Email: nrmsir@dpcdata.com
2. FT Interactive Data  
Attn: NRMSIR  
100 William Street, 15<sup>th</sup> Floor  
New York, New York 10038  
(212) 771-6999; (800) 689-8466 (phone)  
(212) 771-7390 (fax)  
Email: NRMSIR@Interactivedata.com
3. Bloomberg Municipal Repositories  
100 Business Park Drive  
Skillman, NJ 08558  
(609) 279-3225 (phone)  
(609) 279-5962 (fax)  
Email: Munis@Bloomberg.com
4. Standard & Poor’s Securities Evaluations, Inc.  
55 Water Street  
45<sup>th</sup> Floor  
New York, NY 10041  
(212) 438-4595 (phone)  
(212) 438-3975 (fax)  
Email: nrmsir\_repository@sandp.com

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Appendix A.

“Repository” means the MSRB, each National Repository and the State Depository (if any).

“State Depository” means any public or private depository or entity designated by the State of Florida as a state information depository (if any) for the purpose of the Rule. The list of State Depositories maintained by the United States Securities and Exchange Commission shall be conclusive as to the existence of a State

Depository. Currently, the following depositories are listed by the Securities and Exchange Commission as available State Depositories:

1. Municipal Advisory Council of Michigan  
1445 First National Building  
Detroit, MI 48226-3517  
(313) 963-0420 (phone)  
(313) 963-0943 (fax)  
MAC@macmi.com
2. Municipal Advisory Council of Texas  
PO Box 2177  
Austin, TX 78768-2177  
(512) 476-6947 (phone)  
(512) 476-6403 (fax)  
mac@mactexas.com
3. Ohio Municipal Advisory Council  
9321 Ravenna Road, Unit K  
Twinsburg, OH 44087-2445  
(330) 963-7444 (phone)  
(800) 969-OMAC (6622) (phone)  
(330) 963-7553 (fax)  
sid\_filings@ohiomac.com

“Trustee” means the institution identified as such in the document under which the Bonds were issued.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Obligated Person pursuant to Section 7.

## SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than 30 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to each National Repository and the State Depository (if any) not later than 180 days after the end of each fiscal year of the Obligated Person, commencing with the fiscal year ending May 31, 2008. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Issuer, to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Issuer, that the Obligated Person will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a notice to each National Repository or the MSRB and the State Depository (if any) in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a)(12) shall have occurred and the Obligated Person irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to each National Repository or the MSRB and the State Depository (if any) in substantially the form attached as Exhibit B.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate, together with a copy each for the Issuer and the Trustee, for filing with each National Repository and the State Depository (if any).

(e) The Disclosure Dissemination Agent shall:

(i) determine the name and address of each Repository each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Section 2(a) with each National Repository and the State Depository (if any);

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with each National Repository and the State Depository (if any);

(iv) upon receipt, promptly file the text of each disclosure to be made with each National Repository and the State Depository (if any) together with a completed copy of the Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box indicated below when filing pursuant to the Section of this Disclosure Agreement indicated:

1. “Principal and interest payment delinquencies,” pursuant to Sections 4(c) and 4(a)(1);
2. “Non-Payment related defaults,” pursuant to Sections 4(c) and 4(a)(2);
3. “Unscheduled draws on debt service reserves reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(3);
4. “Unscheduled draws on credit enhancements reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(4);
5. “Substitution of credit or liquidity providers, or their failure to perform,” pursuant to Sections 4(c) and 4(a)(5);
6. “Adverse tax opinions or events affecting the tax-exempt status of the security,” pursuant to Sections 4(c) and 4(a)(6);
7. “Modifications to rights of securities holders,” pursuant to Sections 4(c) and 4(a)(7);
8. “Bond calls,” pursuant to Sections 4(c) and 4(a)(8);
9. “Defeasances,” pursuant to Sections 4(c) and 4(a)(9);
10. “Release, substitution, or sale of property securing repayment of the securities,” pursuant to Sections 4(c) and 4(a)(10);

11. “Ratings changes,” pursuant to Sections 4(c) and 4(a)(11);
12. “Failure to provide annual financial information as required,” pursuant to Section 2(b)(ii) or Section 2(c), together with a completed copy of Exhibit B to this Disclosure Agreement;
13. “Other material event notice (specify),” pursuant to Section 7 of this Agreement, together with the summary description provided by the Disclosure Representative.

(v) provide the Issuer and the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Issuer, Trustee (if any) and the Repositories, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information and Operating Data with respect to the Obligated Person in Appendix A to the Official Statement in the tables under the headings: Enrollment Statistics, Freshman Enrollment Statistics, Summary of Changes in Unrestricted Net Assets, Net Tuition Revenue, Tuition Rates, Gifts Received, Grants and Contract Revenues, Facilities and Administrative Cost Recovery, Endowment and Endowment Income, Growth Pool Strategic Asset Allocation, Carrying Value of Property, Patient Care Operations, Excerpts from Audited Financial Statements (Cedars Healthcare Group, Inc.), Key Operating Statistics, Faculty Utilization by Patient Payer Classification, 2006 Hospital Admissions, UMHC/Sylvester Comprehensive Cancer Center Statistics, Ann Bates Leach Eye Hospital Statistics, and Indebtedness Outstanding but excluding the sources of revenues and patient volumes described under the heading Patient Care Operations (in all cases, to the extent not included in the audited financial statements).

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with each of the National Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes on the Bonds;
12. Failure to provide annual financial information as required; and
13. Other material event notice as may be so specified therein.

The Obligated Person shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text of the disclosure that the Obligated Person desires to make, the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information.

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer, Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c), together with the text of the disclosure that the Obligated Person desires to make, the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the State Depository (if any) and (i) each National Repository, or (ii) the MSRB in accordance with Section 2(e)(iv) hereof.

**SECTION 5. CUSIP Numbers.** Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and Voluntary Reports filed pursuant to Section 7(a), the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

**SECTION 6. Additional Disclosure Obligations.** The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated

under the Securities Exchange Act of 1934, may apply to the Obligated Person, and that the failure of the Disclosure Dissemination Agent to so advise the Obligated Person shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Reports.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file information with the Repositories from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a “Voluntary Report”).

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement, or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Obligated Person has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor to the Disclosure Dissemination Agent. Upon termination of DAC’s services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days’ prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders’ rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties’ obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any



other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR 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 DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Obligated Person and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Obligated Person or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Obligated Person. No such amendment shall become effective if the Obligated Person shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This 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.

The Disclosure Dissemination Agent and the Obligated Person have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

UNIVERSITY OF MIAMI  
as Obligated Person

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Miami-Dade County Educational Facilities Authority

Name of Bond Issue: \$\_\_\_\_\_ Miami-Dade County Educational Facilities Authority Revenue Bonds,  
(University of Miami Issue) Series 2008A and Series 2008B

Name of Borrower: University of Miami

Date of Issuance: \_\_\_\_\_,2008

NOTICE IS HEREBY GIVEN that the University of Miami has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated April \_\_, 2008, between the University of Miami and The Bank of New York Trust Company, N.A., as Trustee. [The Borrower anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

**UNIVERSITY OF MIAMI**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BOOK-ENTRY SYSTEM FOR THE SERIES 2008 BONDS**

DTC will act as securities depository for the Series 2008 Bonds. The Series 2008 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 Bond certificate will be issued for each maturity of the Series 2008 Bonds, totaling in the aggregate the principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating 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 Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2008 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2008 Bonds, except in the event that use of the book-entry system for such Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 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 Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2008 Bond documents. For example, Beneficial Owners of the Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain

and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2008A Bonds of an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed. If less than all of the Series 2008B Bonds within an issue are being redeemed, DTC will determine *pro rata* the amount of the interest of each Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2008 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, 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 University 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 the Series 2008 Bonds at any time by giving reasonable notice to the Authority, the University or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2008 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2008 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the University and the Underwriters believe to be reliable, but the Authority, the University and the Underwriters do not take responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2008 Bonds, 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. **NONE OF THE AUTHORITY, THE UNIVERSITY, 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 SERIES 2008 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2008 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2008 Bonds (other than under the caption "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2008 Bonds.

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 Series 2008 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2008 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2008 Bonds, 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 Authority or restricted registration is no longer in effect, Series 2008 Bond certificates will be delivered as described in the Resolution.

NONE OF THE AUTHORITY, THE UNIVERSITY, 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 SERIES 2008 BONDS UNDER THE RESOLUTION; (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 SERIES 2008 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 SERIES 2008 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2008 BONDS; OR (VI) ANY OTHER MATTER.



## **PURCHASES OF THE SERIES 2008B BONDS THROUGH EUROCLEAR AND CLEARSTREAM**

### **General**

The Series 2008B Bonds initially will be registered in the name of Cede & Co. as registered owner and nominee for DTC, which will act as securities depository for the Series 2008B Bonds. Purchases of the Series 2008B Bonds will be in book-entry form only, as more fully described below. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depositories, which, in turn, hold such positions in customers' securities accounts in the U.S. Depositories' names on the books of DTC. Citibank, N.A. acts as the U.S. depository for Clearstream and the Euroclear Operator (as defined below) acts as the U.S. Depository for Euroclear.

The Authority cannot and does not give any assurances that DTC Participants (defined above), Clearstream, Clearstream customers, Euroclear or Euroclear Participants (defined below) will distribute to the Beneficial Owners (defined above) of the Series 2008B Bonds: (i) payments of principal and interest payments (including redemption payments) with respect to the Series 2008B Bonds, (ii) confirmation of ownership interest in the Series 2008B Bonds; or (iii) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2008B Bonds, or that they will do so on a timely basis, or that DTC, the Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants will serve and act in the manner described in this Official Statement.

The Authority will have no responsibility or obligations to DTC, the Participants, Euroclear, Euroclear Participants, Clearstream, Clearstream customers or the Beneficial Owners with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants; (ii) the payment by DTC or any DTC Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants of any amount due to any Beneficial Owner in respect of principal and interest payments (including redemption payments) on the Series 2008B Bonds; (iii) the delivery by DTC or any DTC Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Series 2008B Bonds; or (iv) any consent given or other action taken by DTC as registered holder of the Series 2008B Bonds.

The information concerning Clearstream and Euroclear has been derived from information obtained from Clearstream and Euroclear and other sources. Neither the Authority, the University nor the Underwriters make any representation or warranty regarding the accuracy or completeness thereof.

### **Clearstream**

Clearstream International is the product of the merger of Deutsche Börse Clearing AG and Cedel International, a European international clearing depository founded in 1970, and a number of its subsidiaries including Cedelbank. Clearstream International is registered in Luxembourg and has five subsidiaries including Clearstream Banking and Clearstream Services. Clearstream Banking ("Clearstream") contains the core clearing and settlement business.

Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream in any of 41 currencies, including United States Dollars. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement off internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in over 39 countries through established depository and custodial relationships. Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance de Secteur Financier, "CSSF," which supervises Luxembourg banks. Clearstream's customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream has approximately 2500 customers located in over 100 countries, including all major European countries, Canada and the United States. Indirect access to Clearstream is available to other institutions that clear through or maintain a custodial relationship

with an account holder of Clearstream. Clearstream has established an electronic bridge with the Operator of Euroclear in Brussels to facilitate settlement of trades between Clearstream and Euroclear.

### **Clearing and Settlement**

Clearstream is an International Central Securities Depository (ICSD) providing, as its core services, the clearance and settlement of transactions in global and international securities and domestic securities traded across borders.

These services are carried out by means of a computer-based book-entry system operated from Luxembourg on behalf of Clearstream by Clearstream Services.

### **Euroclear System**

The Euroclear System (“Euroclear”) was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between the clients of Euroclear Bank S.A/N.V. (“Euroclear Participants”) through simultaneous electronic book-entry delivery against payment. This system eliminates the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear is owned by Euroclear plc and operated through a license agreement by Euroclear Bank S.A/N.V., a bank incorporated under the laws of the Kingdom of Belgium (the “Euroclear Operator”). Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. All Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. The Euroclear Operator establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the “Terms and Conditions”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants and has no record of, or relationship with persons holding through Euroclear Participants.

This information about DTC, Clearstream, Luxembourg and Euroclear has been provided by each of them for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

### **Initial Settlement; Distributions; Actions Upon Behalf of Owners**

All of the Series 2008B Bonds will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream’s and/or Euroclear’s names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers’ securities accounts in its U.S. Depository’s name on the books of DTC. Citibank, N.A. acts as depository for Clearstream and the Euroclear Operator acts as depository for Euroclear (the “U.S. Depositories”).

Holders of the Series 2008B Bonds may hold their Series 2008B Bonds through DTC (in the United States) or Clearstream or Euroclear (in Europe) if they are participants of such systems, or directly through organizations that are participants in such systems.

Investors electing to hold their Series 2008B Bonds through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Securities will be credited to the

securities custody accounts of Euroclear or Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Series 2008B Bonds held beneficially through Clearstream will be credited to the cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by its U.S. Depository. Distributions with respect to the Series 2008B Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations.

Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Series 2008B Bonds on behalf of a Clearstream customer or Euroclear Participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

### **Secondary Market Trading**

Secondary market trading between Participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds.

Secondary market trading between Euroclear Participants and/or Clearstream customers will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

When securities are to be transferred from the account of a Participant (other than U.S. Depositories) to the account of a Euroclear Participant or a Clearstream customer, the purchaser must send instructions to the applicable U.S. Depository one business day before the settlement date. Euroclear or Clearstream, as the case may be, will instruct its U.S. Depository to receive the securities against payment. Its U.S. Depository will then make payment to the Participant's account against delivery of the securities. After settlement has been completed, the securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream customers' accounts. Credit for the securities will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Series 2008B Bonds will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the securities are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream customers purchasing securities would incur overdraft charges for one day, assuming they cleared the overdraft when the securities were credited to their accounts. However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's/customer's particular cost of funds.

Because the settlement is taking place during New York business hours, Participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear Participants or Clearstream customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the Participant, a cross-market transaction will settle no differently from a trade between two Participants.

Due to time zone differences in their favor, Euroclear Participants and Clearstream customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another Participant's. In these cases, Euroclear will instruct its U.S. Depository to credit the securities to the Participant's account against payment. The payment will then be reflected in the account of the Euroclear Participant or Clearstream customer the following business day, and receipt of the cash proceeds in the Euroclear Participants' or Clearstream customers' accounts will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear Participant or Clearstream customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream customer's accounts would instead be valued as of the actual settlement date.

### **Procedures May Change**

Although DTC, Clearstream and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its Participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

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UNIVERSITY OF  
**Miami**

