New Issue - Book-Entry Only

Ratings:
S&P: "AAA" (Insured)
S&P: "A-" (Underlying)
(Assured Guaranty Insured - See "Rating of the Series 2008 Bonds" herein)

In the opinion of Maynard, Cooper & Gale, P.C., Birmingham, Alabama, Bond Counsel, under existing law, subject to the conditions described under the heading "TAX EXEMPTION," interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. In the opinion of Bond Counsel, under existing law, interest on the Series 2008 Bonds is exempt from State of Alabama income taxation. See "TAX EXEMPTION" herein.

$100,460,000
The Public Educational Building Authority of the City of Tuscaloosa Student Housing Revenue Bonds (Ridgecrest Student Housing, LLC University of Alabama Ridgecrest Residential Project) Series 2008

Dated: Date of Delivery **Due: As Described Herein**

The Series 2008 Bonds are being issued by The Public Educational Building Authority of the City of Tuscaloosa (the "Authority") to provide funds (i) to finance the cost of acquiring, constructing, and equipping certain student housing facilities including the buildings, fixtures, and equipment therefor which are to comprise two separate student housing communities that will include a total of approximately 1593 beds (the "Project"), to be located on the campus of The University of Alabama (the "University") in the City of Tuscaloosa, Alabama (the "City"), (ii) to fund interest on the Series 2008 Bonds during the construction and initial lease-up of the Project, (iii) to fund the Reserve Fund for the Series 2008 Bonds, and (iv) to pay the costs of issuing the Series 2008 Bonds. The Project will be leased to and operated by Ridgecrest Student Housing, LLC (the "Company"), an Alabama limited liability company.

THE SERIES 2008 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND DO NOT CONSTITUTE A DEBT, LIABILITY, OR GENERAL OBLIGATION OF THE AUTHORITY, THE UNIVERSITY, THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE CITY OR THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2008 BONDS. THE OWNERS OF THE SERIES 2008 BONDS SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY THE SERIES 2008 BONDS, ANY PREMIUM THEREON, OR THE INTEREST THEREON. THE AUTHORITY HAS NO TAXING POWER AND RECEIVES NO APPROPRIATIONS FROM THE CITY, THE STATE, OR ANY OTHER GOVERNMENTAL BODY. THE SERIES 2008 BONDS ARE PAYABLE SOLELY, EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO SERIES 2008 BOND PROCEEDS AND FROM TEMPORARY INVESTMENTS THEREOF, FROM A PLEDGE OF MONEYS DERIVED FROM THE FINANCING LEASE BETWEEN THE AUTHORITY AND THE COMPANY, AND FROM PROPERTY PLEDGED UNDER THE LEASEHOLD MORTGAGE AND THE SECURITY AGREEMENT.

SEE "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2008 BONDS. EACH PROSPECTIVE INVESTOR SHOULD CONSIDER THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2008 BONDS.

As further described herein, the scheduled payment of principal of and interest on the Series 2008 Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Series 2008 Bonds by Assured Guaranty Corp. (the "Bond Insurer"). See "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY" herein and APPENDIX "D" herein.

ASSURED GUARANTY®

The Series 2008 Bonds will be issuable as fully registered bonds without coupons in the denominations of $5,000 and any multiple thereof. The Series 2008 Bonds will bear interest from the date of issuance and delivery thereof, payable semiannually on each January 1 and July 1, commencing July 1, 2009 (each, an "Interest Payment Date"). Principal of and premium, if any, on the Series 2008 Bonds will be payable at the principal corporate trust office of Regions Bank (the "Trustee"), in Birmingham, Alabama (the "Office of the Trustee") at maturity or upon redemption, upon surrender of the Series 2008 Bonds, and interest will be payable by check or draft mailed to the registered owners of Series 2008 Bonds, as shown on the registration books of the bond registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month immediately preceding such Interest Payment Date (the "Regular Record Date") for the Series 2008 Bonds or by wire transfer in immediately available funds to the bank account number filed with the Trustee in writing prior to the close of business on the Regular Record Date by the person in whose name such Series 2008 Bond shall be registered if such owner shall be the registered owner of not less than $500,000 in aggregate principal amount of Series 2008 Bonds Outstanding. **The Series 2008 Bonds will be subject to prior mandatory, optional, and extraordinary redemption as described herein.** See "THE SERIES 2008 BONDS" herein.

The Series 2008 Bonds will be issued as fully registered bonds and when issued will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("***DTC***"). DTC will act as securities depository for the Series 2008 Bonds. So long as Cede & Co. is the registered owner of the Series 2008 Bonds as nominee of DTC, references herein to the Owners of the Series 2008 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2008 Bonds. So long as Cede & Co. is the registered owner of the Series 2008 Bonds, the Debt Service Payments on the Series 2008 Bonds will be made to Cede & Co., as nominee for DTC, which will in turn remit such Debt Service Payments to the Direct Participants and Indirect Participants for subsequent disbursement to the beneficial owners. See "THE SERIES 2008 BONDS — BOOK-ENTRY ONLY SYSTEM" herein.

SERIES 2008 BONDS MATURITY SCHEDULE

$22,255,000 Serial Bonds

Maturity July1	Principal Amount	Interest Rate	Yield	Maturity July 1	Principal Amount	Interest Rate	Yield
2010	$315,000	4.000	3.100	2016	2,020,000	4.500	4.720
2011	695,000	4.000	3.350	2017	2,115,000	5.000	5.030
2012	930,000	4.000	3.760	2018	2,220,000	5.000	5.280
2013	1,175,000	4.000	4.020	2019	2,330,000	5.250	5.550
2014	1,440,000	4.000	4.230	2024	3,095,000	6.000	6.280
2015	1,720,000	4.250	4.490	2029	4,200,000	6.500	6.680

$10,725,000 6.000% Term Bonds due July 1, 2023, Yield 6.150%
$14,435,000 6.375% Term Bonds due July 1, 2028, Yield 6.630%
$19,795,000 6.750% Term Bonds due July 1, 2033, Yield 6.910%
$33,250,000 6.750% Term Bonds due July 1, 2038, Yield 7.000%

The Series 2008 Bonds are offered when, as, and if issued by the Authority and received by the Underwriter and are subject to prior sale and the approval of legality by Maynard, Cooper & Gale, P.C., Birmingham, Alabama, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Company by its counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama; for the Authority by its counsel, Shields & Gunter PC.; for the University by its Office of Counsel; and for the Underwriter by its counsel, Hand Arendall LLC, Mobile, Alabama. Delivery of the Series 2008 Bonds through the facilities of DTC in New York, New York is expected on or about December 23, 2008.

Morgan Keegan & Company, Inc.

Date: December 12, 2008

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Company, the Bond Insurer or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2008 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been obtained from the Authority, the Company, the Bond Insurer or other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Company since the date hereof. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Authority has provided only that information in this Official Statement that is contained under the heading "THE AUTHORITY" and, as to the Authority, under the heading "LITIGATION." The Authority has not furnished or verified any other information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness, or accuracy of such other information or statements.

No representation is made that past experience, as it might be shown by financial and other information, will necessarily continue or be repeated in the future. See "FORWARD-LOOKING STATEMENTS" herein.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

ASSURED GUARANTY MAKES NO REPRESENTATION REGARDING THE SERIES 2008 BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, ASSURED GUARANTY HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING ASSURED GUARANTY SUPPLIED BY ASSURED GUARANTY AND PRESENTED UNDER THE HEADING "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY" AND "APPENDIX D - SPECIMEN OF FINANCIAL GUARANTY INSURANCE POLICY".

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SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement and the Appendices hereto (collectively, the "Official Statement"). The offering of the Series 2008 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to use it otherwise without the entire Official Statement.

The Authority	The Public Educational Building Authority of the City of Tuscaloosa (the "Authority") is a public corporation organized under the laws of the State of Alabama (the "State") and is authorized pursuant to Title 16, Chapter 18 of the Code of Alabama 1975, as amended (the "Act"), to issue and sell its bonds for the purpose of financing improvements and construction, pursuant to the Act solely at the University of Alabama campus in the City of Tuscaloosa, Alabama (the "City"). See "THE AUTHORITY" herein.
The Company	Ridgecrest Student Housing, LLC (the "Company") is a single member limited liability company duly organized and existing under the laws of the State of Alabama. The 1831 Foundation, an Alabama non-profit corporation (the "Foundation"), is the sole member of the Company. The proceeds of the Series 2008 Bonds will be used to acquire, construct, and equip the Project (as hereinafter defined), and the Project will be leased to and operated by the Company pursuant to a Lease Agreement (the "Financing Lease") dated as of December 1, 2008, between the Authority and the Company. See "THE COMPANY" herein.
The Foundation	The Foundation is a nonprofit corporation duly organized and existing under the laws of the State of Alabama, and is an exempt organization under § 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Foundation will have no obligation with respect to the hereinafter described Series 2008 Bonds or under the hereinafter described Ground Lease, Financing Lease, Leasehold Mortgage, Security Agreement or Indenture.
The Series 2008 Bonds	The Authority will issue $100,460,000 principal amount of revenue bonds to be designated "The Public Educational Building Authority of the City of Tuscaloosa Student Housing Revenue Bonds (Ridgecrest Student Housing, LLC University of Alabama Ridgecrest Residential Project) Series 2008" (the "Series 2008 Bonds") for the purpose of providing funds to finance the cost of acquiring, constructing, and equipping certain student housing facilities including the buildings, fixtures, and a portion of the equipment therefor which are to comprise two separate student housing communities that will include a total of approximately 1593 beds (the "Project"), to be located on the campus of The University of Alabama (the "University") in the City, (ii) to fund interest on the Series 2008 Bonds during the construction and initial lease-up of the Project, (iii) to fund the Reserve Fund for the Series 2008 Bonds, and (iv) to pay the costs of issuing the Series 2008 Bonds. See "THE SERIES 2008 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 BONDS" herein.
The Bond Insurer	Simultaneously with the issuance of the Series 2008 Bonds, Assured Guaranty Corp., a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico, will issue its financial guaranty

insurance policy relating to the Series 2008 Bonds. See "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY" herein.

The Trustee Regions Bank, an Alabama banking corporation, will act as trustee and paying agent for the Series 2008 Bonds.

The University The University is a publicly supported institution of higher education and is one of the three institutions comprising the University of Alabama System. It is located on approximately 1,000 acres in the City of Tuscaloosa and is the state's oldest institution of higher education having been established by constitutional provision in 1831. It has twelve (12) instructional schools offering eighty (80) undergraduate degree programs, sixty-nine (69) master programs, six (6) educational specialist programs, fifty-six (56) doctoral programs, and one (1) law program. Student enrollment at the University for the 2008-2009 academic year is approximately 27,052, which is a 5.75% increase over the prior academic year. Unconditionally admitted entering freshman enrollment in the fall of 2008 rose to 5,161, an increase of 12.7% over the fall of 2007. See "THE UNIVERSITY" herein. Current on campus housing, all of which is owned by the University consists of 22 older traditional residence halls and 6 newer apartment-style residence halls collectively housing approximately 7,000 students. Commencing in the fall of 2006, the University required all incoming freshman to live in on-campus housing which significantly increased the University's need for on-campus housing. Since 2003, the University's on-campus housing stock increased by 53% from 4,524 beds to 6,919 beds. Nonetheless, the University housing stock has not kept up with student enrollments with a resulting housing deficit. In response, the University has delayed taking some older residence halls off-line for renovations or demolition. Additionally, the University found it necessary to enter into a contract with a local property owner to provide additional beds for the 2008 and 2009 academic years. Even with the completion of the Project in 2009, the University anticipates that by the 2011 academic year, its housing system will be unable to provide sufficient beds to meet the freshman housing demand. See "THE PROJECT—Existing On-Campus Housing" in APPENDIX A hereto. Neither the City, the State, nor the University will have any obligation with respect to payment of the Series 2008 Bonds.

The Project The Project is located on the University campus and will consist of two separate student housing communities, one with two separate four (4) story buildings on one site containing one hundred and sixty-eight (168) student housing units (631 beds) ("Ridgecrest North") and the other with two separate five (5) story buildings connected on the first floor on another site, all of which shall be situated on top of a University owned parking structure and will contain two hundred and sixty-two (262) student housing units (962 beds) ("Ridgecrest South") which altogether will have 430 units (1593 beds). Ridgecrest North was completed in 2007 and commenced operations in August, 2007. Ridgecrest South is currently under construction and is expected to be completed in 2009 and available for occupancy in August, 2009. The sites on which Ridgecrest North and Ridgecrest South are built or are being built (the "Leased Premises") collectively total approximately 8.29 acres. The architectural style of the buildings of both Ridgecrest North and Ridgecrest South is intended to complement the typical Georgian style of the campus and the surrounding residential buildings. See "THE PROJECT" herein and in APPENDIX A hereto. The Project will be managed by the University acting as the Manager. See "THE MANAGER

AND THE MANAGEMENT AGREEMENT" herein. The Leased Premises will be leased by the University to the Company pursuant to a Ground and Air Space Lease Agreement (the "Ground Lease") dated as of December 1, 2008, between the University and the Foundation, which has been assigned by the Foundation to the Company. See "THE GROUND LEASE" herein. The Leased Premises are being leased to the Authority by the Company pursuant to a Ground and Air Space Sublease (the "Ground Sublease") dated as of December 1, 2008, between the Company, as lessor, and the Authority, as lessee. The annual rental payable under the Ground Sublease is equal to One Dollar ($1.00).

Construction of the Project The construction of Ridgecrest North was completed in 2007. The construction of Ridgecrest South commenced in 2007 and is expected to be completed and available for occupancy in August, 2009. The funds to complete construction of Ridgecrest North and to fund construction of Ridgecrest South through September 30, 2008 totaled $54,623,974 and were loaned to the Foundation by the University. The Foundation has entered into all of the contracts necessary for the construction of Ridgecrest South (the "Construction Contracts"). All of the rights and responsibilities of the Foundation under the Construction Contracts have been assigned to and assumed by the Company and have been pledged to the Trustee for the benefit of the Series 2008 Bondholders. The Foundation and the University entered into an Affiliation Agreement dated August 24, 2007 as amended as of December 1, 2008 (the "Affiliation Agreement") pursuant to which the University agreed to provide certain services to the Foundation and the Company, including construction oversight and construction management services in connection with the construction of Ridgecrest South. In performing its obligations under the Affiliation Agreement, the University has been and is continuing to oversee the construction of Ridgecrest South. The University has been assisted in overseeing the construction of Ridgecrest South pursuant to a Contract for Project Management Services it entered into with Hoar Construction, L.L.C. to furnish and perform project management and supervisory services to facilitate in an efficient and cost-effective manner the successful planning, design, construction, and completion of many of its campus-wide capital construction and renovation projects, including the Project. The University has also entered an Amended and Restated Loan Agreement dated as of December 1, 2008 (the "Loan Agreement") pursuant to which it has agreed to loan funds to the Company on a subordinate basis to the extent necessary to complete construction of the Project. See "CONSTRUCTION OF THE PROJECT" herein.

The Ground Lease Pursuant to the Ground Lease, the University will lease the Leased Premises to the Company, for a primary term coterminous with the term of the Series 2008 Bonds. The annual rental payable under the Ground Lease will be equal to $1.00. See "THE GROUND LEASE" herein.

Security for the Bondholders The Company will operate and maintain the Project pursuant to the Financing Lease which will obligate the Company to make monthly Basic Rental Payments to the Authority in amounts calculated to be sufficient to pay, when due, the principal of, premium, if any, and interest on the Series 2008 Bonds. As security for its obligations under the Financing Lease, the Company will execute and deliver to the Authority a Leasehold Mortgage and Assignment of Rents and Leases (the "Leasehold Mortgage") dated as of December 1, 2008, pursuant to which the Company will grant to the Authority (i) a first mortgage lien on the Company's leasehold interest in the Project and the Leased Premises created by the Ground Lease and will assign and pledge to the Authority the Company's interest in the leases, rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the Project, (ii) a first priority security interest in all personal property now owned or hereafter created or acquired by the Company and located on or within the Project (specifically excluding any personal property owned by the University and located on or within the Project, in particular, all personal property located on or within Ridgecrest South), (iii) a first priority security interest in the general revenues, accounts, documents, chattel paper, instruments and general intangibles arising in any manner from the Company's operation of the Project, and (iv) a first priority security interest in all contracts relating to the design or construction of the Project. As security for its obligations under the Series 2008 Bonds, the Authority will enter into a Trust Indenture (the "Indenture") dated as of December 1, 2008, with the Trustee. Pursuant to the Indenture, the Authority will assign to the Trustee, and will grant to the Trustee a security interest in, all of its right, title, and interest in and to the Financing Lease except for certain rights relating to indemnification, reimbursement of expenses and receipt of notices and other communications, the Leasehold Mortgage, all property described therein, all amounts to be received thereunder, and all property to be held thereunder. A sum equal to the Minimum Reserve Fund Requirement (hereinafter defined) for the Series 2008 Bonds, will be deposited in the debt service reserve fund created under the Indenture (the "Reserve Fund") and will be used to pay principal of, premium, if any, and interest on the Series 2008 Bonds if insufficient funds are on deposit with the Trustee on the date such payment is due. As additional security for the Series 2008 Bonds, (i) the Authority will execute and deliver to the Trustee a Security Agreement (the "Security Agreement") dated as of December 1, 2008, pursuant to which the Authority will grant to the Trustee a first priority security interest in any personal property now owned or hereafter acquired by the Authority and located on or within the Project and a first priority security interest in all contracts relating to the design or construction of the Project; and (ii) the Company will execute and deliver to the Trustee a Guaranty Agreement (the "Guaranty Agreement") dated as of December 1, 2008, pursuant to which the Company will guarantee the payment of the debt service on the Series 2008 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 BONDS" and "APPENDIX B" herein.

Tax Status of Interest

In the opinion of Bond Counsel, under existing law, subject to the conditions described under the heading "Tax Exemption," interest on the Series 2008 Bonds will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest will be taken into account in determining adjusted current earnings. In the opinion of Bond Counsel, under existing law, interest on the Series 2008 Bonds is exempt from State of Alabama income taxation. See "TAX EXEMPTION" herein.

Continuing Disclosure

The Company will agree to provide such information as may be required by the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("SEC"), and neither the Authority nor the University will undertake any responsibility with respect to continuing disclosure under Rule 15c2-12. See "CONTINUING DISCLOSURE" herein.

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement and other relevant documents and information regarding the documents are available upon request from the Underwriter prior to the issuance and delivery of the Series 2008 Bonds and from the Trustee after the issuance and delivery of the Series 2008 Bonds. The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Series 2008 Bonds, the Authority, and the Company and other information pertinent to this issue.

Changes Made Since the Date of the Preliminary Official Statement

This Official Statement contains information that differs from that included in the Preliminary Official Statement dated December 2, 2008, including, without limitation, (A) changes to the continuing disclosure obligations of the Company to provide annually (i) current and projected contract rates for Ridgecrest North and Ridgecrest South, (ii) average occupancy rate for Ridgecrest North and Ridgecrest South for the most recently completed academic year, (iii) total student enrollment for the University at the commencement of the then current academic year, and (iv) the Annual Budget required under the Financing Lease, in addition to audited annual financial statements (see "CONTINUING DISCLOSURE" herein); and (B) correctly specifying the name of counsel to the Authority (see "LEGAL MATTERS" herein).

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OFFICIAL STATEMENT

$100,460,000
The Public Educational Building Authority
of the City of Tuscaloosa
Student Housing Revenue Bonds

(Ridgecrest Student Housing, LLC University of Alabama Ridgecrest Residential Project)
Series 2008

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, furnishes certain information in connection with the sale by The Public Educational Building Authority of the City of Tuscaloosa (the "Authority") of $100,460,000 in aggregate principal amount of its Student Housing Revenue Bonds (Ridgecrest Student Housing, LLC University of Alabama Ridgecrest Residential Project) Series 2008 (the "Series 2008 Bonds") to be issued by the Authority pursuant to a Trust Indenture (the "Indenture") dated as of December 1, 2008, between the Authority and Regions Bank, an Alabama banking corporation, as trustee (in such capacity, the "Trustee") for the purpose of providing funds (i) to finance the cost of acquiring, constructing, and equipping certain student housing facilities including the buildings, fixtures, and equipment therefor which are to comprise two separate student housing communities that will include a total of approximately 1593 beds (the "Project"), to be located on the campus of The University of Alabama (the "University") in the City of Tuscaloosa, Alabama (the "City"), (ii) to fund interest on the Series 2008 Bonds during the construction and initial lease-up of the Project, (iii) to fund the Reserve Fund for the Series 2008 Bonds, and (iv) to pay the costs of issuing the Series 2008 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The sites on which the Project will be constructed (the "Leased Premises") will be leased by the University to Ridgecrest Student Housing, LLC (the "Company"), an Alabama limited liability company, pursuant to a Ground and Air Space Lease Agreement (the "Ground Lease") dated as of December 1, 2008, and the 1831 Foundation, an Alabama non-profit corporation (the "Foundation"), which has been assigned by the Foundation to the Company. The annual rental payable under the Ground Lease is equal to One Dollar ($1.00). The Leased Premises are being leased to the Authority by the Company pursuant to a Ground and Airspace Sublease Agreement (the "Ground Sublease") dated as of December 1, 2008, between the Company, as lessor, and the Authority, as lessee. The annual rental payable under the Ground Sublease is equal to One Dollar ($1.00). The proceeds of the Series 2008 Bonds will be used to acquire, construct, and equip the Project, and the Project will be leased to and operated by the Company pursuant to a Lease Agreement (the "Financing Lease") dated as of December 1, 2008, between the Authority and the Company. The Company will be obligated pursuant to the Financing Lease to pay to the Authority such rental payments as will always be sufficient to pay the principal of, premium, if any, interest on the Series 2008 Bonds, as the same mature and become due, and under the Financing Lease, it will be the obligation of the Company to pay all expenses of operating and maintaining the Project in good repair, to keep it properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Project. See "THE GROUND LEASE" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 BONDS" herein.

The obligations of the Company under the Financing Lease will be secured by (i) a Leasehold Mortgage and Assignment of Rents and Leases (the "Leasehold Mortgage") dated as of December 1, 2008, pursuant to which the Company will grant to the Authority (a) a first mortgage lien on the Company's leasehold interest in the Project and the Leased Premises created by the Ground Lease and will assign and pledge to the Authority the Company's interest in the leases, rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the Project, (b) a first priority security interest in all personal property now owned or hereafter created or acquired by the Company and located on or within the Project (specifically excluding any personal property owned by the University and located on or within the Project, in particular, all personal property located on or within

Ridgecrest South), (c) a first priority security interest in the general revenues, accounts, documents, chattel paper, instruments and general intangibles arising in any manner from the Company's operation of the Project, and (d) a first priority security interest in all contracts relating to the design or construction of the Project. The Authority, pursuant to the Indenture, will assign and grant a security interest in all of its rights under the Financing Lease (except for certain rights relating to indemnification, reimbursement of expenses and receipt of notices and other communications (the "Unassigned Rights")) and the Leasehold Mortgage to the Trustee which, on behalf of the owners of the Series 2008 Bonds, will exercise all of the Authority's rights thereunder (except for Unassigned Rights). As security for the Series 2008 Bonds, (i) the Authority will execute and deliver to the Trustee a Security Agreement (the "Security Agreement") dated as of December 1, 2008, pursuant to which the Authority will grant to the Trustee a first priority security interest in any personal property now owned or hereafter acquired by the Authority and located on or within the Project and a first priority security interest in all contracts relating to the design or construction of the Project; and (ii) the Company will execute and deliver to the Trustee a Guaranty Agreement (the "Guaranty Agreement") dated as of December 1, 2008, pursuant to which the Company will guarantee the payment of the debt service on the Series 2008 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 BONDS" herein.

Regularly scheduled payments of principal of and interest on the Series 2008 Bonds when due will be insured through a financial guaranty insurance policy (the "Bond Insurance Policy") to be issued by Assured Guaranty Corp. (the "Bond Insurer") simultaneously with the delivery of the Series 2008 Bonds. See "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY" herein and APPENDIX "D" herein.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Company, the Project, the Bond Insurer, the Manager, the Series 2008 Bonds, the Financing Lease, the Ground Lease, the Leasehold Mortgage, the Security Agreement, the Guaranty Agreement, and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ground Lease, the Ground Sublease, the Financing Lease, the Leasehold Mortgage, the Security Agreement, the Guaranty Agreement, and the Indenture (collectively, the "Bond Documents") are qualified in their entirety by reference to such documents, and references herein to the Series 2008 Bonds are qualified in their entirety to the forms thereof included in the Indenture.

All capitalized terms not otherwise defined in the body of the Official Statement will have the meanings set forth in APPENDIX B.

THE AUTHORITY

The Authority is a public corporation organized and existing under Title 16, Chapter 18 of the Code of Alabama 1975, as amended (the "Act"). Pursuant to the Act, public educational building authorities are authorized, inter alia, to issue bonds in order to provide funds for the acquisition, construction, installation, and equipping of "ancillary improvements" in connection with "educational institutions" in the State. "Educational Institutions" are schools of all types which are established by authorization of the Alabama Legislature and are supported in substantial part by state appropriations or by revenues derived from taxation. Under the Act, the term "ancillary improvements" includes such facilities as classrooms, libraries, gymnasiums, dormitories, student and faculty apartments, and equipment, and fixtures used or useful in such facilities.

The Authority was incorporated in 1968, pursuant to authorization granted by the Tuscaloosa City Council and is currently authorized pursuant to the Act to issue and sell its bonds for the purpose of financing improvements and construction pursuant to the Act solely on the campus of the University.

The Authority is governed by a three-person board of directors whose members are appointed by the Tuscaloosa City Council and have no limit on the length of their terms. The current members of the Board of Directors and the office each holds are as follows:

Name	Office
W. David Ryan	Chairman
James I. Harrison, III	Vice-Chairman
Beverly Phifer	Secretary/Treasurer

THE PROJECT

The Project is located on the University campus and will consist of two separate student housing communities, one with two separate four (4) story buildings on one site containing one hundred and sixty-eight (168) student housing units (631 beds) ("Ridgecrest North") and the other with two separate five (5) story buildings connected on the first floor on another site, all of which shall be situated on top of a University owned parking structure and will contain two hundred and sixty-two (262) student housing units (962 beds) ("Ridgecrest South") which altogether will have 430 units (1593 beds). Ridgecrest North was completed in 2007 and commenced operations in August, 2007. The average occupancy rate for Ridgecrest North for the 2007-2008 academic year was 97.4% and the occupancy rate at the beginning of the 2008-2009 academic year was 99%. Ridgecrest South is currently under construction and is expected to be completed in 2009 and available for occupancy in August, 2009. The Leased Premises on which Ridgecrest North and Ridgecrest South are built or are being built collectively total approximately 8.29 acres. The architectural style of the buildings of both Ridgecrest North and Ridgecrest South is intended to complement the typical Georgian style of the campus and the surrounding residential buildings. See "THE PROJECT" in APPENDIX A hereto.

Ridgecrest North

All of the units and the corridors of Ridgecrest North are carpeted to provide welcoming living space as well as to supply additional sound buffering between the floors. Each floor also has shared common lounge spaces and study rooms, and either a community kitchen or laundry room, which are located on alternating floors. Each building includes a computer lab and a vending area.

The unit configurations and rents charged for 2008-2009 for Ridgecrest North is as follows:

Unit Type	***Number of Units***	***Beds Per Unit***	***Number of Beds***	***Per Bed Contract Rates for 2008-2009 (9 Months)***
Faculty-in-Residence	2	2	4	$13,600
Graduate Assistants	1	1	1	$6800
Resident Assistant Units	4	4	16	$6200
2 Person Shared Suite	1	2	2	$6800
4 Person Shared Suite	152	4	608	$6200
Total	168		631	

Ridgecrest South

Ridgecrest South is being built as a 5-story residential facility upon a new 950 car parking structure that is being built and funded by the University. In order to make best use of the site, the parking structure is being built into a hillside and the new housing will be constructed on top of the deck. The site is planned so that the ground floor of the housing will match the grade level along the eastern side of the site. Ridgecrest South will include outdoor spaces surrounding the new buildings. Because it is to be constructed on top of the parking structure, these outdoor spaces will be developed as urban plazas and will have a variety of seating options, paving patterns and tree planters. Also, a portion of the urban plazas will be planned for active recreation such as volleyball. Indoor amenities include multi-purpose spaces for University programming, and media and game rooms for casual student gatherings. Residents will also have access to community kitchens, laundry rooms, and vending spaces.

The unit configurations and rents expected to be charged for 2009-2010 for Ridgecrest South is as follows:

	Number of Units	***Beds Per Unit***	***Number of Beds***	***Projected Per Bed Contract Rates for 2009-2010***
Faculty-in-Residence	2	2	4	$13,600
Graduate Assistants	2	1	2	$6800
2 Person Shared Suite	38	2	76	$7600
4 Person Shared Suite	220	4	880	$6950
Total	262		962	

While no on-site parking is provided to the residents for Ridgecrest North and Ridgecrest South, residents are provided parking permits that allow them to park in designated zones on campus which are in proximity to the Project. A portion of the parking garage lying beneath Ridgecrest South will be designated as such a zone but will not be sufficient to accommodate all of the residents of Ridgecrest South. See “THE PROJECT” in APPENDIX A hereto.

The Project will be managed by the University acting as the Manager. See “THE MANAGER” herein. The University will treat the beds in the Project as part of its overall housing inventory and accordingly, students will be assigned to the beds in the Project on an equal basis with the University’s other housing facilities. See “THE GROUND LEASE” herein. The Leased Premises will be leased to the Company pursuant to the Ground Lease. The Leased Premises are being leased to the Authority by the Company pursuant to the Ground Sublease. The annual rental payable under the Ground Sublease is equal to One Dollar ($1.00). The Project and the Leased Premises will be leased by the Authority to the Company pursuant to the Financing Lease.

THE COMPANY

General

The Company is a single member limited liability company duly organized and existing under the laws of the State of Alabama. The Company was formed for the purpose of transacting any and all lawful business associated with providing student housing on the University's campus and to engage in any and all activities related to or incidental to said business. The Company is not expected to have any assets other than the Project. The Foundation is the sole member of the Company.

The Foundation

The Foundation is a non-profit corporation formed in 2006 under the laws of the State of Alabama. The Foundation is also an organization that is exempt from federal income tax pursuant to §501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The Foundation was organized and is operated exclusively for charitable and educational purposes and specifically for the purpose of supporting, promoting, aiding, and assisting the University in fulfilling and performing its primary programs, mission, and education and training of students and to foster and advance the intellectual and social condition of the people of the State of Alabama. The Foundation will have no obligation with respect to the Series 2008 Bonds or under any of the Bond Documents.

The Foundation is governed by a Board of Directors who are eligible to serve until the expiration of their term and thereafter, until a successor is appointed. New board members are appointed by The Board of Trustees of the University of Alabama from among one or more individuals recommended by the President of the University. The Bylaws of the Foundation require that at least two (2) members of the Board at all times also be members of The Board of Trustees of the University of Alabama.

Important information regarding the financial condition of the Company furnished by the Company is set forth in APPENDIX F —"UNAUDITED OPERATING DATA FOR THE PROJECT FOR YEAR ENDED SEPTEMBER 30, 2008" attached hereto, which prospective investors should read in its entirety.

The following individuals constitute the current Board of Directors of the Foundation:

Name	Business Affiliation	Term Expires
J. Weldon Cole	Retired Senior Vice President of the Albany Corporation	2008
James B. Boone, Jr.	Chairman of the Board and Chief Executive Officer and Director, Boone Newspapers, Inc.	2009
Karen Brooks	Vice President and Treasurer of Phifer Wire Products, Inc., and co-chairman of the company's Board of Directors	2009
William A. "Tony" Davis, III	Partner, Starnes & Atchison Law Firm	2009
Thomas W. Moore	Retired President, Pritchett-Moore, Inc.	2009

James I. Harrison, Jr.	Former chair of Harco Drug Inc., partner with Harrison Investments Limited Partnership, and president of The James I. Harrison Family Foundation	2009
John Russell Thomas	Chairman of the Board, Aliant Bank	2008

THE SERIES 2008 BONDS

General Provisions

The Series 2008 Bonds will be fully registered bonds in the denomination of $5,000 or any multiple thereof, will be dated the date of delivery, and will be numbered separately from 1 upward.

The Series 2008 Bonds will mature annually on July 1 in the amounts and years set forth on the inside cover page hereof. The Series 2008 Bonds will bear interest at the applicable per annum rates set forth on the inside cover page hereof. All Series 2008 Bonds with the same maturity will bear interest at the same rate. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Series 2008 Bonds will be payable on each January 1 and July 1, beginning July 1, 2009.

The Series 2008 Bonds will be issued pursuant to the Indenture. Certain provisions of the Indenture are described herein under "DESCRIPTION OF THE SERIES 2008 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 BONDS". For a description of certain other provisions of the Indenture, see " SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS in APPENDIX B herein".

Method and Place of Payment

The Series 2008 Bonds will be issued in book-entry only form, as described below under "Book-Entry Only System", and the method and place of payment will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Series 2008 Bonds is discontinued.

Payment of interest due on each interest payment date will be made by check or draft mailed on such interest payment date to the persons who were registered holders of the Series 2008 Bonds on the regular record date for such interest payment date, which will be the 15th day of the month preceding such interest payment date. Payment of the principal of (and premium, if any, on) the Series 2008 Bonds and payment of accrued interest due upon redemption on any date other than an interest payment date will be made only upon surrender of the Series 2008 Bonds at the principal office of the Trustee (Regions Bank) in Birmingham, Alabama.

The holder of Series 2008 Bonds in an aggregate principal amount of $100,000 or more may, upon the terms and conditions of the Indenture, request payment of debt service by wire transfer to an account of such holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Trustee.

Redemption Prior to Maturity

1. **Optional Redemption**. Series 2008 Bonds with stated maturities after 2018 may be redeemed in whole or in part at the option of the Authority on or after July 1, 2018 at a redemption price equal to the par amount thereof plus, accrued interest to the redemption date.

2. **Scheduled Mandatory Redemption of 2023Term Bonds**. The Series 2008 Bonds maturing in 2023("2023 Term Bonds") shall be redeemed, at the redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on July 1 in years and principal amounts (after credit as provided below) as follow:

Year	Amount
2020	$2,450,000
2021	2,600,000
2022	2,755,000

$2,920,000 of the 2023 Term Bonds
is scheduled to be retired at Maturity.

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date with respect to 2023 Term Bonds, the Trustee shall proceed to select for redemption, by lot, 2023 Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2023 Term Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Authority may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of 2023 Term Bonds scheduled for redemption on such date: (A) the principal amount of 2023 Term Bonds delivered by the Authority to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of 2023 Term Bonds previously redeemed (other than 2023 Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (C) the principal amount of Term Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

3. **Scheduled Mandatory Redemption of 2028 Term Bonds**. The Series 2008 Bonds maturing in 2028 ("2028 Term Bonds") shall be redeemed, at the redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on July 1 in years and principal amounts (after credit as provided below) as follow:

Year	Amount
2025	$3,280,000
2026	3,490,000
2027	3,715,000

$3,950,000 of the 2028 Term Bonds
is scheduled to be retired at Maturity.

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date with respect to 2028 Term Bonds, the Trustee shall proceed to select for redemption, by lot, 2028 Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2028 Term Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Authority may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of 2028 Term Bonds scheduled for redemption on such date: (A) the principal amount of 2028 Term Bonds delivered by the Authority to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of 2028 Term Bonds previously redeemed (other than 2028 Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (C) the principal amount of Term Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

4. **Scheduled Mandatory Redemption of 2033 Term Bonds**. The Series 2008 Bonds maturing in 2033 ("2033 Term Bonds") shall be redeemed, at the redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on July 1 in years and principal amounts (after credit as provided below) as follow:

Year	Amount
2030	$4,475,000
2031	4,775,000
2032	5,100,000

$5,445,000 of the 2033 Term Bonds
is scheduled to be retired at Maturity.

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date with respect to 2033 Term Bonds, the Trustee shall proceed to select for redemption, by lot, 2033 Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2033 Term Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Authority may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of 2033 Term Bonds scheduled for redemption on such date: (A) the principal amount of 2033 Term Bonds delivered by the Authority to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of 2033 Term Bonds previously redeemed (other than 2033 Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (C) the principal amount of Term Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

5. **Scheduled Mandatory Redemption of 2038 Term Bonds**. The Series 2008 Bonds maturing in 2038 ("2038 Term Bonds") shall be redeemed, at the redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on July 1 in years and principal amounts (after credit as provided below) as follow:

Year	Amount
2034	$5,810,000
2035	6,205,000
2036	6,620,000
2037	7,070,000

$7,545,000 of the 2038 Term Bonds
is scheduled to be retired at Maturity.

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date with respect to 2038 Term Bonds, the Trustee shall proceed to select for redemption, by lot, 2038 Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2038 Term Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Authority may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of 2038 Term Bonds scheduled for redemption on such date: (A) the principal amount of 2038 Term Bonds delivered by the Authority to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of 2038 Term Bonds previously redeemed (other than 2038 Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (C) the principal amount of Term Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

6. **Optional Redemption Upon Occurrence of Certain Calamities**. All (but not less than all) Series 2008 Bonds may be redeemed at the option of the Authority, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, within 180 days after any of the following shall have occurred:

(A) the Improvements shall have been damaged or destroyed to such extent that, in the opinion of the Company, they cannot be restored within a period of 4 months to substantially the condition thereof immediately prior to such damage or destruction or the Company is thereby prevented from carrying on its normal operations at the Bond-Financed Facilities for a period of not less than 4 months; or

(B) the taking by eminent domain of all or substantially all the Bond-Financed Facilities or of any part, use or control of the Bond-Financed Facilities that, in the opinion of the Company, results in the Company being thereby prevented from carrying on its normal operations at the Bond-Financed Facilities for a period of not less than 4 months; or

(C) as a result of a change in law or a final order of any court or other governmental authority the Financing Lease becomes void or unenforceable or impossible of performance or unreasonable burdens or excessive liabilities are imposed on the Company that, in the opinion of the Company, render the Bond-Financed Facilities uneconomic for their intended use.

Provisions Generally Applicable to Redemption Prior to Maturity. If less than all Series 2008 Bonds Outstanding are to be redeemed, the particular Series 2008 Bonds to be redeemed may be specified by the Authority by written notice to the Trustee, or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that (i) the principal amount of Series 2008 Bonds of each maturity to be redeemed must be a multiple of the smallest authorized denomination of Series 2008 Bonds, and (ii) if less than all Series 2008 Bonds with the same stated maturity are to be redeemed, the Series 2008 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee.

Any redemption will be made upon at least 30 days' notice by registered or certified mail to the holders of Series 2008 Bonds to be redeemed.

If a trust is established for payment of less than all Series 2008 Bonds of a particular maturity, the Series 2008 Bonds of such maturity to be paid from the trust shall be selected by the Trustee within 7 days after such trust is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify holders whose Series 2008 Bonds (or portions thereof) have been selected for payment from such trust and shall direct such holders to surrender their Series 2008 Bonds to the Trustee in exchange for Series 2008 Bonds with the appropriate designation.

Upon any partial redemption of a Series 2008 Bond, such Series 2008 Bond shall be surrendered to the Trustee in exchange for one or more new Series 2008 Bonds in authorized form for the unredeemed portion of principal.

Any Series 2008 Bond (or portion thereof) which is to be redeemed must be surrendered to the Trustee for payment of the redemption price. Series 2008 Bonds (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the Authority defaults in payment of the redemption price.

Registration and Exchange

The Series 2008 Bonds will be issued in book-entry only form, as described below under "Book-Entry Only System", and the method for registration and exchange of the Series 2008 Bonds will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Series 2008 Bonds is discontinued.

The Series 2008 Bonds are transferable only on the Bond register maintained at the principal office of the Trustee. Upon surrender of a Series 2008 Bond to be transferred, properly endorsed, a new Series 2008 Bond will be issued to the designated transferee.

The Series 2008 Bonds will be issued in denominations of $5,000 or any multiple thereof and, subject to the provisions of the Indenture, may be exchanged for a like aggregate principal amount of Series 2008 Bonds, of any authorized denominations and of the same maturity, as requested by the holder surrendering the same.

No service charge shall be made for any transfer or exchange, but the Authority may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Right of the Company to Exercise Rights and Options With Respect to Terms of the Series 2008 Bonds

For a description of certain rights of the Company under the Indenture and related documents, see "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS in APPENDIX B herein".

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, 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 maybe requested by an authorized representative of DTC. The Series 2008 Bonds will be issued as a single fully-registered certificate and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also are subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial ownership interests in the Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC's records. The ownership interest of each beneficial owner of a Series 2008 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written communication 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in the Series 2008 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the Series 2008 Bonds, except in the event that use of the book-entry system for the 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 maybe requested by an authorized representative of DTC. The deposit of Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other name as maybe requested by an authorized representative of DTC 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 Participants 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 documents governing the terms of the Series 2008 Bonds. For example, Beneficial Owners of 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 Trustee and request that copies of notices be provided to them directly.

Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's 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, premium and interest payments on the Series 2008 Bonds will be made to Cede & Co., or such nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon receipt of funds and corresponding detail information, in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participants and Indirect Participants 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. Payments of principal, premium (if any) and interest to Cede & Co. (or any other DTC nominee) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of the Direct Participants and Indirect Participants.

The Authority and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2008 Bonds (i) payments of principal of or interest and premium, if any, on the Series 2008 Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Series 2008 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2008 Bonds, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Authority nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series 2008 Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series 2008 Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Bondholders; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2008 Bonds; or (6) any consent given or other action taken by DTC as Bondholder.

DTC may discontinue providing its services as a depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depositor is not obtained, Series 2008 Bonds are required to be printed and delivered. In addition, the Authority may discontinue the book-entry only system for the Series 2008 Bonds at any time by giving reasonable notice to DTC.

Authority for Issuance

The Series 2008 Bonds are being issued under the authority of the constitution and laws of the State of Alabama, including particularly Chapter 18 of Title 16 of the Code of Alabama (1975) (the "Enabling Law"). Section 16-18-9 of the Code of Alabama (1975) authorizes any public educational building authority in the State of Alabama to issue revenue bonds for the purpose of acquiring, constructing, improving, enlarging, completing and equipping educational and related facilities including, without limitation, dormitories and student and faculty apartments. Any such authority also has the power to enter into leases as shall be necessary to accomplish any purpose for which such authority was organized and may pledge such leases and the rentals therefrom as security for such bonds. Such bonds may be issued in such denomination or denominations and may have such maturity or maturities as shall be provided in the authorizing proceedings thereof. All such bonds shall be limited obligations of such authority payable solely out of revenues derived from the project with respect to which they are issued.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 BONDS

Limited Obligations

The Series 2008 Bonds will be limited obligations of the Authority payable solely from the Revenues provided and pledged under the Indenture. Neither the Series 2008 Bonds nor interest thereon will constitute a debt, liability or general obligation of the Authority, the City of Tuscaloosa, the State of Alabama, the University of Alabama, or any political subdivision or agency of the City or the State. Neither the full faith or credit or any taxing power of the City, the State or any political subdivision or agency thereof is pledged to the payment of the principal of, premium, if any, or interest on the Series 2008 Bonds. The Series 2008 Bondholders shall not have the right to compel any exercise of the taxing power of the City, the State, or any political subdivision or agency thereof to pay the City's 2008 Bonds, any premium thereon, or interest thereon. The Authority has no taxing power and receives no appropriations from the City, the State or any other governmental body. Neither the members of the governing body of the Authority nor any person executing any of the Series 2008 Bonds will be personally liable on the Series 2008 Bonds by reason of the issuance thereof.

Leasehold Mortgage, Security Agreement and Guaranty Agreement

As security for its obligations under the Financing Lease, the Company will execute and deliver to the Authority the Leasehold Mortgage pursuant to which the Company will grant to the Authority (i) a first mortgage lien on the Company's leasehold interest in the Bond-Financed Facilities and will assign and pledge to the Authority the Company's interest in the leases, rents, issue, profits, revenues, income, receipts, monies, royalties, rights and benefits of and from the Bond-Financed Facilities, (ii) a first priority security interest in all personal property now owned or hereafter created or acquired by the Company and located on or within the Bond-Financed Facilities (specifically excluding any personal property owned by the University and located on or within the Bond-Financed Facilities, in particular, all personal property located on or within the Ridgecrest South Facilities), (iii) a first priority security interest in the general revenues, accounts, documents, chattel paper, instruments and general intangibles arising in any manner from the Company's operation of the Bond-Financed Facilities, and (iv) a first priority security interest in all contracts relating to the design or construction of the Bond-Financed Facilities . The Leasehold Mortgage does not constitute a lien on the University's fee simple interest in the Leased Premises or any of said personal property owned by the University. As additional security for the Series 2008 Bonds, (i) the Authority will execute and deliver to the Trustee the Security Agreement, pursuant to which the Authority will grant to the Trustee (y) a first priority security interest in any personal property now owned or hereafter acquired by the Authority and located on or within the Bond-Financed Facilities and (z) a first priority security interest in all contracts relating to the design or construction of the Bond-Financed Facilities , and (ii) the Company will execute and deliver to the Trustee a Guaranty Agreement (the "Guaranty Agreement") dated as of December 1, 2008, pursuant to which the Company will guarantee the payment of the debt service on the Series 2008 Bonds.

Pledge and Assignment of Trust Estate

Pursuant to the Indenture, the Authority will assign and grant a security interest to the Trustee, in order to secure the payment of the principal of, premium, if any, and interest on the Series 2008 Bonds according to their tenor and effect and to secure the performance and observance by the Authority of the covenants expressed in the Indenture and in the Series 2008 Bonds, in and to the following (the "Trust Estate") which will consist of:

(a) All money and investments from time to time on deposit in, or forming a part of, the Funds established pursuant to the Indenture;

(b) All Rental Payments by the Company and all right, title and interest of the Authority in and to the Financing Lease;

(c) All right, title and interest of the Authority in and to the Leasehold Mortgage and all amounts encompassed thereby, including but without limiting the generality thereof, the present and continuing right to make claim for, collect, receive and make receipt for payments and other sums of money payable, receivable or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Authority is or may become entitled to do under the foregoing, provided that the assignment shall not impair or diminish any obligation of the Authority under the provisions of the foregoing or impair or diminish the right of the Authority to enforce compliance with the obligations of the Company under the foregoing, as long as no event of default has occurred and is continuing thereunder.

Because of certain risks associated with pledging and granting a security interest in collateral of the nature described above, potential investors should not rely solely upon such collateral as providing security for the Series 2008 Bonds.

Reserve Fund

Under the Indenture, a Reserve Fund will be created and will be funded initially from proceeds of the Series 2008 Bonds in an amount equal to the Minimum Reserve Fund Requirement. Under the Indenture, the Trustee will be authorized to transfer to the Debt Service Fund amounts held in the Reserve Fund to pay installments of interest, principal and premium, if any, then due on the Series 2008 Bonds and on any Additional Bonds secured by monies in the Reserve Fund, in the event there are insufficient funds for said purposes in the Debt Service Fund on the date such interest, principal, and premium is due. Any withdrawals for this purpose from the Reserve Fund will be required to be restored by payments of Additional Rental Payments by the Company. If Additional Bonds are issued, the Reserve Fund will be required to be increased by an amount necessary to cause the money in the Reserve Fund to be equal to the Minimum Reserve Fund Requirement.

The University has covenanted in the Ground Lease that, if the balance in the Reserve Fund is less than the Minimum Reserve Fund Requirement, the University will use its best efforts to deliver to the Trustee for the benefit of the Company, sufficient funds to restore the amount on deposit therein to the Minimum Reserve Fund Requirement. **This covenant to use "best efforts" is subject to funds being approved or otherwise being made available for such purpose, and shall not at any time constitute a legal obligation of the University with respect to the Series 2008 Bonds. Neither the Authority nor the Company, nor any third party, shall have recourse against the University in the event the University fails to comply with this covenant.** Upon receipt of notice of a deficiency in the Reserve Fund and a request by the Company for assistance in accordance with this paragraph, the University has covenanted to include the requested amount in the next annual budget submitted for approval by the University's Board of Trustees and to use its best efforts to have such amount approved, or otherwise made available for such purpose. The University has further agreed to provide written notice to the Company, the Trustee, the Authority and the Bond Insurer stating whether the University's Board of Trustees has approved such amount, or otherwise made such amount available for such purpose.

Repair and Replacement Fund

The Repair and Replacement Fund will be a trust fund into which the Company will be required to make monthly deposits. The monies in the Repair and Replacement Fund will be disbursed by the Trustee for the costs of the repair or replacement related to the Bond-Financed Facilities. The amount of such monthly deposits shall be determined by written direction of the Company to the Trustee in an amount equal to 1/12 of $185 for each bed that has been placed in service as of the beginning of such calendar month, which amount shall be adjusted annually by 3% over the per-bed amount deposited in such fund in the prior fiscal year.

Subordinate Debt Fund

The Subordinate Debt Fund will be a trust fund into which the Company will be required to make monthly deposits in an amount determined by written direction of the Company. Prior to any such transfer by the Trustee from the Revenue Fund to the Subordinate Debt Fund, the Company shall be required to certify that the amount being transferred to the Subordinate Debt Fund is not greater than the outstanding amount then owed by The 1831 Foundation to the University for monies advanced by the University to pay the costs of acquiring, constructing and equipping the Bond-Financed Facilities.

Title and Property Insurance

Pursuant to the Leasehold Mortgage, a mortgagee's title insurance policy will be delivered in the amount of not less than the original principal amount of the Series 2008 Bonds to insure that the Trustee will have a valid first mortgage lien on the Company's leasehold interest in and to the Leased Premises, subject only to Permitted Encumbrances and the standard exclusions from the coverage of such policy., Under such title insurance policy the Trustee is not permitted to recover more than the fair market value of any property that is lost as a result of a title defect. The Company will agree in the Financing Lease to keep the Bond-Financed Facilities fully insured against fire and other casualties and to maintain certain specified amounts of liability and business interruption insurance. See "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS – THE FINANCING LEASE - INSURANCE" in APPENDIX B hereto.

Additional Bonds

So long as no event of default under the Indenture is then existing, the Authority may from time to time, with the consent of the Bond Insurer, issue one or more series of Additional Bonds to pay any one or more of the following:

(i) The costs of completing the Bond-Financed Facilities;

(ii) The costs of making such additions or alterations to the Bond-Financed Facilities as the Company may deem necessary or desirable and as will not impair the nature of the Bond-Financed Facilities as student housing facilities;

(iii) To refund any Series 2008 Bonds or any Additional Bonds, and

(iv) In each such case, the costs of the issuance and sale of the Additional Bonds and capitalized or refunded interest and such other costs reasonably related to the financing as shall be agreed upon by the Company and the Authority. Such Additional Bonds shall be issued on a parity with the Series 2008 Bonds and any Additional Bonds previously or thereafter issued, shall be secured by the lien and security interest granted by the Leasehold Mortgage and the Security Agreement, equally and ratably with the Series 2008 Bonds and any Additional Bonds previously or thereafter issued. An amount equal to the difference between the balance in the Reserve Fund on the date of issuance and the Minimum Reserve Fund Requirement shall be deposited into the Reserve Fund.

Rate Covenant

Pursuant to the Financing Lease, the Company has covenanted and agreed to operate the Bond-Financed Facilities as revenue producing student housing facilities on a non-discriminatory basis, and to the extent permitted by law and the Bond Documents, to charge such fees and rates for any facilities and services and to exercise such skill and diligence as will produce Revenues, together with other available funds, sufficient to pay promptly all expenses of operation, maintenance and repair of the Bond-Financed Facilities and to make all payments required to be made by the Company under the Financing Lease. The Company has further covenanted to budget and operate the Bond-Financed Facilities in order to produce Net Revenues in any fiscal year which will be sufficient to produce a Debt Service Coverage Ratio of at least 120% in each fiscal year. If the Company fails to meet the requirements of the Financing Lease with respect to such rate covenant, it will be required to retain a financial consultant, if the Bond Insurer so directs, to prepare a written report, making recommendations with respect to the operation of the Bond-Financed Facilities. If the Company complies with the recommendations of such financial consultant, failure to meet the requirements of the Financing Lease with respect to the rate covenant shall not be an Event of Default under the Financing Lease or the Indenture.

Covenant Regarding University Assistance

If on any date that the Company is required to make a Basic Rental Payment or an Additional Rental Payment, the Company has insufficient Revenues to make such Rental Payments in full, then the Company is required under the Financing Lease to promptly notify the University in writing and to request the University's assistance in the form of a grant or loan in the amount of such deficiency. The University shall have no obligation to make any such grant or loan to the Company and neither the Company nor the Authority nor any third party shall have recourse against the University in the event the University declines to offer any such assistance.

Enforceability of Remedies

The realization of value from the real and personal property comprising the Bond-Financed Facilities and from the other security for the Series 2008 Bonds upon any default will depend upon the exercise of various remedies specified in the Bond Documents. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue.

THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY

The following information is not complete and reference is made to APPENDIX "D" attached hereto for a specimen of the financial guaranty insurance policy (the "Bond Insurance Policy") of Assured Guaranty Corp. ("Assured Guaranty" or the "Bond Insurer").

The Bond Insurance Policy

Assured Guaranty has made a commitment to issue the Bond Insurance Policy relating to the Series 2008 Bonds, effective as of the date of issuance of such Series 2008 Bonds. Under the terms of the Bond Insurance Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Series 2008 Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the "Insured Payments"). Insured Payments shall not include any additional amounts owing by the Authority solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. The Bond Insurance Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

"Due for Payment" means, when referring to the principal of the Series 2008 Bonds, the stated maturity date thereof, or the date on which such Series 2008 Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Series 2008 Bonds, means the stated dates for payment of interest.

"Nonpayment" means the failure of the Authority to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on the Series 2008 Bonds. It is further understood that the term Nonpayment in respect of a Bond also includes any amount previously distributed to the Holder (as such term is defined in the Bond Insurance Policy) of such Bond in respect of any Insured Payment by or on behalf of the Authority, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Bond Insurance Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Series 2008 Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Bond Insurance Policy.

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

The Bond Insurer

Assured Guaranty is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty’s business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty’s financial strength is rated “AAA” (stable) by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), “AAA” (stable) by Fitch, Inc. (“Fitch”) and “Aa2” (stable) by Moody’s Investors Service, Inc. (“Moody’s”) (collectively, the “Rating Agencies”). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the Rating Agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Recent Developments

<u>Agreement to Acquire FSA</u>

On November 14, 2008, AGL announced that it had entered into a definitive agreement with Dexia SA to purchase Financial Security Assurance Holdings Ltd. (“FSA”), the parent of financial guaranty insurance company, Financial Security Assurance, Inc. For more information regarding the proposed acquisition by AGL of FSA, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on November 17, 2008.

Ratings

On July 21, 2008, Moody's issued a press release stating that it had placed under review for possible downgrade the "Aaa" insurance financial strength rating of Assured Guaranty. In a press release dated November 14, 2008, Moody's responded to AGL's announcement of its agreement to acquire FSA, stating that "the potential impact of the proposed transaction on the ratings of Assured Guaranty and FSA will be considered in the context of its ongoing rating reviews of both companies; those reviews are now expected to conclude in the near term." Reference is made to the press releases for the complete text of Moody's comments; copies of such documents are available at www.moodys.com.

On November 21, 2008, Moody's issued a press release announcing that it had downgraded the insurance financial strength rating of Assured Guaranty to "Aa2" from "Aaa" and that the status of Assured Guaranty's insurance financial strength rating had been changed to "outlook stable" from "on review for possible downgrade." In the release, Moody's stated that "Today's rating action concludes a review for possible downgrade that was initiated on July 21, 2008, and primarily reflects Moody's updated views on Assured's exposure to weakness inherent in the financial guaranty business model. The outlook for the ratings is stable, and the announced acquisition of FSA's financial guaranty business is not expected to have a meaningful impact on the credit profile of [Assured Guaranty] …. The rating agency added that the acquisition of FSA by [AGL] will, if completed as planned, create a combined entity with substantial financial resources and a strong market position." Reference is made to such release for the complete text of Moody's comments; copies of such documents are available at www.moodys.com.

Assured Guaranty's "AAA" (stable) financial strength ratings by S&P and by Fitch were affirmed on June 18, 2008 and December 12, 2007, respectively. On November 14, 2008, Fitch issued a press release responding to AGL's announcement of its agreement to acquire FSA, indicating that they do not expect the acquisition, as presented, to have a negative impact on Assured Guaranty's rating. Reference is made to the press release for the complete text of Fitch's comments; a copy of such press release is available at www.fitchratings.com. On November 17, 2008, S&P issued a press release responding to AGL's announcement of its agreement to acquire FSA, stating that the agreement "appears to pose limited rating risk" for Assured Guaranty. Reference is made to the press release for the complete text of S&P's comments; a copy of such press release is available at www.ratingsdirect.com. There can be no assurance as to what impact, if any, Moody's downgrade or the proposed acquisition will have on the company's financial strength ratings from Fitch or S&P.

For more information regarding Assured Guaranty's insurance financial strength ratings, see AGL's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008 (which was filed by AGL with the SEC on November 7, 2008).

Capitalization of Assured Guaranty Corp.

As of September 30, 2008, Assured Guaranty had total admitted assets of $1,767,134,629 (unaudited), total liabilities of $1,341,373,221 (unaudited), total surplus of $425,761,408 (unaudited) and total statutory capital (surplus plus contingency reserves) of $1,106,199,863 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of $1,361,538,502 (audited), total liabilities of $961,967,238 (audited), total surplus of $399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of $982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2007 (which was filed by AGL with the SEC on February 29, 2008);

- The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 (which was filed by AGL with the SEC on May 9, 2008);

- The Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008 (which was filed by AGL with the SEC on August 8, 2008);

- The Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008 (which was filed by AGL with the SEC on November 7, 2008); and

- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Series 2008 Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY-The Bond Insurer" shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at *http://www.sec.gov* and at AGL's web site at *http://www.assuredguaranty.com*, from the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Series 2008 Bonds or the advisability of investing in the Series 2008 Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY".

THE MANAGER AND THE MANAGEMENT AGREEMENT

General

The Management Agreement will be entered into by and between the Company and the University, whereunder the Company will appoint the University as its sole and exclusive representative to manage, supervise, rent, lease, maintain and operate the Project. Management duties and authority of the University under the Management Agreement will include the performance of any and all things reasonably necessary for the rental, maintenance, operation, and service of the Project including, but not limited to all functions of the University required under the Bond Documents and any and all acts necessary and appropriate to be undertaken for the (i) management and operation of the Project, (ii) leasing of the Project to tenants, (iii) management of all student leases and (iv) supervision, on behalf of the Company, of the finances and operation of the Project. Leasing duties and authority of the University under the Management Agreement will include using reasonable efforts to cause the space in the Project to be fully leased to the students of the University. Throughout the term of the Management Agreement, the University shall cause to be carried and maintained in force all insurance required under the Bond Documents.

Term and Termination

Unless sooner terminated pursuant to its terms, the initial term of the Management Agreement shall be ten (10) years, and if not terminated during the said initial term, the Management Agreement will thereafter continue for not more than five (5) additional five (5) year periods upon the same material provisions thereof, except for the management fee which is to be then agreed upon by the parties thereto, acting reasonably unless on or before ninety (90) days prior to the expiration of the initial term or any renewal term either the Company or the University shall notify the other in writing that it elects to terminate the Management Agreement.. The Management Agreement may be terminated by the Company upon the occurrence of certain events of defaults by the University including its failure to comply in any material respect with any provision of the Management Agreement after notice thereof and failure to cure within a specified period following such notice.

Management Fee

The Company will pay a management fee to the University in an amount not to exceed four percent (4%) of gross revenues with respect to the Project.

THE UNIVERSITY

The following information has been compiled from statements posted on the University's website at www.ua.edu and information provided by the University. **The Series 2008 Bonds are not obligations of the University**.

General

The Board of Trustees of The University of Alabama (the "Board") is a public corporation and instrumentality of the State of Alabama under Section 264 of the Constitution of Alabama of 1901, as amended, and Chapter 47 of Title 16 of the Code of Alabama of 1975. The Board governs three autonomous university campuses located in Tuscaloosa, Birmingham and Huntsville, Alabama. Each campus is operated as a division by the Board. The University is a division of the Board that is the State's oldest institution of higher education having been established by constitutional provision in 1831. Its campus of approximately 1,000 acres is located in Tuscaloosa, Alabama, a city of approximately 78,000 residents. It has twelve (12) instructional schools (Arts and Sciences, Commerce and Business Administration, Communication and Information Sciences, Community Health Sciences, Continuing Studies, Education, Engineering, Honors College, Human Environmental Sciences, Nursing, Law, and Social Work) and offers eighty (80) undergraduate degree programs, sixty-nine (69) master programs, six (6) educational specialist programs, fifty-six (56) doctoral programs, and one (1) law program. In 2007-2008, the University awarded three thousand one hundred and thirty-one (3,131) bachelor degrees, one thousand one hundred and eighty-three (1,183) master degrees, sixty-two (62) educational specialist degrees, one hundred and sixty (160) doctoral degrees, and one hundred and fifty-two (152) first-professional degrees.

Enrollment

The student enrollment for the 2008-2009 academic year, including both part-time and full-time students and on-campus and off-campus students, is approximately 27,052, which is a 5.75% increase over the prior academic year and a 33% increase since the 2003 academic year. During that five-year period, the University also experienced an increase in the academic quality of its enrolling freshmen. This increase in the academic qualifications of the University's freshmen can be marked by the Fall 2008 freshman average ACT score of 24.3, which is above the average for the state of Alabama. During the period from 2003-2008, the University also maintained its national standing in attracting National Merit, National Hispanic, and National Achievement Finalists by enrolling a total of 85 in Fall 2008. The primary source of growth in enrollment has been at the undergraduate level with entering freshman growing by 63% during the 2003-2008 and unconditionally admitted entering freshman enrollment in the fall of 2008 rising to 5,161, an increase of 12.7% over the fall of 2007. The following table shows fall student enrollment at the University for undergraduate students for the last five years.

Academic Year	Undergraduate	Change
2004	15,542	--
2005	16,576	6.65%
2006	18,588	12.13
2007	20,189	8.61
2008	21,419	6.09

Acceptances, Student Applications and Degrees Conferred

The following table indicates fall term applications, acceptances, and matriculations for full and part-time first-time freshman and transfer students at the University in each of the most recent five academic years:

	2008	2007	2006	2005	2004
Applications	18,500	14,313	12,513	10,707	8,992
Acceptances	11,172	9,140	8,766	7,755	7,812
Matriculations	5,116	4,538	4,378	3,735	3,364
Acceptances/Applications	60%	64%	70%	72%	88%
Matriculations/Acceptances	46%	50%	50%	48%	43%

Tuition and Fees

The following tables present full-time undergraduate and graduate tuition and fees in-state and out-of-state and law school tuition in-state and out-of-state for the upcoming, current, and past three academic years:

Undergraduate and Graduate Tuition and Fees

Year	Tuition and Fees Per Full-Time In-State Student	Percent Increase	Tuition and Fees Per Full-Time Out of State Student	Percent Increase
2008-2009	$6,400	12.3%	$18,000	9.0%
2007-2008	$5,700	8.0%	$16,518	8.0%
2006-2007	$5,278	8.5%	$15,294	13.1%
2005-2006	$4,864	5.0%	$13,516	6.7%
2004-2005	$4,630	12.0%	$12,664	12.1%

Comparison of Undergraduate Tuition and Fees and Room and Board

In-state and out-of-state tuition and fees at The University and other Southern University Group institutions from adjacent states for the 2008-2009 academic year are presented in the following two tables:

In-State Tuition and Fees Comparison

Institution	In-State
Auburn University	$6,500
The University of Alabama	**$6,400**
University of Tennessee	$6,250
Georgia State University	$6,056
Georgia Institute of Technology	$6,040
University of Georgia	$6,030
University of Alabama in Huntsville	$5,932
University of Alabama in Birmingham	$5,756
University of Mississippi	$5,352
Mississippi State University	$5,151
University of Southern Mississippi	$5,096
Florida State University	$3,987
University of Florida	$3,790

Out-of-State Tuition and Fees Comparison

Institution	Out-of-State
Georgia Institute of Technology	$25,182
University of Georgia	$22,342
University of Florida	$21,400
Georgia State University	$20,624
University of Tennessee	$19,208
Florida State University	$18,432
Auburn University	$18,260
The University of Alabama	**$18,000**
University of Alabama in Huntsville	$13,092
University of Alabama in Birmingham	$12,866
University of Southern Mississippi	$12,746
University of Mississippi	$12,504
Mississippi State University	$12,503

Housing

Current on campus housing, all of which is owned by the University, consists of 22 older traditional residence halls and 6 newer apartment-style residence halls collectively housing approximately 7000 students. Commencing in the fall of 2006, the University required all incoming freshman to live in on-campus housing which significantly increased the University's need for on-campus housing. Since 2003, the University's on-campus housing stock increased by 53% from 4,524 beds to 6,919 beds. Nonetheless, the University housing stock has not kept up with student enrollments with a resulting housing deficit. In response, the University has delayed taking some older residence halls off-line for renovations or demolition. Additionally, the University found it necessary to enter into a contract with a local property owner to provide additional beds for the 2008 and 2009 academic years. Even with the completion of Ridgecrest South in 2009 the University anticipates that by the 2011 academic year, the housing system will be unable to provide sufficient beds to meet the freshman housing demand. See "THE PROJECT—Existing On-Campus Housing" in APPENDIX A hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Series 2008 Bonds (excluding accrued interest, if any):

Sources of Funds:	
Par Amount of Series 2008 Bonds	$ 100,460,000.00
Less: Original Issue Discount	2,279,232.70
Total Sources of Funds	**$ 98,180,767.30**
Uses of Funds:	
Deposit to Acquisition Fund	$ 83,226,293.84
Deposit to Capitalized Interest Fund	3,896,796.87
Deposit to Reserve Fund (1)	8,057,200.00
Deposit to Issuance Cost Fund (2)	3,000,476.59
Total Uses of Funds	**$ 98,180,767.30**

(1) Equal to the Minimum Reserve Fund Requirement for the Series 2008 Bonds.
(2) Includes the premium for the Bond Insurance Policy and the Underwriter's Discount

THE GROUND LEASE

Ground Lease

Pursuant to the Ground Lease, the University has leased the Leased Premises to the Company for a term beginning on the date that the Series 2008 Bonds are issued and terminating on the date that the Series 2008 Bonds are fully paid, subject to certain extension and termination rights provided therein. The rental payment payable by the Company under the Ground Lease is One Dollar ($1.00)

The occurrence of any of the following will constitute an event of default on the part of the Company under the Ground Lease:

(i) The Company's failure to comply with any provision of the Ground Lease and the expiration of the applicable cure period, if any;

(ii) The Company is adjudicated a bankrupt;

(iii) A permanent receiver is appointed for the Company's interest in the Leased Premises and such receiver is not removed within ninety (90) days after notice from the University to the Company to obtain such removal;

(iv) The Company voluntarily takes advantage of any bankruptcy or other debtor relief proceedings under any law providing for the reduction or deferral of rent due under the Ground Lease or becomes subject to any such involuntary proceedings and said involuntary proceedings are not dismissed within ninety (90) days after notice from the University to the Company to obtain such dismissal;

(v) The Company makes a general assignment for the benefit of creditors; or

(vi) The Leased Premises or the Company's effects or interests therein are levied upon or attached under process and the same is not satisfied or dissolved within ninety (90) days after notice from the University to the Company to obtain satisfaction or dissolution thereof.

Upon the occurrence of any of the foregoing events of default, the University will have the right to:

(i) Terminate the Ground Lease immediately upon written notice thereof to Company, and payment of a purchase price described hereinbelow for the Project improvements which Project improvements shall thereupon vest in the Lessor without any further action. The purchase price for the Project improvements shall be (a) the fair market value of such improvements after taking into account any funds transferred to it pursuant to Section 20.2 thereof or pursuant to the Bond Documents as well as any amount owed by the Company to the University for advances made by the University to pay the costs of acquiring, constructing and equipping the Project improvements or to pay costs of repairing or replacing the same; plus (b) such additional amount, if any, necessary to fully pay and defease the Bonds in accordance with the Indenture.

(ii) Exercise its rights thereunder to cure such default or seek the right of specific performance to cause Company to cure such default.

Notwithstanding the foregoing termination rights of the University, any leasehold mortgagee is entitled to extend the date of termination in order to allow it to acquire the Company's interest in the Ground Lease by foreclosure or otherwise. If the Ground Lease shall be terminated due to a default by the Company, the Leasehold Mortgagee will have the option, but not the obligation, to enter into a lease of the Leased Premises with the University at the same rent and upon the same terms and conditions contained in the Ground Lease.

The Ground Lease requires the Company to enter into a management agreement with the University that will set forth the requirements, procedures, and standards for the operation and management of the Project.

Under the Ground Lease, the Company is obligated to construct the Project and the University is obligated to provide alternative housing to students who have executed leases with respect to the Project to the extent the Project is not completed on schedule.

In the Ground Lease, the University has agreed to (i) treat the Project for all material purposes, including without limitation, marketing and promotional purposes, as a component of the University's housing stock for resident assignments, it being understood that any differential in assignments will be due exclusively to programming strategies of the University, such as Honor's Program, Living Learning Communities, Athletic Programs, and other University student life or academic programs; and (ii) to the maximum extent possible, provide to residents residing at the Project the same services and access it provides to students in its own housing facilities from time to time, including, without limitation, access to the Lessor's computer network and student transportation system.

Easements

Under the Ground Lease, certain reciprocal and nonreciprocal easements will be granted to each party relating to the Bond-Financed Facilities. Easements granted by the University in favor of the Foundation (which shall then be conveyed to the Company, then to the Authority, then leased back to the Company pursuant to the Financing Lease), with respect to the Parking Deck Space, will include: (i) a non-exclusive right, privilege and easement to use the trash compactor and trash chutes servicing the Air Space to be located within the Parking Deck Space together with the driveways providing for access to and from the trash compactor; (ii) an exclusive easement, privilege and right for the support of the Ridgecrest South Facilities by means of structural columns, footings and foundations as depicted in the Approved Plan and an easement for repair and maintain and replace such structural columns, footings and foundations, and the right of access to the Parking Deck Space to perform said actions, if the University fails to do so; (iii) a non-exclusive right, privilege and easement to maintain and use, for their intended purpose, all stairwells and elevators extending from the Ridgecrest South Facilities to the Parking Deck Space; and (iv) an exclusive right, privilege and easement to locate, and maintain a water chiller on the Land adjacent to the Parking Deck Space (where such water chiller is currently located) and an exclusive right, privilege and easement to locate, maintain, repair and replace piping and conduit for chilled water from said water chiller from and through the Parking Deck Space to the Ridgecrest South Facilities. Easements granted by the Foundation in favor of the University, with respect to the Air Space, will include: (i) an exclusive easement to use the portion of the Air Space between the top floor of the Parking Improvements constructed in the Parking Deck Space and the ceiling above such top floor for parking, ingress and egress of motor vehicles, pedestrians and other modes of transportation and other activities associated with the parking of vehicles on said top floor; and (ii) Non-exclusive right, privilege and easement to maintain and use, for their intended purpose, all stairwells and freight elevators extending from the Parking Deck Space to the Ridgecrest South Facilities. Reciprocal easements granted by each party to the other, with respect to utilities, will include such non-exclusive rights and easements in each party's Site (other than the areas occupied prior thereto at any time by the improvements constructed pursuant to the Approved Plans), as are reasonably necessary, without interfering with the use by any owner of such grantor's Site, to provide rights-of-way for public or private underground utilities services for the benefit of each party's Site, and access to and use of the telephone, gas, electricity, water, chilled water, storm and sanitary sewer systems, and for the drainage of surface and underground storm water, including, without limitation, any of the foregoing existing as of the date hereof, for the purpose of installing, using, operating, maintaining, repairing, relocating, replacing or enlarging any such utility. Reciprocal easements granted by each party to the other, with respect to common areas, will include the perpetual and non-exclusive right, privilege and easement to use the Common Areas for their intended purpose and to permit its respective permittees to use the same, in common with the other party hereto, its respective successors and assigns, and all persons claiming by or through them, for, among things, parking purposes and for the purposes of access, ingress and egress to, from and between its Site and the Sites of the other party hereto and the streets and highways abutting and adjacent to the Sites. Reciprocal easements granted by each party to the other, with respect to footings and foundations relating to any existing improvements and any reconstruction thereof, will include rights in each party's Site for the construction and maintenance of foundations, footings and supports reasonably necessary in connection with the construction of improvements on its respective Site, provided same does not affect existing structures on the other's Site; and, provided the same does not affect the separate insurance rating of any party's building. Reciprocal easements granted by each party to the other, with respect to encroachments, will include an easement permitting the maintenance of footings, supports, staircases, signs, lights, pillars, sprinklers, standpipes, posts and other like supports and encroachments over and into each party's Site to the extent that such projections and encroachments, not to exceed three feet (3') or such greater amount as may be shown on the Approved Plans, shall exist after completion of all construction or reconstruction (if any part is damaged or destroyed and then rebuilt). Other miscellaneous easements will include an easement for the installation and/or maintenance and operation of utility facilities reasonably required and easements to enter upon each other's property for the purpose of performing any obligation which such party is required to perform under the easement provisions of the Ground Lease, but fails to perform, and which the other party has the right to perform pursuant thereto.

CONSTRUCTION OF THE PROJECT

The construction of Ridgecrest North was completed in 2007. The construction of Ridgecrest South commenced in 2007 and is expected to be completed and available for occupancy in August, 2009. The funds to complete construction of Ridgecrest North and to fund construction of Ridgecrest South through September 30, 2008 totaled $54,623,974 and were loaned to the Foundation by the University. The Foundation has entered into all of the contracts necessary for the construction of Ridgecrest South (the "Construction Contracts") including contracts with (i) ARD Contracting dated February 15, 2008 for the completion of the structural concrete package and (ii) Jim Parker Building Company, Inc. dated April 14, 2008 for the completion of the building completion package. All of the rights and responsibilities of the Foundation under the Construction Contracts have been assigned to and assumed by the Company pursuant to an Assignment and Assumption Agreement between the Foundation and the Company dated as of December 1, 2008.

The Foundation and the University entered into an Affiliation Agreement dated August 24, 2007 as amended as of December 1, 2008 (the "Affiliation Agreement") pursuant to which the University agreed to provide certain services to the Foundation and the Company, including construction oversight and construction management services in connection with the construction of Ridgecrest South. In performing its obligations under the Affiliation Agreement, the University has been and is continuing to oversee the construction of Ridgecrest South. The University has been assisted in overseeing the construction of Ridgecrest South pursuant to a Contract for Project Management Services (the "Construction Management Agreement") it entered into with Hoar Construction, L.L.C. (the "Construction Manager") to furnish and perform project management and supervisory services to facilitate in an efficient and cost-effective manner the successful planning, design, construction, and completion of many of its campus-wide capital construction and renovation projects, including the Project. The Foundation's rights and responsibilities under the Affiliation Agreement have been assigned to the Company.

The Construction Manager is licensed in the State of Alabama and commenced business in 1940. Pursuant to the Construction Management Agreement, the Construction Manager has overseen the construction or renovation of one hundred and seven (107) projects at the University over the past four (4) years totaling over $565,077,206 in construction costs all of which were completed on time, within budget, and without litigation.

The University has also entered into an Amended and Restated Loan Agreement dated as of December 1, 2008 pursuant to which it has agreed to loan funds to the Company to the extent necessary to complete construction of the Project.

THE ARCHITECT'S AGREEMENT AND THE ARCHITECT

The Foundation has entered into an Agreement Between Owner and Designer dated December 5, 2007 (the "Architect's Agreement") with the Architect, relating to the design of the Project. All of the rights and responsibilities of the Foundation under the Architect's Agreement have been assigned to and assumed by the Company.

The Architect is licensed in the State of Alabama and commenced business in 1983. It has served as architect for numerous other projects at the University, including the Riverside and Lakeside residential communities which are similar in style and design as the Project, and associated with Heery International as architect on the Mal Moore Athletic Facility. Both the Riverside and Lakeside residential communities were finished on time and ready for students to occupy by the start of the fall session notwithstanding shortened design schedules.

The Architect has assembled a design team for the Project with extensive experience in campus residential design including the associate architect, HADP Architecture, Inc., whose portfolio includes campus residential work across the southeast. The Architect's location in the same town with the University and continuous presence on-site will enhance its ability to successfully ensure the progress and quality of the Project.

ASSIGNMENT OF THE CONSTRUCTION CONTRACTS

Pursuant to the Leasehold Mortgage, the Company will grant to the Authority a first priority security interest in the Construction Contracts and the Architect's Agreement and all other contracts related to the design and construction of the Project. Pursuant to the Indenture, the Authority will assign and grant a security interest in all of its rights under the Leasehold Mortgage, including its security interest in the Construction Contracts and the Architect's Agreement, to the Trustee as security for the payment of the Series 2008 Bonds. Upon the occurrence of an Event of Default under the Indenture, the Trustee will be entitled to enforce performance of the Construction Contracts and the Architect's Agreement but will not be required to perform the obligations of the Authority or the Company as set forth in such contracts.

CASH FLOW FORECAST

A Cash Flow Forecast relating to the Project and the Company's ability to generate revenues from the operations of the Project sufficient to pay principal and interest on the Series 2008 Bonds for each of the academic years from 2009 through 2013 has been prepared by the Company. The Trustee, the Authority, the Bond Insurer and the Underwriter make no representations as to any aspect of the Cash Flow Forecast or the ability of the Company to pay amounts under the Financing Lease sufficient to satisfy the principal, premium, if any, and interest due on the Bonds.

The Cash Flow Forecast assumes that the Series 2008 Bonds will be issued in the aggregate principal amount set forth on the cover hereof, bear interest at an average rate of 6.15% and that the Series 2008 Bonds will be payable by principal and sinking fund payments structured to produce approximately level debt service coverage after taking into account anticipated interest earnings from the Reserve Fund at the rate of 2.5% per annum.

Rental Revenues estimated in the Cash Flow Forecast are based on semester rents for each bed presented herein under the heading "THE PROJECT." The Cash Flow Forecast assumes that beds in the Project will be occupied for 10-month periods. The Cash Flow Forecast assumes a 95% occupancy rate for the Project for the first year and 95% for each year thereafter. In addition to regular estimated costs of operating a student housing facility, the Cash Flow Forecast includes an annual replacement reserve deposit equal to $185 per year per bedroom increasing 3% per annum after the Project is completed. Income and expense estimates are escalated at an assumed rate of approximately 3% per annum.

IF ACTUAL INTEREST RATES, PRINCIPAL PAYMENTS AND FUNDING REQUIREMENTS DIFFER FROM THOSE ASSUMED IN THE FORECAST, THE FORECAST COULD BE ADVERSELY AFFECTED, SOME ASSUMPTIONS WHICH SERVED AS A BASIS FOR THE FINANCIAL FORECAST INEVITABLY WILL NOT MATERIALIZE AND UNANTICIPATED EVENTS AND CIRCUMSTANCES MAY OCCUR; THEREFORE, THERE WILL USUALLY BE DIFFERENCES BETWEEN FORECASTED AND ACTUAL RESULTS AND THOSE DIFFERENCES MAY BE MATERIAL.

The table below is a summary of the Cash Flow Forecast based upon the assumptions described above.

Summary of Cash Flow Forecast[1]

	Fiscal Year 1 2008-09	Fiscal Year 2 2009-10	Fiscal Year 3 2010-11	Fiscal Year 4 2011-12	Fiscal Year 5 2012-13
Net Annual Rental Revenue	$3,609,375	$10,309,788	$10,619,081	$10,937,654	$11,265,783
Other Revenues[2]	54,120	55,744	258,846	260,585	262,343
Total Revenues	3,663,495	10,365,531	10,877,927	11,198,222	11,528,126
Operating Expenses[3]	847,807	2,129,475	2,193,359	2,259,160	2,326,935
Net Operating Income	2,815,689	8,236,056	8,684,568	8,939,062	9,201,191
Replacement Reserves	116,987	306,658	315,858	325,333	335,093
Net Income After Reserves	2,698,701	7,929,398	8,368,710	8,613,729	8,866,098
Total Debt Service[4]	1,280,706	4,339,476	6,970,644	7,177,844	7,385,644
Debt Service Coverage Ratio	2.11	1.83	1.20	1.20	1.20
Revenues after Debt Service and Before Subordinate Expenses	1,417,996	3,589,922	1,398,066	1,435,885	1,480,454
Subordinate Expenses	164,857	466,449	480,442	494,856	509,701

[1]Some totals may not add due to rounding.
[2]Includes earnings on the Reserve Fund.
[3]Excludes depreciation and noncash expenses and does not include subordinated fees.
[4]Inclusive of available capitalized interest.

STUDENT HOUSING STUDY

In 2005 the University contracted with Brailsford & Dunlavey (B&D) to develop a residence hall master plan, which plan was updated in December, 2006 and included a market demand analysis (the "Student Housing Study"). A copy of the text of the Student Housing Study is attached hereto as APPENDIX E. Copies of the full Student Housing Study are available from the Underwriter upon request. The Company, the Authority, the Underwriter, the University and the Trustee make no representations as to any aspect of the Student Housing Study.

The conclusion of the Student Housing Study was that on-campus housing demand was greater than the University could realistically accommodate due to the requirement that freshmen reside on campus and a capture rate of 14% of upper class students which was substantially below the 32% potential. The Student Housing Study estimated that there was a surplus of 2,200 community style beds with the housing inventory and a shortage of 5,500 apartment style beds. The Student Housing Study projected that with the completion of Ridgecrest North in 2007 there would remain a deficit of 3,021 beds. The Student Housing Study assumed the University would not reach a student enrollment of 27,000 until the 2014/15 academic year. The University has reached that goal for the 2008/09 academic year. See "THE UNIVERSITY-ENROLLMENT" herein. The Student Housing Study also assumed the University would not exceed freshmen enrollment of 4,624. For the 2008/09 academic year freshmen enrollment exceeds 5,100 with 4,543 residing on campus, and for the first time since mandatory freshmen housing was implemented, 300 incoming freshmen were denied on-campus housing. The actual demand for housing at the Project may be affected by a number of factors in the future, and there can be no assurance that the demand for the Project reflected in the Student Housing Study will be realized. See "FORWARD-LOOKING STATEMENTS" HEREIN.

CERTAIN BONDHOLDERS' RISKS

General

AN INVESTMENT IN THE SERIES 2008 BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED IN THIS OFFICIAL STATEMENT. No person should purchase any of the Series 2008 Bonds without carefully reviewing the following information, which summarizes some, but not all, of the factors that should be carefully considered prior to such a purchase. Furthermore, the tax-exempt feature of the Series 2008 Bonds is relatively more valuable to high tax bracket investors than to investors who are in the lower tax brackets, and so the value of the interest compensation to any particular investor will vary with his or her marginal tax rate. Each prospective investor should, therefore, determine his or her present and anticipated marginal tax rate before investing in the Series 2008 Bonds. Each prospective investor should also carefully examine this Official Statement, including APPENDIX F—"UNAUDITED OPERATING DATA FOR THE PROJECT FOR YEAR ENDED SEPTEMBER 30, 2008" and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2008 Bonds are an appropriate investment.

Identified and summarized below are certain "Bondholders' Risks" that could adversely affect the operation of the Project and/or the Series 2008 Bonds which should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors which should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

Revenues from Operation of the Project

If the Company is unable to generate sufficient revenues from the operation of the Project to pay its operating expenses and principal of and interest on the Series 2008 Bonds, an Event of Default may occur under the Bond Documents. Upon an Event of Default, the Series 2008 Bonds may not be paid or may be paid before maturity or applicable redemption dates and a forfeiture of redemption premiums, if any, may result. The Company's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including (i) a decline in the enrollment of the University, (ii) increased competition from other schools, (iii) loss of accreditation of the University's programs, (iv) failure of the University to meet applicable federal guidelines or some other event which results in students of the University being ineligible for federal financial aid, and (v) cost overruns in connection with the Project or other capital improvements.

Limited Obligations of the Authority

The Series 2008 Bonds constitute limited obligations of the Authority and have three potential sources of payment. The sources of payment are as follows:

(a) ***Payments Received by the Trustee From the Company Pursuant to the Terms of the Indenture and the Financing Lease***. The Authority has no obligation to pay the Series 2008 Bonds except from the related Trust Estate, including payments derived from the Financing Lease. The Series 2008 Bonds and the interest thereon shall not be deemed to constitute an indebtedness, liability or obligation, legal, moral or otherwise, of the Authority, the State or any political subdivision, agency or instrumentality of the State, including, without limitation, the University. Under the Financing Lease, the Company will be required to make payments (the interest in which the Trustee has received by assignment from the Authority) to the Trustee in amounts sufficient to enable the Trustee to pay the principal of, premium, if any, and interest on the Series 2008 Bonds. The payments are anticipated, however, to be derived solely from the operation of the Project. Furthermore, the Company's ability to meet its obligations under the Financing Lease will depend upon achieving and maintaining certain occupancy levels at the Project throughout the term of the Series 2008 Bonds. No assurance can be made that the Company will generate sufficient revenues from the Project to pay maturing principal of, premium, if any, and interest on the Series 2008 Bonds after payment of operating expenses of the Project.

(b) ***Revenues Received From Operation of the Project by a Receiver Upon a Default Under the Indenture***. It has been the experience of lenders in recent years that attempts to have a receiver appointed to take charge of properties with respect to which loans have been made are frequently met with defensive measures such as the initiation of protracted litigation and the initiation of bankruptcy proceedings. Such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. See "CERTAIN BONDHOLDERS' RISKS-Enforceability of Remedies" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2008 Bonds in accordance with their terms are largely dependent upon payments from the Company described in the preceding paragraph, which is wholly dependent upon the success of the Company in the operation of the Project.

(c) ***Proceeds Realized From the Sale or Lease of the Authority's and the Company's Interest in the Project to a Third Party by the Trustee at or Following Foreclosure by the Trustee of the Leasehold Mortgage and Proceeds Realized From the Liquidation of Other Security for the Series 2008 Bonds***. Debtors frequently employ defensive measures, such as protracted litigation and bankruptcy proceedings, in response to lenders' efforts to foreclose on real property or otherwise to realize upon collateral to satisfy indebtedness which is in default. Such defensive measures can prevent, or greatly increase the expense and time involved in achieving, such foreclosure or other realization. In addition, the Trustee could experience difficulty in selling or leasing the property subject to the Leasehold Mortgage upon foreclosure due to the special purpose nature of a student housing facility and the fact that the University's fee simple interest in the Leased Premises is not subject to or subordinate the lien of the Leasehold Mortgage. Moreover, the proceeds of such sale may not be sufficient to pay fully the owners of the Series 2008 Bonds. See "CERTAIN BONDHOLDERS' RISKS-Liquidation of Security May Not Be Sufficient in the Event of a Default" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2008 Bonds in accordance with their terms are largely dependent upon the payments described in paragraph (a) above, which is wholly dependent upon the success of the Project. Even if the Project is operating in an efficient manner, other factors could affect the Company's ability to make payments under the Financing Lease.

Municipal Bond Insurance

If the Authority should fail to make payment of the principal of or interest on the Series 2008 Bonds when the same shall become due, any owner of Series 2008 Bonds will have recourse against the Bond Insurer for such payments; however, the Bond Insurance Policy does not insure the principal of or interest on the Series 2008 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor does it insure the payment of any redemption premium payable upon the Series 2008 Bonds, and under no circumstances, including the situation in which the interest on the Series 2008 Bonds becomes subject to federal or Alabama income taxation for any reason, may the maturities of the Series 2008 Bonds be accelerated without the consent of the Bond Insurer. Furthermore, so long as the Bond Insurer shall perform its obligations under the Bond Insurance Policy, the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture. If the Bond Insurer should be unable to make payments of and interest on the Series 2008 Bonds, such Series 2008 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Financing Lease. See the heading "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY" herein and APPENDIX "D" attached hereto for more information about the Bond Insurer and the Bond Insurance Policy.

Insolvency of the Bond Insurer

The obligations of the Bond Insurer under the Bond Insurance Policy is a general obligation of the Bond Insurer and ranks equally in priority of payment and in all other respects with all other unsecured obligations of the

Bond Insurer. In the event of insolvency of the Bond Insurer, the Owners of the Series 2008 Bonds would have to depend entirely on the ability of the Company to pay the principal of and interest on the Series 2008 Bonds.

Limited Resources of the Company; Limited Recourse

Other than its ownership of the Project, no representation is made and no assurance can be given that the Company will have substantial revenues or assets which are not pledged for other contractual obligations of the Company. Furthermore, the Series 2008 Bonds are secured only by the operations and assets of the Project. Therefore, timely payment of principal of, premium, if any, and interest on the Series 2008 Bonds will be dependent upon the Company's ability to generate revenues from the Project sufficient to pay its operating expenses and payments under the Financing Lease. If after payment of operating expenses, net revenues are insufficient to pay the debt service on the Series 2008 Bonds, the Company may not have money or assets other than the Project from which to make the payments required under the Financing Lease, and is not obligated to use any such money or assets to make such payments.

No Recourse Against the University

The University will not be liable for the payment of the principal of, premium, if any, or interest on the Series 2008 Bonds, nor shall it be responsible or liable for any other obligations of the Company or the obligations of any other party in connection with the Series 2008 Bonds.

Additional Bonds

Subject to the consent of the Bond Insurer and certain requirements set forth in the Indenture, the Authority has the right to issue Additional Bonds under the Indenture that will be equally and ratably secured on a parity basis with the Series 2008 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 BONDS-ADDITIONAL BONDS" herein and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE -- Additional Bonds" in APPENDIX "B" hereto. **SUCH ADDITIONAL BONDS COULD DILUTE THE SECURITY FOR THE SERIES 2008 BONDS**.

Liquidation of Security May Not Be Sufficient in the Event of a Default

The Project is located on the campus of the University, and may not be suitable for uses other than as a student housing facility. The number of entities that could be expected to purchase or lease the Company's interest in the Project is therefore limited, and thus the ability of the Trustee to realize funds from the sale or lease of such interest upon an event of default may be limited. Such value may be also limited by actual or alleged rights of residents. Any foreclosure proceeding may be subject to substantial delays. The ability of the Trustee to receive funds sufficient to pay the Series 2008 Bonds from any sale or foreclosure of the Authority's interest in the Project may be limited by a number of factors, including the limited operational use of the Project as a student housing facility.

Insurance and Legal Proceedings

The Company will carry property and general liability insurance in amounts required by the Financing Lease. However, there can be no assurance that any current or future claims will not be covered by or exceed applicable insurance coverage. A claim against the Company not covered by, or in excess of, the Company's insurance could have a material adverse effect upon the Company.

Existing Operations and Possible Increased Competition

The student housing industry is highly competitive. Such competition may inhibit the extent to which the Company will be able to raise charges and maintain or increase occupancy. Competing companies may offer newer or different projects or services and may thereby attract residents who are present or potential residents of the Project. The Company or the University may themselves acquire or develop additional student housing facilities which are competitive with the Project.

Governmental Regulation

The housing industry is significantly regulated by the federal and local government. Regulations and conditions affecting the acquisition, development and ownership of residential real estate, including local zoning and land use issues, environmental regulations, the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988 and general conditions in the multifamily residential real estate market, could increase the operating expenses of the Project or could otherwise have a material adverse effect on the financial condition of the Company or the results of its operations.

Required Occupancy Levels and Rents

In order for the Company to generate sufficient revenues to enable it to make the payments in the amounts and at the times required under the Financing Lease, the Project must meet certain assumed occupancy levels and achieve certain assumed rents. The Project's ability to meet will depend significantly upon the levels of student enrollment maintained by the University. There can be no assurance, however, that the University's enrollment will stay at a certain level or that the Project will be able to meet and maintain such required occupancy and rent levels.

Risks of Construction

The cost of construction and completion of Ridgecrest South may be affected by factors beyond the control of the Company, including strikes, material shortages, adverse weather conditions, subcontractor defaults, delays, and unknown contingencies. Completion of Ridgecrest South depends on the construction by the University of a parking facility which will serve as the foundation upon which it will be built. The University has agreed in the Ground Lease to construct and maintain such parking facility and its construction is currently near completion.

Under the Loan Agreement, the University is obligated to loan funds to the Company to the extent necessary to complete construction of the Project.

Cleanup Costs and Liens Under Environmental Statutes

An environmental site assessment (the "Site Assessment") has been conducted with respect to the Project. Any issues identified in the Site Assessment will be subject to remediation. Prospective purchasers of the Series 2008 Bonds may obtain a copy of the Site Assessment from the Underwriter; however, prospective purchasers of the Series 2008 Bonds may not rely upon the findings contained in the Site Assessment or upon any action or undertaking of the Company in connection therewith.

The Company is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the Leased Premises. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the Company could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Leased Premises. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Trustee's lien on behalf of the Bondholders could attach to the Project, which would adversely affect the Trustee's ability to realize value upon foreclosure of the Leasehold Mortgage. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Project under the Indenture, the Trustee and the Bondholders would need to take into account the potential liability of any tenant of the Project, including a tenant by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

Enforceability of Remedies

The Series 2008 Bonds are payable from the Trust Estate, including payments to be made under the Financing Lease and the Indenture. The Series 2008 Bonds and the Company's obligations under the Financing Lease are secured by the Leasehold Mortgage, the Security Agreement, the Indenture, and the Guaranty. The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Bond Documents. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Moreover, the liens and security interests granted and created by the Leasehold Mortgage, the Security Agreement and the Indenture are subject to a prior lien to secure the payment of all fees and expenses of the Trustee. Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the Bond Documents may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Bond Documents. The various legal opinions to be delivered concurrently with the delivery of the Series 2008 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Effect of Determination of Taxability

The Company and the Authority each will covenant not to take any action that would cause the Series 2008 Bonds to be arbitrage bonds or that would otherwise adversely affect the federal income tax status of interest on the Series 2008 Bonds. The Company has also made representations with respect to certain matters within its knowledge which have been relied on by Bond Counsel and which Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Series 2008 Bonds to become subject to federal income taxation retroactively from their date of issuance.

It is possible that a period of time may elapse between the occurrence of the event which causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2008 Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of Series 2008 Bonds are subject to possible adverse tax consequences. See "TAX EXEMPTION" herein.

Actual Results May Differ From Student Housing Study and Cash Flow Forecast

The Student Housing Study and its forecast of future demands included in APPENDIX E hereto and the Cash Flow Forecast and its forecast of future revenues and expenses with respect to the Project are based upon assumptions concerning future events, circumstances and transactions. In addition, the Cash Flow Forecast contained herein only covers the approximate five-year period ending June 30, 2013 and consequently does not cover the entire period during which the Series 2008 Bonds may be outstanding. The achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured. Realization of the results forecasted will depend on the implementation by the Company of policies and procedures consistent with such assumptions. Future results will also be affected by events and circumstances beyond the control of the Company. For the reasons described above, it is likely that the actual results of the Project will be different from the results forecast in the Student Housing Study and the Cash Flow Forecast, and those differences may be material and adverse.

No representation or assurances can be made that revenues will be realized by the Company from the operation of the Project in amounts sufficient to pay maturing principal and interest on the Series 2008 Bonds. Future economic and other conditions, including demand for and services offered by the Project and the ability of the residents of the Project to meet their financial obligations, increased costs, litigation, competition, lower than anticipated revenues, higher than anticipated operating expenses, changes in governmental regulation, loss of federal tax-exempt status, loss of state property tax exemption, changes in demographic trends, changes in the student housing industry and general economic conditions may adversely affect revenues and, consequently, payment of principal and interest. Factors such as increasing maintenance fees which could affect occupancy, differences in interest rates from those expected, competition from other institutions to host summer conferences, and construction costs are all items to which the forecast financial statements are highly sensitive.

The economic feasibility of the Project and the corresponding ability of the Company to pay debt service on the Series 2008 Bonds depends upon the ability of the Company to attract sufficient residents and to maintain substantial occupancy at projected rent levels of the Project throughout the term of the Series 2008 Bonds. The University has in the Ground Lease agreed to (i) treat the Project for all material purposes, including without limitation, marketing and promotional purposes, as a component of the University's housing stock for resident assignments, it being understood that any differential in assignments will be due exclusively to programming strategies of the University, such as Honor's Program, Living Learning Communities, Athletic Programs, and other University student life or academic programs; and (ii) to the maximum extent possible, provide to residents residing at the Project the same services and access it provides to students in its own housing facilities from time to time, including, without limitation, access to the Lessor's computer network and student transportation system. However, there can be no assurance that the levels of occupancy assumed in the Cash Flow Forecast will be obtained or maintained.

Uncertainty of Investment Income

The investment earnings of, and accumulations in, certain funds and accounts established by the Indenture have been estimated and are based on assumed earnings' rates. While these assumptions are believed to be reasonable in view of the rates of return presently available, there is no assurance that similar interest rates will be available on such investments in the future, nor is there any assurance that the potential accumulations assumed will be realized.

Market for the Series 2008 Bonds

There can be no assurance that a secondary market exists, or that the Series 2008 Bonds can be sold for any particular price. Accordingly, a purchaser of the Series 2008 Bonds should recognize that an investment in the Series 2008 Bonds will in all likelihood be illiquid and be prepared to have his or her funds committed until the Series 2008 Bonds mature or are redeemed.

Consequences of Changes in the Company's Tax Status

The Company's sole member (the "Foundation") has obtained a determination letter from the Internal Revenue Service stating that it will be treated as an exempt organization as described in Section 501(c)(3) of the Code and can reasonably be expected not to be classified as a "private foundation." In order to maintain its exempt status and not to be considered a private foundation, the Foundation is subject to a number of requirements affecting its operation. The possible modification or repeal of certain existing federal income tax laws, the change of Internal Revenue Service policies or positions, the change in the Foundation's method of operations, purposes or character or other factors could result in loss by the Company of its tax-exempt status.

The Company and the Foundation have covenanted to remain eligible for such tax-exempt status and to avoid operating the Project as an unrelated trade or business (as determined by applying Section 512(a) of the Code). Failure of the Project to remain so qualified or of the Company so to operate the Project could affect the funds available to the Company for payments under the Financing Lease by subjecting the Company to federal income taxation and could result in the loss of the excludability of interest on the Series 2008 Bonds from gross income for purposes of federal income taxation. See "Effect of Determination of Taxability" above.

Taxation of Bonds

An opinion of Bond Counsel has been obtained as described under "TAX EXEMPTION" herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2008 Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading "TAX EXEMPTION." Failure by the Authority, the Company or the Company to comply with certain provisions of the Code and covenants contained in the Indenture and the Financing Lease could result in interest on the Series 2008 Bonds becoming includible in gross income for federal tax purposes.

An opinion of Bond Counsel will be obtained regarding the exemption of interest on the Series 2008 Bonds from certain taxation by the State of Alabama, as described under "TAX EXEMPTION" herein. Bond Counsel has not opined as to whether interest on the Series 2008 Bonds is subject to state or local income taxation in jurisdictions other than Alabama. Interest on the Series 2008 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Alabama under applicable state or local laws. Each purchaser of the Series 2008 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2008 Bonds in a particular state or local jurisdiction.

LITIGATION

The Authority

There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that restrains or enjoins the issuance or delivery of the Series 2008 Bonds or questions or affects the validity of the Series 2008 Bonds or the proceedings and authority under which they are to be issued. To the Authority's knowledge, 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 or questioned. There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that in any manner questions the right of the Authority to enter into the Indenture or the Financing Lease or to secure the Series 2008 Bonds in the manner provided in the Indenture.

The Company and the Foundation

There is no litigation now pending or threatened against the Company or the Foundation, of which the Company or the Foundation has knowledge, that in any manner questions the right of the Company to enter into or perform its obligations under the Ground Lease, the Ground Sublease, the Financing Lease, the Leasehold Mortgage, or the Security Agreement or that individually or in the aggregate would adversely affect the operations of the Project or of the Company, financial or otherwise.

CONFLICTS OF INTERESTS; RELATIONSHIPS

Regions Financial Corporation owns Regions Bank, the Trustee, and Morgan Keegan & Company, Inc., the Underwriter. John Russell Thomas is both a member of the Board of Directors of the Foundation and a an emeritus member of the Board of Trustees of the University of Alabama System.

TAX EXEMPTION

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2008 Bonds will be excludable from gross income for federal income tax purposes if the Authority and the Company comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), that must be satisfied subsequent to the issuance of the Series 2008 Bonds in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2008 Bonds to be included in gross income, retroactive to the date of issuance of the Series 2008 Bonds. The Authority and the Company have covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2008 Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2008 Bonds other than the opinions expressed in the two preceding paragraphs. The form of Bond Counsel's opinion is expected to be substantially as set forth in APPENDIX C to this Official Statement.

Prospective purchasers of the Series 2008 Bonds should be aware that ownership of the Series 2008 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad

Retirement benefits, certain S corporations with “excess net passive income”, foreign corporations subject to a branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2008 Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2008 Bonds should consult their tax advisors as to collateral federal income tax consequences.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2008 Bonds will be exempt from State of Alabama income taxation.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2008 Bond, to the extent properly allocable to each owner of such Series 2008 Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2008 Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2008 Bonds of such maturity were sold.

Under Section 1288 of the Internal Revenue Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2008 Bond during any accrual period generally equals (i) the issue price of such Series 2008 Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2008 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2008 Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in such Series 2008 Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2008 Bond will be treated as gain from the sale or exchange of such Series 2008 Bond.

UNDERWRITING

The Authority is offering the Series 2008 Bonds through Morgan Keegan & Company, Inc., Memphis, Tennessee (the “Underwriter”), pursuant to a Bond Purchase Agreement. The obligation of the Underwriter to sell the Series 2008 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter is purchasing the Series 2008 Bonds and intends to offer the Series 2008 Bonds to the original purchasers thereof at the offering prices set forth on the cover page of this Official Statement, which offering price may subsequently be changed without any requirement of prior notice. The Underwriter will purchase the Series 2008 Bonds at a purchase price of $97,152,056.90 (representing the principal amount thereof less (i) an underwriter’s discount of $1,028,710.40, and (ii) original issue discount in the amount of $2,279,232.70). The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2008 Bonds. The Underwriter may offer and sell Series 2008 Bonds to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts and/or commissions that may be received by such dealers in connection with the sale of the Series 2008 Bonds will be deducted from the Underwriter’s discount.

The Company will agree to indemnify the Underwriter against certain civil liabilities, including certain liabilities under federal securities laws. Under existing statutes, regulations, and court decisions, the enforceability of such an agreement to indemnify is uncertain.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,”, “anticipate” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A—"THE PROJECT" and APPENDIX E—"STUDENT HOUSING STUDY."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE LESSSEE DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH FORWARD-LOOKING STATEMENTS ARE BASED OCCUR.

RATING OF THE SERIES 2008 BONDS

Standard & Poor's Ratings Group ("S&P") is expected to assign the 2008 Bonds a rating of "AAA," based on the understanding that upon delivery of the 2008 Bonds, the Bond Insurance Policy, insuring the payment when due of the principal and interest on the 2008 Bonds, will be issued by the Bond Insurer. In addition, S&P has assigned the underlying rating of "A-" to the Series 2008 Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from S&P at the following address: 55 Water Street, New York, NY 10041, (212) 208-8000. An explanation of the significance of such ratings may be obtained S&P. S&P was furnished with the information contained in a preliminary form of this Official Statement and other information. Generally, ratings agencies base their rating on such materials and information, as well as their own investigation, studies and assumptions. The ratings reflect only the view of S&P and neither the Company, the Authority, nor the Underwriter makes any representation as to the appropriateness of the ratings.

There is no assurance that such rating will continue for any given period of time or that it will not be revised downward, suspended, or withdrawn entirely by S&P, if in the judgment of S&P, circumstances warrant. Any such downward revision, suspension, or withdrawal of such rating may have an adverse affect on the market price of the Series 2008 Bonds. Each of the Rating Agencies has released statements on the potential effects of downturns in the market for structured finance instruments, including collateralized debt obligations and residential mortgage backed securities, on the claims-paying ability of the bond insurance companies, including the Bond Insurer. In various releases, the Rating Agencies have each outlined the processes that they intend to follow in evaluating the effect of this risk on their respective ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a ratings affirmation, a change in rating outlook, a review for downgrade, or a downgrade. Potential investors are directed to the Rating Agencies for additional information on their respective evaluations of the financial guaranty industry and individual financial guarantors. See "THE BOND INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY" herein.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series 2008 Bonds will be subject to the approving opinion of Maynard, Cooper & Gale, P.C., Birmingham, Alabama, Bond Counsel, the form of which is included as APPENDIX C hereto. Certain legal matters will be passed on for the Authority by its counsel, Shields & Gunter PC, for the Company by its counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama, for the University by its Office of Counsel, and for the Underwriter by its counsel, Hand Arendall LLC, Mobile, Alabama.

The various legal opinions to be delivered concurrently with the delivery of the Series 2008 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CONTINUING DISCLOSURE

The Company will agree to provide such information as may be required by the provisions of Rule 15c2-12, and neither the Trustee, the University, nor the Authority will undertake any responsibility with respect to continuing disclosure under Rule 15c2 12. The Company has never failed to comply in all material respects with any previous undertaking with regard to Rule 15c2-12 to provide annual reports or notices of material events.

Annual Financial Information Disclosure

Following the issuance of the Series 2008 Bonds, until the Series 2008 Bonds shall have been paid in full, the Company will agree to undertake to, and will be required to, provide annually to any Bondholder who specifically requests in writing receipt of the foregoing, and to the Trustee, each NRMSIR, and any SID,

(i) within forty-five (45) days after the end of each Fiscal Year ending on or after September 30, 2009:

(a) financial information and operating data of the general type included in this Official Statement for the Series 2008 Bonds, consisting of the information under the heading "THE PROJECT;" specifically including, without limitation, (a) the then current contract rates for Ridgecrest North and Ridgecrest South and the contract rates established by the Company for Ridgecrest North and Ridgecrest South for the following academic year, and (b) the average occupancy rate for Ridgecrest North and Ridgecrest South for the most recently completed academic year;

(b) total student enrollment for the University at the commencement of then current academic year; and

(c) the annual budget required to be furnished pursuant to the terms of the Financing Lease (see "SUMMARIES OF PRINCIPAL BOND DOCUMENTS—The Financing Lease—Annual Budget" in APPENDIX B herein); and

(ii) within six (6) months after the end of each Fiscal Year ending on or after September 30, 2009, audited financial statements of the Project, if then available.

Any financial statements so to be provided shall be (a) prepared in accordance with generally accepted accounting principles for non-profit corporations consistently applied, and such other accounting principles approved by an Accountant, and (b) audited as required by the Financing Lease. If one or more of the audits of such financial statements is not complete within such period, then the Company will be required to provide unaudited financial statements for the Project, within the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements shall become available.

If the Company shall change the Fiscal Year, the Company will be required to notify the Trustee, each NRMSIR, and any SID in writing of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Company otherwise would be required to provide financial information and operating data pursuant to the Financing Lease.

The financial information and operating data so required to be provided may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC. Copies of such information and operating data will be required to be furnished to the Authority at the same time the information and data are furnished to the Trustee, any NRMSIR, or any SID.

Events Disclosure

The following are the events with respect to the Series 2008 Bonds subject to the provisions of Rule 15c2 12, which the Company must agree to disclose in a timely manner pursuant to Rule 15c2 12, if "material" under applicable federal securities laws and regulations promulgated thereunder:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults;

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

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

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

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Series 2008 Bonds;

(vii) Modifications to rights of holders of the Series 2008 Bonds;

(viii) Series 2008 Bond calls;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Series 2008 Bonds; and

(xi) Rating changes.

The Company will be required, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in the immediately preceding paragraph, to notify the Trustee of such event and provide all information in the format required to satisfy the requirements of Rule 15c2 12. Further, the Company will be required to provide, in a timely manner, notice of any failure by the Company or the Company to provide audited financial statements, financial information, and operating data in accordance with subsection (a)(1) hereof to each NRMSIR and any SID. If the Company shall deem any of the events enumerated in the immediately preceding paragraph as not material, it will nonetheless be required to file a notice of the occurrence of such event with the Trustee and to provide the Trustee with such notice an opinion of counsel experienced in federal securities matters to the effect that dissemination of the occurrence of the event deemed not material is not required under Rule 15c2 12.

Additional Information

The Company will not be obligated to provide additional or more frequent information than is described above. The Company may, however, elect to disseminate other information, using the means of dissemination described above or any other means of communication, or include other information in any annual financial information or event disclosure in addition to that required by the Financing Lease.

Failure to Comply

UNDER NO CIRCUMSTANCES WILL THE COMPANY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2008 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE COMPANY WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT DESCRIBED UNDER THIS HEADING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH WILL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Company in observing or performing its obligations described under this heading will comprise a breach of or default under the Financing Lease for purposes of any other provision thereof.

MISCELLANEOUS

The Company has furnished the information contained in this Official Statement relating to itself and certain information relating to the Project. The Authority has furnished only the information contained in this Official Statement relating to itself under the headings "THE AUTHORITY" and "LITIGATION." The University has furnished the information contained in this Official Statement relating to itself and certain information relating to the Project. The Bond Insurer has furnished the information contained in this Official Statement under the heading "BOND INSURANCE AND THE FINANCIAL GUARANTY INSURANCE POLICY." The Underwriter has furnished the information contained in this Official Statement under the heading "UNDERWRITING" and has furnished the information with respect to the public offering prices of the Series 2008 Bonds contained on the cover page of this Official Statement.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2008 Bonds.

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The Authority and the Company have duly authorized the distribution of this Official Statement in connection with the offering of the Series 2008 Bonds.

THE PUBLIC EDUCATIONAL BUILDING
AUTHORITY OF THE CITY OF TUSCALOOSA

By /s/ *W. David Ryan*
W. David Ryan, Chairman

RIDGECREST STUDENT HOUSING, LLC

By /s/ *Lynda Gilbert*
Lynda Gilbert, Manager of the Company

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APPENDIX A

THE PROJECT

Description of the Project

The Project is located on the University campus and will consist of two separate student housing communities, one with two separate four (4) story buildings on one site containing one hundred and sixty-eight (168) student housing units (631 beds) ("Ridgecrest North") and the other with two separate five (5) story buildings connected on the first floor on another site, all of which shall be situated on top of a University owned parking structure and will contain two hundred and sixty-two (262) student housing units (962 beds) ("Ridgecrest South") which altogether will have 430 units (1593 beds).

Ridgecrest North

Ridgecrest North was completed in 2007 and commenced operations in August, 2007. It is located on 5.05 acres on The University of Alabama campus south of Palmer Lake, north of Ferguson Parking Deck and West of McCorvey Drive. It is comprised of two buildings that offer a configuration of suites for a total of 248,406 GSF. The architectural style of the buildings complements the largely Georgian campus buildings and is modeled on the Riverside Residential Community and the Lakeside Residential Community that were built by the University in the same area of campus. Like those communities, the two buildings of Ridgecrest North are 4-story wood construction with shingle roofs, brick and stucco exteriors, and divided-light windows. Ridgecrest North has views overlooking the recently re-developed Palmer Lake, which includes a fountain and new landscaping. Accessible sidewalks surrounding the lake provide a scenic path for residents of Ridgecrest North to reach the new Lakeside Dining Facility.

The program for the Ridgecrest North calls for single occupancy bedrooms. It includes 156 four-bedroom units, with a shared living room, a kitchenette and bathroom facilities. There is also one two-bedroom unit, also with a shared living room, kitchenette and bathroom. Residents will have their own closet located within their bedroom, and each suite will share an additional storage closet accessible from the corridor. There are also eight 2-bedroom units for resident advisors, two 2-bedroom units for faculty-in-residence and one 1-bedroom for a graduate assistant. There are accessible units available in each of the suite configurations to accommodate residents with disabilities. All of the units and the corridors are carpeted to provide welcoming living space as well as to supply additional sound buffering between the floors. Each floor also has shared common lounge spaces and study rooms, and either a community kitchen or laundry room, which are located on alternating floors. Each building includes a computer lab and a vending area.

The average occupancy rate for Ridgecrest North for the 2007-2008 academic year was 97.4% and the occupancy rate at the beginning of the 2008-2009 academic year was 99%.

A summary of the unit configurations and rents charged for 2008-2009 for Ridgecrest North is as follows:

Unit Type	*Number of Units*	*Beds Per Unit*	*Number of Beds*	*Per Bed Contract Rates for 2008-2009 (9 Months)*
Faculty-in-Residence	2	2	4	$13,600
Graduate Assistants	1	1	1	$6800

Resident Assistant Units	8	2	16	$6200
2 Person Shared Suite	1	2	2	$6800
4 Person Shared Suite	152	4	608	$6200
Total	168		631	

Ridgecrest South

Ridgecrest South is currently under construction and is expected to be completed in 2009 and available for occupancy in August, 2009. Ridgecrest South is being built as a 5-story, 345,425 GSF residential facility upon a new 425,019 GSF 950 car parking structure. The parking structure is being built and funded by the University on 3.24 acres. Ridgecrest South will include 220 units with a primary configuration of an apartment style with a living room, kitchenette, two bathrooms and four bedrooms per unit. It will also include 38 two-person shared suites, 2 one-bedroom units, two faculty-in-resident units with two bedrooms, and two graduate assistant units with 1 bedroom.

In order to make best use of the site, the parking structure is being built into a hillside and the new housing will be constructed on top of the deck. The site is planned so that the ground floor of the housing will match the grade level along the eastern side of the site; therefore, the parking structure will not be visible from the east.

The appearance of Ridgecrest South will be in keeping with the typical Georgian style of the campus and the surrounding residential buildings. While the construction method varies from that of the nearby residential communities, the overall architectural is intended to blend with the others. The brick and stucco exterior finishes, divided-light windows, and shingled roofs have been selected to complement the neighboring buildings.

Ridgecrest South also will include outdoor spaces surrounding the new buildings. Because it is to be constructed on top of the parking structure, these outdoor spaces will be developed as urban plazas and will have a variety of seating options, paving patterns and tree planters. Also, a portion of the urban plazas will be planned for active recreation such as volleyball. Indoor amenities include multi-purpose spaces for Housing and Residential Communities programming, and media and game rooms for casual student gatherings. Residents will also have access to community kitchens, laundry rooms, and vending spaces.

A summary of the unit configurations and rents expected to be charged for 2009-2010 for Ridgecrest South is as follows:

	Number of Units	***Beds Per Unit***	***Number of Beds***	***Projected Per Bed Contract Rates for 2009-2010***
Faculty-in-Residence	2	2	4	$13,600
Graduate Assistants	2	1	2	$6800
2 Person Shared Suite	38	2	76	$7600

4 Person Shared Suite	220	4	880	$6950
Total	262		962	

While no on-site parking is provided to the residents for Ridgecrest North and Ridgecrest South, residents are provided parking permits that allow them to park in designated zones on campus which are in proximity to the Project. A portion of the parking garage lying beneath Ridgecrest South will be designated as such a zone but will not be sufficient to all of the residents of Ridgecrest South.

Existing On-Campus Student Housing

Included below is an overview of the student housing that currently exists on the campus of the University. At the beginning of the 2008-2009 academic year, the occupancy rate for the student housing that currently exists on the campus of the University was 94.8%. The University's current plans are to demolish Palmer and Somerville facilities by 2010 thereby eliminating the 209 beds that they collectively provide.

Riverside East

Location:	706 Riverside Lane, Tuscaloosa, AL 35401
Size:	148,719 sq. ft.
Style:	Apartment - 299 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	2005
Air Conditioning/Heat:	High Efficiency / Heat Pump
Student Cost:	$3,525/semester for single occupancy one bedroom; $3,400/semester per bed for double occupancy; $3,100/semester for four bedroom for quad occupancy.
Current Occupancy:	100%
Maximum Occupancy:	299
Bathrooms:	Two bathrooms per unit

Riverside North

Location:	702 Riverside Lane, Tuscaloosa, AL 35401
Size:	176,443 sq. ft.
Style:	Apartment - 363 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	2005
Air Conditioning/Heat:	High Efficiency / Heat Pump
Student Cost:	$3,525/semester for single occupancy one bedroom; $3,400/semester per bed for double occupancy; $3,100/semester for four bedroom for quad occupancy.
Current Occupancy:	99.7%
Maximum Occupancy:	363
Bathrooms:	Two bathrooms per unit

Riverside West

Location:	703 Riverside Lane, Tuscaloosa, AL 35401
Size:	148,334 sq. ft.
Style:	Apartment - 299 bedrooms - Single Occupancy, Double Occupancy

When Constructed:	2005
Air Conditioning/Heat:	High Efficiency / Heat Pump
Student Cost:	$3,525/semester for single occupancy one bedroom; $3,400/semester per bed for double occupancy; $3,100/semester for four bedroom for quad occupancy.
Current Occupancy:	99.7%
Maximum Occupancy:	299
Bathrooms:	Two bathrooms per unit

Lakeside East

Location:	150 McCorvey Drive, Tuscaloosa, AL 35401
Size:	104,142 sq. ft.
Style:	Apartment - 235 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	2006
Air Conditioning/Heat:	High Efficiency / Heat Pump
Student Cost:	$3,525/semester for single occupancy one bedroom; $3,400/semester per bed for double occupancy; $3,100/semester for four bedroom for quad occupancy.
Current Occupancy:	99.2%
Maximum Occupancy:	235
Bathrooms:	Two bathrooms per unit

Lakeside West

Location:	151 McCorvey Drive, Tuscaloosa, AL 35401
Size:	127,470 sq. ft.
Style:	Apartment - 301 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	2006
Air Conditioning/Heat:	High Efficiency / Heat Pump
Student Cost:	$3,525/semester for single occupancy one bedroom; $3,400/semester per bed for double occupancy; $3,100/semester for four bedroom for quad occupancy.
Current Occupancy:	98.7%
Maximum Occupancy:	301
Bathrooms:	Two bathrooms per unit

Bryant

Location:	525 DeVotie Drive, Tuscaloosa, AL 35401
Size:	67,188 sq. ft.
Style:	Apartment - 159 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	2006
Air Conditioning/Heat:	High Efficiency / Heat Pump
Student Cost:	$3,525/semester for single occupancy one bedroom; $3,400/semester per bed for double occupancy; $3,100/semester for four bedroom for quad occupancy.
Current Occupancy:	92.4%
Maximum Occupancy:	159
Bathrooms:	Two bathrooms per unit

The Bluff

Location:	425 7th Avenue, Tuscaloosa, AL 35404
Size:	sq. ft.
Style:	Apartment - 100 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	2008
Air Conditioning/Heat:	High Efficiency / Heat Pump
Student Cost:	$3,400/semester per bed for double occupancy; $3,100/semester for three bedroom triple occupancy.
Current Occupancy:	98%
Maximum Occupancy:	100
Bathrooms:	Two bathrooms per unit

Tutwiler

Location:	901 Paul W. Bryant Drive, Tuscaloosa, AL 35401
Size:	262,181 sq. ft.
Style:	Apartment - 1061 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1968
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	94.8%
Maximum Occupancy:	1061
Bathrooms:	Central Facilities

Friedman

Location:	956 Presidential Circle, Tuscaloosa, AL 35401
Size:	38,212 sq. ft.
Style:	Apartment - 116 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1951
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	88.8%
Maximum Occupancy:	116
Bathrooms:	Central Facilities

Palmer

Location:	800 2nd Street, Tuscaloosa, AL 35401
Size:	28,638 sq. ft.
Style:	Apartment - 103 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1958
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	43.7%
Maximum Occupancy:	103
Bathrooms:	Central Facilities

Paty

Location:	210 McCorvey Drive, Tuscaloosa, AL 35401
Size:	122,569 sq. ft.
Style:	Apartment - 486 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1962
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	92.6%
Maximum Occupancy:	486
Bathrooms:	Central Facilities

Somerville

Location:	810 2nd Street, Tuscaloosa, AL 35401
Size:	28,638 sq. ft.
Style:	Apartment - 106 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1956
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	87.7%
Maximum Occupancy:	106
Bathrooms:	Central Facilities

Burke East

Location:	920 Hackberry Lane, Tuscaloosa, AL 35401
Size:	76,168 sq. ft.
Style:	Apartment - 241 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1962
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	97%
Maximum Occupancy:	241
Bathrooms:	Central Facilities

Burke West

Location:	922 6th Avenue, Tuscaloosa, AL 35401
Size:	76,167 sq. ft.
Style:	Apartment - 289 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1962
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	97.6%
Maximum Occupancy:	289
Bathrooms:	Central Facilities

Parham

Location:	921 6th Avenue, Tuscaloosa, AL 35401
Size:	151,655 sq. ft.
Style:	Apartment - 229 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1963
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	93%
Maximum Occupancy:	229
Bathrooms:	Central Facilities

Harris

Location:	745 Colonial Drive, Tuscaloosa, AL 35401
Size:	40,100 sq. ft.
Style:	Apartment - 189 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1939
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	96.8%
Maximum Occupancy:	189
Bathrooms:	Central Facilities

Parker-Adams

Location:	619 8th Street, Tuscaloosa, AL 35401
Size:	32,012 sq. ft.
Style:	Apartment - 112 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1947
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	95.5%
Maximum Occupancy:	112
Bathrooms:	Central Facilities

New Hall

Location:	800 Sorority Circle, Tuscaloosa, AL 35401
Size:	41,467 sq. ft.
Style:	Apartment - 40 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1935
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	82.5%
Maximum Occupancy:	40
Bathrooms:	Central Facilities

Byrd

Location:	629 8th Street, Tuscaloosa, AL 35401
Size:	32,012 sq. ft.
Style:	Apartment – 122 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1947
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$2,350/semester for single occupancy one bedroom; $2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	94.3%
Maximum Occupancy:	122
Bathrooms:	Central Facilities

AKA House

Location:	810 Colonial Drive, Tuscaloosa, AL 35401
Size:	5,512 sq. ft.
Style:	Apartment - 16 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1999
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	68.7%
Maximum Occupancy:	16
Bathrooms:	Four bathrooms per unit

A-Lambda Sigma Phi

Location:	420 Smithwoods Circle, Tuscaloosa, AL 35401
Size:	5,012 sq. ft.
Style:	Apartment - 20 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1990
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	75%
Maximum Occupancy:	20
Bathrooms:	Four bathrooms per unit

B-Alpha Phi Alpha

Location:	410 Smithwoods Circle, Tuscaloosa, AL 35401
Size:	5,012 sq. ft.
Style:	Apartment - 20 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1990
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	50%
Maximum Occupancy:	20
Bathrooms:	Four bathrooms per unit

C-Sigma Pi

Location:	430 Smithwoods Circle, Tuscaloosa, AL 35401
Size:	5,012 sq. ft.
Style:	Apartment - 20 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1990
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	55%
Maximum Occupancy:	20
Bathrooms:	Four bathrooms per unit

D-Delta Sigma Theta

Location:	400 Smithwoods Circle, Tuscaloosa, AL 35401
Size:	5,012 sq. ft.
Style:	Apartment - 20 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1990
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	45%
Maximum Occupancy:	20
Bathrooms:	Four bathrooms per unit

E-Theta Tau

Location:	440 Smithwoods Circle, Tuscaloosa, AL 35401
Size:	5,012 sq. ft.
Style:	Apartment - 20 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1990
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	45%
Maximum Occupancy:	20
Bathrooms:	Four bathrooms per unit

F-Rotary International House

Location:	450 Smithwoods Circle, Tuscaloosa, AL 35401
Size:	5,012 sq. ft.
Style:	Apartment - 20 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1990
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,050/semester per bed for double occupancy; $3,075/semester for private occupancy.
Current Occupancy:	25%
Maximum Occupancy:	20
Bathrooms:	Four bathrooms per unit

Blount Hall

Location:	901 2nd Street, Tuscaloosa, AL 35401
Size:	64,234 sq. ft.
Style:	Apartment - 187 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	2000
Air Conditioning/Heat:	Central Supplied Heat Pump
Student Cost:	$2,575/semester per bed for double occupancy; $3,875/semester for private occupancy.
Current Occupancy:	82.3%
Maximum Occupancy:	187
Bathrooms:	Four bathrooms per unit

Rose Towers

Location:	140 Hackberry Lane, Tuscaloosa, AL 35401
Size:	293,870 sq. ft.
Style:	Apartment – 1002 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1969
Air Conditioning/Heat:	Individual Heat Pumps
Student Cost:	$2,650/semester for single occupancy one bedroom; $2,225/semester per bed for double occupancy.
Current Occupancy:	79.9%
Maximum Occupancy:	1002
Bathrooms:	Four bathrooms per unit

The Highlands

Location:	145 Hackberry Lane, Tuscaloosa, AL 35401
Size:	73,653 sq. ft.
Style:	Apartment - 270 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1990
Air Conditioning/Heat:	Heat Pumps
Student Cost:	$3,250/semester for single occupancy one bedroom; $2,325/semester per bed for double occupancy.
Current Occupancy:	80.4%
Maximum Occupancy:	270
Bathrooms:	Four bathrooms per unit

Bryce Lawn

Location:	Bryce Lawn Drive, Tuscaloosa, AL 35401
Size:	94,080 sq. ft.
Style:	Apartment - 307 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1994
Air Conditioning/Heat:	Heat Pumps
Student Cost:	$3,250/semester for single occupancy one bedroom; $2,325/semester per bed for double occupancy.
Current Occupancy:	71%
Maximum Occupancy:	307
Bathrooms:	Three and a half bathrooms per unit

Ninth Street

Location:	406 9th Street, Tuscaloosa, AL 35401
Size:	2,696 sq. ft.
Style:	Apartment - 6 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1960s
Air Conditioning/Heat:	Heat Pumps
Student Cost:	$575/month for single occupancy one bedroom; $700/month per bed for double occupancy.
Current Occupancy:	83.3%
Maximum Occupancy:	6
Bathrooms:	One bathroom per unit

Crimson Towers

Location:	820 4th Avenue, Tuscaloosa, AL 35401
Size:	23,668 sq. ft.
Style:	Apartment - 48 bedrooms - Single Occupancy, Double Occupancy
When Constructed:	1976
Air Conditioning/Heat:	Heat Pumps
Student Cost:	$550/month for single occupancy one bedroom; $675/month per bed for double occupancy.
Current Occupancy:	60.4%
Maximum Occupancy:	48
Bathrooms:	One bathroom per unit

Jones Hall

Location:	999 Presidential Circle, Tuscaloosa, AL 35401
Size:	13,012 sq. ft.
Style:	Apartment - 12 bedrooms - Single Occupancy Unfurnished / Furnished, Double Occupancy Unfurnished / Furnished
When Constructed:	1939
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$650/month for single occupancy one bedroom; $725/month for single occupancy one bedroom furnished; $775/month per bed for double occupancy; $875/month per bed for double occupancy furnished.
Current Occupancy:	100%
Maximum Occupancy:	12
Bathrooms:	One bathroom per unit

Lewis Hall

Location:	985 Presidential Circle, Tuscaloosa, AL 35401
Size:	13,012 sq. ft.
Style:	Apartment - 12 bedrooms - Single Occupancy Unfurnished / Furnished, Double Occupancy Unfurnished / Furnished
When Constructed:	1939
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	\$650/month for single occupancy one bedroom; \$725/month for single occupancy one bedroom furnished; \$775/month per bed for double occupancy; \$875/month per bed for double occupancy furnished.
Current Occupancy:	92%
Maximum Occupancy:	12
Bathrooms:	One bathroom per unit

Lupton Hall

Location:	975 Presidential Circle, Tuscaloosa, AL 35401
Size:	13,012 sq. ft.
Style:	Apartment - 12 bedrooms - Single Occupancy Unfurnished / Furnished, Double Occupancy Unfurnished / Furnished
When Constructed:	1939
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	\$650/month for single occupancy one bedroom; \$725/month for single occupancy one bedroom furnished; \$775/month per bed for double occupancy; \$875/month per bed for double occupancy furnished.
Current Occupancy:	75%
Maximum Occupancy:	12
Bathrooms:	One bathroom per unit

Powers Hall

Location:	955 Presidential Circle, Tuscaloosa, AL 35401
Size:	13,012 sq. ft.
Style:	Apartment - 12 bedrooms - Single Occupancy Unfurnished / Furnished, Double Occupancy Unfurnished / Furnished
When Constructed:	1939
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	\$650/month for single occupancy one bedroom; \$725/month for single occupancy one bedroom furnished; \$775/month per bed for double occupancy; \$875/month per bed for double occupancy furnished.
Current Occupancy:	83.3%
Maximum Occupancy:	12
Bathrooms:	One bathroom per unit

Clayton Hall

Location:	995 Presidential Circle, Tuscaloosa, AL 35401
Size:	13,012 sq. ft.
Style:	Apartment - 12 bedrooms - Single Occupancy Unfurnished / Furnished, Double Occupancy Unfurnished / Furnished
When Constructed:	1939
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$650/month for single occupancy one bedroom; $725/month for single occupancy one bedroom furnished; $775/month per bed for double occupancy; $875/month per bed for double occupancy furnished.
Current Occupancy:	100%
Maximum Occupancy:	12
Bathrooms:	One bathroom per unit

Wyman Hall

Location:	999 Presidential Circle, Tuscaloosa, AL 35401
Size:	13,012 sq. ft.
Style:	Apartment - 12 bedrooms - Single Occupancy Unfurnished / Furnished, Double Occupancy Unfurnished / Furnished
When Constructed:	1939
Air Conditioning/Heat:	Chilled Water/Boiler Supplied Fan Coil Units
Student Cost:	$650/month for single occupancy one bedroom; $725/month for single occupancy one bedroom furnished; $775/month per bed for double occupancy; $875/month per bed for double occupancy furnished.
Current Occupancy:	92%
Maximum Occupancy:	12
Bathrooms:	One bathroom per unit

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APPENDIX B

SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS

The following summaries of certain of the Bond Documents do not purport to be comprehensive or definitive statements of the provisions of such Bond Documents and prospective purchasers of the Series 2008 Bonds are referred to the complete texts of such documents, copies of which are available upon request from the Underwriter prior to the issuance and delivery of the Series 2008 Bonds and from the Trustee after the issuance and delivery of the Series 2008 Bonds.

DEFINITIONS

As used herein, the following terms shall have the meanings hereby assigned thereto:

"Additional Bonds" means a series of Bonds issued at any time and from time to time by the Authority pursuant to the Indenture for the purpose of financing (i) the costs of completing the Improvements, (ii) the costs of making such additions or alterations to the Improvements as the Company may deem necessary or desirable and as will not impair the nature of the Improvements as student housing facilities, (iii) to refund any Bonds, and (iv) in each such case, the costs of the issuance and sale of the Additional Bonds and capitalized or funded interest for such period and such other costs recently related to the financing as shall be agreed upon by the Company and the Authority.

"Additional Rental Payments" means additional payments made by the Company (a) to the Trustee for its acceptance fee, other normal fees, charges and expenses of the Trustee and any amount to which the Trustee may be entitled under the Indenture, (b) to the Authority for its reasonable expenses incurred in connection with the transactions contemplated by the Indenture and (c) to the Trustee under certain circumstances described in Section 8.1 of the Indenture.

"Air Space" means that certain portion of the air space located above the parking deck facilities situated on the Ridgecrest South Land.

"Annual Debt Service" means, when used with respect to any Fiscal Year, the aggregate amount of principal and interest payable on all Outstanding Bonds during such Fiscal Year; provided, that for purposes of determining Annual Debt Service:

(1) the principal amount of Bonds required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year in which such principal matures;

(2) with respect to Bonds bearing interest at a variable rate, the amount of interest payable during any period for which the actual rate cannot be determined shall (except as otherwise provided in paragraph (3) below with respect to Tender Bonds) be projected using the maximum interest rate in effect with respect to such Bonds during the preceding 12 months or, if Annual Debt Service is being calculated in connection with the issuance of Additional Bonds, the Index Rate; and

(3) with respect to any series of Bonds (or portion of a series) constituting Tender Bonds, the debt service payable on such Bonds after the next Tender Date shall be projected assuming (i) that the principal of such Bonds matures over a term equal to the lesser of 25 years or the period beginning on the next Tender Date and ending on the final stated maturity date of such Bonds (counting a fraction of a year as a whole year), (ii) that the principal of such Bonds bears interest at the Index Rate, and (iii) that debt service on such Bonds is payable in equal annual installments sufficient to pay both principal and interest.

"Approved Plans" means those certain plan and specifications for the Ridgecrest South Facilities and the Parking Improvements approved by the University and the Foundation.

"Balloon Bonds" means any series of Bonds 25% or more of the original principal amount of which mature during any twelve-month period.

"Basic Rental Payment" means payments by the Company to the Trustee, for the account of the Authority, at times and in amounts set forth in the Lease Agreement for the payment of interest and principal on, or the redemption of, the Series 2008 Bonds.

"Bond" means shall mean any bond issued pursuant to the Indenture, including the Series 2008 Bonds and any Additional Bonds.

"Bond-Financed Facilities" means the Ridgecrest North Facilities, the Ridgecrest South Facilities and the Leased Premises.

"Bond Register" means the register or registers for the registration and transfer of Bonds maintained by the Authority pursuant to the Indenture.

"Common Areas" means the areas designated as "Common Areas" on the Approved Plans.

"Debt Service" means the principal, premium (if any) and interest payable on the Bonds.

"Debt Service Coverage Ratio" means the ratio (expressed as a percentage) of Net Revenues to Annual Debt Service for the Fiscal Year in question as of the date of computation.

"Debt Service Fund" means that certain special trust fund established under the Indenture for the purpose of paying interest on the designated series of Bonds from time to time until such proceeds are exhausted.

"Event of Default" means the occurrence of an event of default, as therein defined, under the Indenture, the Lease Agreement or any other bond document contemplated by the Indenture, and the expiration of the applicable grace period, if any, specified therein.

"Fiscal Year" means the fiscal year of the Company, as established from time to time

"GAAP" means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accounts or those principles of accounting that have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented and amended.

"Holders" means, when used with respect to any Bond, the person in whose name such Bond is registered in the Bond Register.

"Improvements" means all buildings and structures now or hereafter located on the Ridgecrest North Land and in the Air Space.

"Index Rate" means, when used with respect to the determination of Annual Debt Service, the "Bond Buyer Revenue Bond Index" rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Company that is within thirty days prior to the date of such determination; provided, however, that if *The Bond Buyer* (or a successor publication) ceases to publish such rate, the Index Rate shall be established by an independent nationally recognized securities dealer selected by the Company and acceptable to the Trustee, shall be established on any date selected by the Company that is within thirty days prior to the date of such determination, and shall be the rate that would cause 30-year tax-exempt obligations of the Company to trade at par, taking into account relevant market conditions and credit rating factors as they exist on the date the Index Rate is so established.

“Land” means, collectively, the Ridgecrest North Land and the Ridgecrest South Land.

“Leased Premises” means the Ridgecrest North Land, together with the Air Space.

“Management Fees” means the fee to be paid to the University for managing the Bond-Financed Facilities pursuant to the Management Agreement.

“Maturity” means, when used with respect to any Bond, the date specified herein and in such Bond as the date on which principal of such Bond is due and payable.

“Maximum Annual Debt Service” means the maximum aggregate amount of principal and interest payable during the then current or any subsequent Fiscal Year on Bonds; provided, that for the purposes of determining Maximum Annual Debt Service:

(1) The principal amount of Bonds required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of their stated maturity.

(2) With respect to Bonds bearing interest at a variable rate, the amount of interest paid during any period for which the actual rate shall not be determined shall (except as otherwise provided below with respect to Put Bonds or Balloon Bonds) be projected using the Index Rate; provided, however, that if a hedge agreement is entered into that in effect provides a synthetic fixed rate for any portion of such Bonds, the Company may project the interest payments on the related portion of such Bonds for the term of the hedge agreement by using the synthetic fixed rate payable as a result of the hedge agreement.

(3) With respect to Put Bonds, debt service payable on such Bonds shall be projected assuming (i) that the principal balance of such Bonds on the next Put Date will be refinanced, (ii) that such principal balance will be payable over a term of twenty-five (25) years less the number of whole years from the date such Bonds were issued until the next Put Date, (iii) that such principal balance will bear interest at the Index Rate, and (iv) that Debt Service on such Bonds after such Put Date will be payable in equal annual installments sufficient to pay both principal and interest.

(4) With respect to Balloon Bonds, Debt Service payable on such Bonds shall be projected assuming (i) that the principal balance of such Bonds on the date of determination is refinanced on the date of determination payable over a term of twenty-five (25) years less the number of whole years from the date such Bonds were issued until the date of determination, (ii)that such principal balance will bear interest at the Index Rate, and (iii) that Debt Service on such Bonds after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest.

(5) If cash or investments have been deposited in escrow or trust in an amount that, together with earnings thereon (but without reinvestment), is sufficient to pay the principal of or interest on Bonds (or any portion thereof) as it becomes due, such principal or interest (or portion thereof), as the case may be, shall not be included in the calculation of Maximum Annual Debt Service.

(6) If the principal or interest (or portion thereof) on any Bonds is payable from funds capitalized therefor, the principal and/or interest on such Bonds shall not be included in the calculation of Maximum Annual Debt Service.

“Minimum Reserve Fund Requirement” means (i) so long as the Series 2008 Bonds are the only Bonds Outstanding under the Indenture, an amount equal to the Maximum Annual Debt Service payable on the Series 2008 Bonds during the Fiscal Year when such determination is made or any subsequent Fiscal Year, and (ii) after the issuance of any series of Additional Bonds, an amount equal to the lesser of (a) ten percent (10%) of the stated principal amount of all Bonds Outstanding, (b) one hundred twenty-five percent (125%) of the average Debt Service payable on all such Bonds Outstanding during the Fiscal Year when such determination is made on any subsequent Fiscal Year and (c) the Maximum Annual Debt Service payable on all Bonds outstanding during the Fiscal Year when such determination is made or any subsequent Fiscal Year.

"Net Revenues" means, for any period, the Revenues with respect to the Bond-Financed Facilities for such period, less Operating Expenses.

"Operating Expenses" means, for any period, the aggregate of all expenses relating to the operation and maintenance of the Bond-Financed Facilities calculated under GAAP, including, without limitation, the costs and charges for utilities, custodial supplies, normal repairs and maintenance, stipends for resident assistants, insurance and permit fees and other miscellaneous expenses customarily incurred in connection with the operation and maintenance of student housing facilities (excluding Management Fees to be paid to the University pursuant to the Management Agreement).

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

(a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the Holders of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture.

"Parking Deck Space" means the portion of the Land lying beneath the Air Space.

"Parking Improvements" means the parking facilities below the Air Space.

"Permitted Encumbrances" means the lien of the Leasehold Mortgage and the other liens and encumbrances permitted under the bond documents contemplated by the Indenture.

"Put Bonds" mean Bonds which, at the option of the holder thereof, are payable or must be purchased prior to their respective stated maturity dates.

"Put Date" means, when used with respect to Put Bonds, a date prior to the maturity of such Put Bonds on which the holder of such Put Bonds may, at the option of such holders, either require payment thereof or require purchase of such Bonds by the Authority.

"Rental Payments" shall mean payments by the Company to the Authority pursuant to the Lease Agreement.

"Repair and Replacement Fund" means that certain special trust fund established under the Indenture for the purpose of paying the costs of capital improvements and replacements to the Bond-Financed Facilities.

"Reserve Fund" means that certain special trust fund established under the Indenture for the purpose of maintaining the funds in satisfaction of the Minimum Reserve Fund Requirement.

"Revenue Fund" means that certain special trust fund established under the Indenture for the purpose of maintaining all Revenues paid to the Authority pursuant to the Lease Agreement, which shall be disbursed in accordance with the Indenture.

"Revenues" means, for any period, with respect to the Bond-Financed Facilities the sum of the gross receipts and other operating revenues and nonoperating revenues (other than contributions, income derived from the sale of assets not in the ordinary course of business or any gain from the extinguishment of debt, termination of pension plans, or other extraordinary item or earnings that constitute capitalized interest or earnings on amounts that are irrevocably deposited in escrow to pay the principal of or interest on Indenture Indebtedness) derived by the Company from the operation of the Bond-Financed Facilities.

"Ridgecrest North Facilities" means those certain student housing facilities previously constructed on the northern portion of that certain parcel of real property, consisting of 5.05 acres, situated on the campus of the University of Alabama in the west half of the southeast quarter and the northeast quarter of the southeast quarter of Section 14, Township 21 South, Range 10 West, Tuscaloosa County, Alabama.

"Ridgecrest North Land" means that certain portion of the Ridgecrest North Facilities constituting land.

"Ridgecrest South Facilities" means those certain student housing facilities to be constructed on the southern portion of that certain parcel of real property, consisting of 5.05 acres, situated on the campus of the University of Alabama in the west half of the southeast quarter and the northeast quarter of the southeast quarter of Section 14, Township 21 South, Range 10 West, Tuscaloosa County, Alabama.

"Ridgecrest South Land" means that certain portion of the Ridgecrest South Facilities constituting land.

"Site" means (a) in the case of the University, the Parking Deck Space and (b) in the case of the Foundation, the Air Space.

"Special Redemption Fund" means that certain special trust fund established under the Indenture for the purpose of redeeming the Series 2008 Bonds from time to time.

"Subordinate Debt Fund" means that certain special trust fund established under the Indenture for the purpose of paying to the University the amounts owed by the Foundation to the University pursuant to the Loan Agreement dated as of October 6, 2006 between the University and the Foundation.

"Tender Bonds" means, when used with respect to the determination of Annual Debt Service, any Bond that the Authority is obligated to purchase (or to provide for the purchase of) prior to the stated Maturity of such Bond. If the purchase of any Bond is contingent upon the occurrence of any event or circumstance, other than the receipt of notice from the Holder of such Bond or the lapse of time, and such event or circumstance has not occurred as of the date of such determination, then such Bond shall not be deemed a Tender Bond.

"Tender Date" means, when used with respect to the determination of Annual Debt Service, a date on which a Tender Bond may, at the option of the Holder thereof, or must be purchased from the Holder by or on behalf of the Authority.

THE INDENTURE

Introduction

The Indenture will be a contract for the benefit of the Series 2008 Bondholders that will specify the terms and details of the Series 2008 Bonds and which will define the security therefor.

Establishment of Funds

The following trust funds will be established with the Trustee under the Indenture:

Revenue Fund;
Debt Service Fund;
Reserve Fund;
Repair and Replacement Fund;
Subordinate Debt Fund;
Surplus Fund;
Special Redemption Fund;

Insurance Fund;
Condemnation Fund;
Rebate Fund;
Capitalized Interest Fund;
Costs of Issuance Fund; and
Acquisition Fund.

Revenue Fund

The Revenue Fund will be a trust fund established with the Trustee into which the Company has agreed to deposit the Revenues of the Bond-Financed Facilities upon receipt. The amounts deposited into the Revenue Fund shall first be used to pay any Trustee and Authority expenses which may be due, including compensation and indemnity; thereafter, such amount shall be disbursed by the Trustee in the following order for the following purposes:

(i) First, there shall be transferred to the Debt Service Fund the following amounts on or before the following dates:

(A) On or before the 25th day of each month, beginning in the first full month following the date on which monies in the Capitalized Interest Fund are exhausted, one-sixth (1/6th) of the aggregate amount of interest on the Series 2008 Bonds becoming due and payable on the next Interest Payment Date;

(B) On or before the 25th day of each month, beginning in the first full month following the date of delivery of the Series 2008 Bonds, one-twelfth (1/12th) of the aggregate amount of principal on the Series 2008 Bonds becoming due and payable on the next Principal Payment Date or mandatory redemption date;

(C) If on any Bond Payment Date, the balance in the Debt Service Fund is insufficient to pay the Debt Service on the Series 2008 Bond on such date, the Trustee is required to transfer any such deficiency into the Debt Service Fund out of monies then on deposit in the Revenue Fund.

(ii) Second, on or before the 25th day of each month, the Trustee is required to pay to the Company the amount budgeted in the Annual Budget for Operating Expenses of the Bond-Financed Facilities for the next succeeding month (excluding the Management Fees to be paid to the University pursuant to the Management Agreement);

(iii) Third, there is required to be transferred to the Reserve Fund an amount equal to the Minimum Reserve Fund Requirement on the date of issuance of the Series 2008 Bonds. On or before each Bond Payment Date, and whenever Additional Bonds are issued after the initial funding date, the Authority must deposit in the Reserve Fund such additional amount as shall be required to make the balance in the Reserve Fund equal to the Minimum Reserve Fund Requirement;

(iv) Fourth, if occupancy of the Ridgecrest South portion of the Bond-Financed Facilities does not occur by the expected occupancy date set forth in the Sublease and (1) the University makes space in its existing student housing available to the Company to house students until completion of Ridgecrest South or (2) the Company makes arrangements to house students in off-campus facilities until completion of Ridgecrest South, then there shall be transferred to the Company an amount sufficient for it to pay as and when due and payable the costs of providing and utilizing such temporary off-campus housing or temporary University housing;

(v) Fifth, on the 25th day of each calendar month, the Trustee is required to deposit in the Repair and Replacement Fund an amount set forth by written direction of the Company to the Trustee which is equal to 1/12 of $185 for each bed that has been placed in service as of the beginning of such calendar month, which amount shall be adjusted annually by 3% over the per-bed amount deposited in the prior fiscal year (or such lesser amount agreed to by the Bond Insurer in writing);

(vi) Sixth, there is required to be paid to the University any Management Fees as and when due and payable under the Management Agreement;

(vii) Seventh, on the 25th day following the end of each fiscal year, commencing in the fiscal year ending September 30, 2009, there is required to be transferred to the Subordinate Debt Fund an amount as directed by the Company, which is not greater than the total amount then owed by the Company to the University for advances made by the University to pay the costs of acquiring and constructing the Bond-Financed Facilities.

(viii) Eighth, on the 25th day following the end of each fiscal year, commencing in the first fiscal year ending September 30, 2009, the Trustee shall transfer from the Revenue Fund to the Surplus Fund an amount directed by the Company which is necessary, in the Company's sole discretion, to pay (1) anticipated costs attributable to the repair, replacement and improvement of the Bond-Financed Facilities during the next succeeding month that are not otherwise covered by monies in the Repair and Replacement Fund plus (2) amounts which, in the Company's discretion, are necessary to pay Operating Expenses for the next succeeding month that were not otherwise covered by monies paid to the Company for such Operating Expenses pursuant to subparagraph (ii) above;

(ix) Ninth, there shall be paid to the Bond Insurer any amounts due the Bond Insurer and unpaid; and

(x) Any remaining amounts in the Revenue Fund shall be transferred to the Special Redemption Fund on the 25th day following the end of each fiscal year.

Debt Service Fund

The Debt Service Fund, the fund into which the monthly payments derived from the Financing Lease and transfers from the Capitalized Interest Fund will be deposited, will be maintained with the Trustee. Monies on deposit in the Debt Service Fund will be required to be used solely to pay the principal of, and premium (if any) and interest on the Series 2008 Bonds. Monies in the Capitalized Interest Fund shall be used to pay interest on a portion of the Series 2008 Bonds on all Interest Payment Dates during the period up to and including February 1, 2010, such portion being equal to the percentage of interest allocable to the Series 2008 Bonds issued to finance the Ridgecrest South Facilities.

Reserve Fund

The Reserve Fund will be a trust fund initially funded from proceeds of the Series 2008 Bonds in an amount equal to the Minimum Reserve Fund Requirement for the Series 2008 Bonds. On or before each Bond Payment Date, and whenever Additional Bonds are issued after the initial funding date, the Authority shall be required to deposit in the Reserve Fund such additional amount (if any) and shall be required to make the balance in the Reserve Fund equal to the Minimum Reserve Fund Requirement. Withdrawals from the Reserve Fund will be made and transferred to the Debt Service Fund if, and to the extent, that the funds available in the Debt Service Fund are not sufficient for the payment of Debt Service on any Bond Payment Date and payment from the Reserve Fund is necessary to prove that a default in the payment of such Debt Service.

Repair and Replacement Fund

The Repair and Replacement Fund will be a trust fund into which the Company will be required to make monthly deposits. The monies in the Repair and Replacement Fund will be disbursed by the Trustee for the costs of the repair or replacement related to the Bond-Financed Facilities. The amount of such monthly deposits shall be determined by written direction of the Company to the Trustee in an amount equal to 1/12 of $185 for each bed that has been placed in service as of the beginning of such calendar month, which amount shall be adjusted annually by 3% over the per-bed amount deposited in such fund in the prior fiscal year.

Subordinate Debt Fund

The Subordinate Debt Fund will be a trust fund into which the Company will be required to make a deposit on the 25th day following the end of each fiscal year in an amount determined by written direction of the Company. Prior to any such transfer by the Trustee from the Revenue Fund to the Subordinate Debt Fund, the Company shall be required to certify that the amount being transferred to the Subordinate Debt Fund is not greater than the outstanding amount then owed by The 1831 Foundation to the University for monies advanced by the University to pay the costs of acquiring, constructing and equipping the Bond-Financed Facilities or to pay the costs of repairing or replacing the same.

Surplus Fund

The Surplus Fund will be a trust fund into which the Trustee shall make a deposit on the 25th day following the end of each fiscal year. The amount of such deposits shall be determined by written direction of the Company and shall be equal to an amount that, in the Company's discretion, is necessary to pay (i) anticipated costs attributable to the repair, replacement and improvement of the Bond-Financed Facilities during the next succeeding fiscal year that are not otherwise covered by monies in the Repair and Replacement Fund plus (ii) amounts which, in the Company's discretion, are necessary to reimburse the Company to the extent the Company's payment of Operating Expenses during the next preceding fiscal year exceeded the amounts budgeted therefor in the Annual Budget for such fiscal year.

Rebate Fund

The Rebate Fund will be for the sole benefit of the United States of America and will not be subject to the claim of any other person including, without limitation, the Series 2008 Bondholders. The Rebate Fund is established for the purpose of complying with Section 148(f) of the Internal Revenue Code and the Regulations promulgated thereunder. The money deposited in the Rebate Fund, together with all investment thereof and investment income therefrom, shall be held in trust and applied solely as provided in the Indenture. The Rebate Fund is not a portion of the Trust Estate and is not subject to the lien of the Indenture.

Costs of Issuance Fund

The Costs of Issuance Fund will be a trust fund into which a portion of the Series 2008 Bond proceeds will be deposited. Such monies will be used to pay Costs of Issuance with respect to the Series 2008 Bonds upon delivery to the Trustee of a requisition executed by the Company setting forth the nature of such Costs of Issuance, the name of the payee and certifying that the amounts being paid are properly includable within the definition of Costs of Issuance. Any monies remaining in the Costs of Issuance Fund after all Costs of Issuance have been paid shall be transferred to the Acquisition Fund.

Acquisition Fund

A portion of the proceeds of the Series 2008 Bonds will be deposited in the Acquisition Fund. See "ESTIMATED SOURCES AND USES OF FUNDS" in the Official Statement. Money in the Acquisition Fund will be applied to pay Acquisition Costs (including reimbursement of the Company for any such costs paid by it and repayment of the University for such costs advanced by the University for such purposes). Any money remaining in the Acquisition Fund upon completion of the Bond-Financed Facilities will be transferred into the Special Redemption Fund and will be used to redeem Series 2008 Bonds on the next mandatory redemption date and the balance remaining, if any, after such redemption shall be applied to the payment of Debt Service on the Series 2008 Bonds on the next ensuing Bond Payment Date.

Investments

Any monies held as part of an Indenture Fund (namely, those Funds established pursuant to the Indenture) shall be invested or reinvested in by the Trustee in accordance with the instructions of the Authority (at the direction of the Company) in any investments which are permissible under Alabama law and approved by the Bond Insurer. The Trustee may make any and all such investments through its own bond department.

Inspection of Records

The Authority will, upon the request of the Trustee, afford a reasonable opportunity for the Trustee to inspect any books, records, reports and other papers of the Authority relating to the performance by the Authority of its covenants in the Indenture and the Authority will furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the Authority of its covenants in the Indenture.

Additional Bonds

So long as no Event of Default under the Indenture is then existing, the Authority may from time to time issue one or more series of Additional Bonds to pay any one or more of the following:

(i) The costs of completing the Bond-Financed Facilities;

(ii) The costs of making such additions or alterations to the Bond-Financed Facilities as the Company may deem necessary or desirable and as will not impair the nature of the Bond-Financed Facilities as student housing facilities;

(iii) To refund any Bonds, and

(iv) In each such case, the costs of the issuance and sale of the Additional Bonds and capitalized or refunded interest and such other costs reasonably related to the financing as shall be agreed upon by the Company and the Authority. Such Additional Bonds shall be issued on a parity with the Series 2008 Bonds and any Additional Bonds previously or thereafter issued, shall be secured by the lien and security interest granted by the Leasehold Mortgage and the Security Agreement, equally and ratably with the Series 2008 Bonds and any Additional Bonds previously or thereafter issued. An amount equal to the difference between the balance in the Reserve Fund on the date of issuance and the Minimum Reserve Fund Requirement shall be deposited into the Reserve Fund.

Events of Default

Each of the following will be an Event of Default within the meaning of the Indenture:

(a) Failure to pay (1) the interest on any Bond when such interest becomes due and payable, or (2) the principal of (or premium, if any) on any Bond when such principal (or premium, if any) becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for redemption or otherwise; or

(b) Default in the performance or breach of any covenant or warranty of the Authority in the Indenture and continuance of such default or breach for a period of thirty (30) days after notice of such default or breach, stating that such notice is a "notice of default" under the Indenture, has been given to the Authority by the Trustee, or to the Authority and Trustee by the Holders of at least ten percent (10%) in principal amount of the outstanding Bonds, unless, in the case of a default or breach that cannot be cured by the payment of money, the Authority initiates efforts to correct such default or breach within thirty (30) days from the receipt of such notice and diligently pursues such action until the default or breach is corrected; or

(c) Receipt by the Trustee of written notice from the Bond Insurer stating that an event of default has occurred under the terms of the insurance agreement between the Bond Insurer and the Authority, or

(d) An event of default under the Financing Lease shall occur in the continuing period.

Remedies

If an Event of Default under the Indenture exists, then the Trustee or the Holders of not less than twenty-five percent (25%) in principal amount of the outstanding Bonds may declare the principal of all the Bonds and the interest accrued thereon to be due and payable immediately, by notice to the Authority (and to the Trustee, if given by the Bondholders), and upon such declaration such Debt Service shall become immediately due and payable. No right or remedy conferred upon the Trustee or the Bondholders 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 nor or hereafter existing at law or in equity or otherwise. Notwithstanding the foregoing, the Series 2008 Bonds may not be accelerated without the consent of the Bond Insurer. The Bond Insurer shall have the right to provide directions on behalf of the Holders of the Series 2008 Bonds (without notice to or consent of such Holders) with respect to (i) the time, method and place of conducting any remedy available to the Trustee and Bondholders, or of exercising any trust or power conferred on the Trustee or Bondholders and (ii) the waiver of any Event of Default and its consequences.

Application of Monies

Any money collected by the Trustee pursuant to any right given or action taken under the Indenture, other than amounts in the Rebate Fund, shall be applied in the following order: first, to the payment of all undeducted amounts due the Trustee for services rendered by it under the Indenture; second, to the payment of the principal of, redemption premium (if any) and interest due and unpaid on the Bonds, provided, however, that payments with respect to any Bond held by the Authority or the Company shall be made only after all other Bonds have been fully paid; and third, to the payment of the remainder, if any, to the Authority or to whoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Restoration of Positions

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

Amendment of the Bond Documents

Any of the following amendments of the Bond Documents may be made without the consent of the Holders of any Bonds:

(a) To correct or amplify the description of any property at any time subject to the lien of any Bond Document, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of any Bond Document, or to subject to the lien of any Bond Document, additional property; or

(b) To evidence the succession of another person to any Financing Participant or the assumption by any successor of the covenants of such Financing Participant (provided that the requirements of the related Bond Document for such succession and assumption are otherwise satisfied); or

(c) To add to the covenants of any Financing Participant for the benefit of Bondholders and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants and event of default under the specified Bond Documents permitting the enforcement of all or any of the remedies provided therein; provided, however, that any such amendment may provide for a particular period of grace after default or may provide for immediate enforcement upon such default or may limit the remedies available upon such default; or

(d) To surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Bondholders; or

(e) To cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interest of the Bondholders; or

(f) To appoint a separate agent of the Authority or the Trustee to perform any one or more of the following functions: (1) registration of transfers and exchanges of Bonds, or (2) payment of Debt Service on the

Bonds; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one rating agency.

An amendment of the Bond documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Holder of each Bond affected:

(a) To change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof; or

(b) To reduce the percentage and principal amount of the outstanding Bonds, the consent of whose Holders is required for any amendment of the Bond Documents, or the consent of whose Holders is required for any waiver provided for in the Bond Documents; or

(c) To modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(d) To modify any of the provisions of the Indenture relating to amendments of Bond Documents, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected; or

(e) To permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or to terminate the lien of the Indenture on any property at any time subject thereto or deprive the Holder of any Bond of the security afforded by the lien of the Indenture; or

(f) To permit the cancellation of the Bond Insurance Policy; or

(g) To eliminate, reduce or delay the obligation of the Company to make Rental Payments at times and in amounts sufficient to pay Debt Service on the Bonds.

An amendment of the Bond Documents for any purpose not described above may be entered into, or consented to, by the Trustee only with the consent of the Holders of a majority in principal amount of outstanding Bonds.

The Trustee

Duties of the Trustee. The Trustee, except during the continuance of an Event of Default under the Indenture, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee. In the absence of bad faith, the Trustee may conclusively rely, as to the truth of statements and the correctness of opinions expressed in the Indenture, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture. If an Event of Default exists, the Trustee shall exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Reliance on Notices, Requests, Etc. The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or documents believed by it to be genuine and to have been signed or presented by the proper party or parties. Any request or direction of the Authority shall be sufficiently evidenced by a certificate or order executed by an Authorized Authority Representative. Whenever in the administration of the Indenture, the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action thereunder, the Trustee may, in the absence of bad faith or on its part, rely upon a certificate executed by an Authorized Authority Representative. The Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee under the Indenture in good faith and in reliance thereon. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondholders pursuant to the Indenture, unless such Bondholder shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Authority, personally or by agent or attorney. The Trustee may execute any of the trusts or powers under the Indenture or perform any duties thereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it.

Notice of Default. If a notice event is given to the Trustee, the Trustee shall notify Bondholders of such event within thirty (30) days after the Trustee becomes aware of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (i) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (ii) the Trustee determines in good faith that the withholding of such notice is in the interest of Bondholders.

Resignation or Removal of the Trustee. The Trustee and any successor Trustee may at any time resign from the trust created by the Indenture by giving thirty (30) days' written notice to the Authority. No resignation of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee under the Indenture. The Trustee may be removed at any time by the Holders of a majority in principal amount of the outstanding Bonds by notice delivered to the Trustee and the Authority. If no Event of Default exists, the Trustee may be removed at any time by the Authority by notice delivered to the Trustee. If the Trustee shall cease to be eligible to serve as trustee under the Indenture and shall fail to resign after request therefor by the Authority or by any Bondholder who has been a *bona fide* Holder of a Bond for at least six (6) months, or the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed, then in any such case (1) the Authority by resolution of its governing body may remove the Trustee, or (2) any such Bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee. The Authority shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing notice of such event by first-class mail, postage prepaid, to the Holders of Bonds as their names and addresses appear in the bond register. Each notice shall include the name of the successor Trustee and the address thereof.

Liability of the Trustee. The Indenture provides that the Trustee shall have no liability whatsoever for any action taken thereunder or for any matter in connection with the trusts thereby created except such matters as result from the Trustee's own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct.

THE FINANCING LEASE

Introduction

The Financing Lease is an agreement that will provide for the leasing of the Bond-Financed Facilities by the Authority to the Company and for the payment by the Company of amounts calculated to be sufficient to pay, when due, the principal of, premium (if any) and interest on the Series 2008 Bonds.

Issuance of Series 2008 Bonds to Construct and Equip Bond-Financed Facilities

The Authority will issue the Series 2008 Bonds and will use the proceeds thereof to acquire, construct and equip the Bond-Financed Facilities including, without limitation, the reimbursement of the Company and the University for amounts previously expended for such purposes. All obligations incurred by the Authority under the Financing Lease will be limited obligations, payable solely out of the Trust Estate.

Term of the Financing Lease

The Financing Lease becomes effective upon its execution and delivery and will be in full force and effect until 12:00 midnight, of the date on which the Series 2008 Bonds are Fully Paid, unless terminated prior thereto pursuant to the provisions of the Financing Lease permitting earlier termination; provided, however, that the Financing Lease will not terminate unless the principal of and premium (if any) and interest on the Bonds have been fully paid (or provision for such payment shall have been made in accordance with the Indenture); provided, further, that the covenants and obligations expressed in the Financing Lease will survive the termination of the Financing Lease.

Rental Payments and Other Amounts Payable

(a) ***Basic Rental Payments***. The Company shall make Basic Rental Payments to the Trustee, for the account of the Authority, at times and in amounts as follows:

> (1) On or before the last business day of each month, beginning in the month in which the Series 2008 Bonds are delivered, an amount equal to one-sixty ($1/6^{th}$) of the interest payable on the Series 2008 Bonds on the next Interest Payment Date (provided; however, that if the number of such payment dates prior to the first Interest Payment Date is less than six (6), such payment shall be adjusted to an amount sufficient on a monthly pro rata basis to pay the interest due on the first Interest Payment Date);
>
> (2) On or before the last business day of each month, beginning in the month in which the Series 2008 Bonds are delivered, an amount equal to one-twelfth ($1/12^{th}$) of the principal amount of Series 2008 Bonds maturing or are subject to scheduled mandatory redemption on the next Principal Payment Date; and
>
> (3) On or before the last business day prior to each date fixed for the redemption of Series 2008 Bonds (other than a scheduled mandatory redemption date), an amount equal to the redemption price of Series 2008 Bonds to be redeemed on such date.
>
> The Company shall receive a credit against the Basic Rental Payments described above as follows:
>
> (1) The amount of accrued interest received from the sale of the Series 2008 Bonds and deposited in the Debt Service Fund shall be deducted from the amount of interest due on the first Interest Payment Date for purposes of calculating the required Basic Rental Payments.
>
> (2) The amount of capitalized interest deposited in the Capitalized Interest Fund shall be deducted from the amount of interest due on subsequent Interest Payment Dates for purposes of calculating the required Basic Rental Payments until such sums are exhausted.
>
> (3) Investment income and profits deposited or retained in the Debt Service Fund shall be credited against monthly Basic Rental Payments due after receipt of such income and profits as directed by the Company.
>
> (4) Any other money held by the Trustee and available, under the terms of the Indenture and the Financing Lease for the payment of Debt Service on the Series 2008 Bonds shall be credited against Basic Rental Payments as directed by the Company. Such directions must be consistent with any mandatory provision of the Indenture and the Financing Lease with respect to the required use of such money.

The Company acknowledges in the Financing Lease that Basic Rental Payments have been calculated to provide amounts which will be sufficient to pay Debt Service on the Series 2008 Bonds as the same matures and comes due. If on any Bond Payment Date, the amount on deposit in the Debt Service Fund is not sufficient to pay Debt Service on the Series 2008 Bonds due and payable on such date, the Company shall immediately deposit the amount of such deficiency in the Debt Service Fund.

(b) ***Additional Rental Payments***. The Company shall make Additional Rental Payments as follows:

(i) Within ten (10) days after receipt by the Company of an invoice therefor, the Company shall pay to the Trustee (1) the acceptance fee of the Trustee, (2) the normal fees, charges and expenses of the Trustee, and (3) any amount to which the Trustee may be entitled under the Indenture, and

(ii) Within ten (10) days after receipt by the Company of an invoice, the Company shall pay to the Authority the reasonable expenses of the Authority incurred (1) at the request of the Company, (2) in the performance of the Authority's duties under any of the Bond Documents, (3) in connection with any litigation which may at any time be instituted involving the Bond-Financed Facilities or the Bond Documents, or (4) in the pursuit of any remedies under the Bond Documents.

(iii) In the event any funds from the Reserve Fund established pursuant to the Indenture shall be withdrawn or if there is a diminution in the value of the amounts held in the Reserve Fund, or if any net losses result from the investment of amounts held in the Reserve Fund that reduces the amount on deposit in the Reserve Fund to less than the Minimum Reserve Fund Requirement, then the Company will be requested to make an Additional Rental Payment on or before the next succeeding Bond Payment Date in an amount necessary to make the balance in the Reserve Fund equal to the Minimum Reserve Fund Requirement less the amounts available for such purpose in the Reserve Fund.

(c) ***Delivery of Revenues to Trustee***. As security for its obligation to make Basic Rental Payments, the Company has agreed to deliver weekly on each Friday to the Trustee, for deposit to the Revenue Fund, all Revenues received by it; provided, however, that if an Event of Default shall have occurred and shall be continuing, the Company shall deliver all Revenues daily. Basic Rental Payments shall be made out of monies available in the Revenue Fund in accordance with the provisions of the Indenture.

Unconditional Obligation of the Company

The Company's obligation to make the payments required by the Financing Lease and to perform and observe the other agreements and covenants on its part contained therein shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or any other Financing Participant. The Company will not suspend or discontinue any such Rental Payment or fail to perform and observe any of its other agreements and covenants contained therein or to terminate the Financing Lease for any cause whatsoever including, without limiting the generality of the foregoing, (a) failure to complete the Bond-Financed Facilities, (b) any acts or circumstances that may constitute an eviction or constructive conviction, (c) failure of consideration or commercial frustration of purpose, (d) the invalidity of any provision of the Financing Lease, (e) any damage to or destruction of the Bond-Financed Facilities or any part thereof, (f) the taking by eminent domain of title to, or the use of, all or any part of the Bond-Financed Facilities, (g) any change in the laws or regulations of the United States of America, the State of Alabama, or any other governmental authority, or (h) any failure of any of the Financing Participants to perform and observe any agreement or covenant, whether expressed or implied, to be performed or observed by them under any of the Bond Documents.

Maintenance and Operation of Bond-Financed Facilities

The Company will, at its own expense (a) maintain the Bond-Financed Facilities in good condition, repair and working order, (b) make all necessary repairs, renewals, replacements and improvements to the Bond-Financed Facilities, and (c) pay all gas, electric, water, sewer and other charges for the operation, use and upkeep of the Bond-Financed Facilities. The Company may, at its own expense, make additions, improvements or alterations to the Bond-Financed Facilities. At the written request of the Company, the Authority will enter into a contract for such additions, improvements or alterations.

Disposition and Substitution of Personal Property and Fixtures

If no Event of Default under the Financing Lease shall have occurred and be continuing, the Company shall have the right, from time to time, with the consent of the Bond Insurer but without any release from or consent by the Authority or the Trustee, to sell or otherwise dispose of any item of personal property and fixtures that may have become obsolete or unfit for use or no longer useful, necessary or profitable in the conduct of the business carried on by the Company at the Bond-Financed Facilities. The Company shall not be required to replace such personal property and fixtures. The Company may, if it so chooses, replace such items at its own expense.

Taxes, Assessments and Utility Charges

The Company will pay all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Bond-Financed Facilities or any part thereof or upon any income therefrom, and also all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Trustee or of the Bondholders in the Trust Estate; provided, however, that the Company shall not be required to pay and discharge any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings. The Authority will, upon request of the Company, grant utility and other similar easements over, across or under the real property constituting part of the Bond-Financed Facilities.

Insurance

The Company will agree to keep the Bond-Financed Facilities or cause the same to be continuously insured against such risks as are customarily insured against with respect to facilities of like size and type, including, but not limited to, the following:

(a) commencing on the date the Improvements are substantially completed, insurance upon the repair or replacement basis in an amount of not less than one hundred percent (100%) of the then actual cost of replacement (excluding costs of replacing excavations and foundations but without deduction for depreciation) of the Bond-Financed Facilities (with deductible provisions not to exceed Twenty-five Thousand Dollars ($25,000) per casualty) unless a larger amount is agreed to in advance by the Authority, Trustee and Bond Insurer against loss or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke and such other risks as are now or hereafter included in the uniform standard extended coverage endorsement in common use for similar structures (including vandalism and malicious mischief);

(b) commencing on the Completion Date, business interruption insurance (also referred to as "business income" or "loss of rents insurance") covering loss of revenues and other income by the Company by reason of total or partial suspension of, or interruption in, the operation of the Bond-Financed Facilities caused by damage or destruction of the Bond-Financed Facilities in an amount not less than the Maximum Annual Debt Service on the Bonds;

(c) comprehensive general liability insurance providing insurance covering all claims for bodily injury and property damage, including not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in the aggregate via a self-insured trust or similar self-insurance or self-funding program, to include personal and advertising injury, general aggregate, products and completed operations aggregate insurance beginning at the completion of each Bond-Financed Facilities component;

(d) commencing on the date any vehicle is acquired or hired by the Company for use with respect to the Bond-Financed Facilities, automobile liability insurance providing insurance (with deductible provisions not to exceed Twenty-five Thousand Dollars ($25,000) per occurrence) to the extent of not less than a combined single limit of One Million Dollars ($1,000,000) per accident covering liability out of the use of any Company vehicle for such vehicles used in conjunction with the Bond-Financed Facilities, whether owned, non-owned, or hired, and including personal injury protection and uninsured motorist protection in the minimum statutory limits where required by law;

(e) insurance under the Federal Flood Insurance Program is required to be maintained at all times within the minimum requirements and amounts required for federally financed or assisted loans under the Flood Disaster Protection Act of 1973, as amended, if the Bond-Financed Facilities is eligible under such program;

(f) to the extent that the Bond-Financed Facilities contains a steam boiler, pressure vessels, or pressure piping and commencing on the Completion Date, boiler explosion insurance on steam boilers, if any, pressure vessels, and pressure piping in an amount not less than one hundred percent (100%) of the then actual cost of replacement (excluding costs of replacing excavations and foundations but without deduction for depreciation) of the Bond-Financed Facilities (with deductible provisions not to exceed Twenty-five Thousand Dollars ($25,000) per occurrence) unless a larger amount is agreed to in advance by the Authority, provided, that such insurance need not be taken out until steam boilers, pressure vessels, or pressure piping are installed in the Bond-Financed Facilities;

(g) commencing on the Completion Date, fidelity bonds or employee dishonesty insurance in the amount of One Hundred Thousand Dollars ($100,000) for all officers, agents, and employees of the Company with the responsibility of handling General Revenues; and

(h) additional umbrella or follow-form excess coverage in an amount of Twenty Million Dollars ($20,000,000) in the aggregate, which shall include all insured coverages required by (c) and (d) above.

An Insurance Consultant will be required to make a recommendation not less than every three (3) years for increasing or decreasing any of the insurance or the coverages described above. The Company will be required to follow any such recommendations of the Insurance Consultant for increasing any of such insurance or coverages and may follow any such recommendations of the Insurance Consultant for decreasing any of such insurance or coverages. Where permitted by law, the Company may participate in a property insurance program administered by the State of Alabama Department of Finance, Division of Risk Management and the A.M. Best's rating requirement will not apply. The Company may also participate in self-insured trust arrangement or similar self-insurance or self-funding programs with the understanding the trust balance or self-funded loss reserves are deemed adequate by a credentialed actuary on an annual basis.

Proceeds of insurance required by (a), (e), and (h) in excess of Two Hundred Fifty Thousand Dollars ($250,000) will be paid to the Trustee and disbursed by it. See "SUMMARIES OF PRINCIPAL BOND DOCUMENTS—The Financing Lease—Destruction and Damage" herein. The Financing Lease will require that all policies of insurance provide for payment to the Authority, the Company and the Trustee as their respective interests may appear, the policies required by (c), (d), and (i) name the Trustee, the Authority, and University as additional insureds, and that the policies required by (a), (e), and (h) name the Trustee as mortgagee and loss payee.

Advances by the Authority or the Trustee

If the Company shall fail to make any payment or perform any act required of it under the Financing Lease, the Authority or the Trustee will be permitted (but shall be under no obligation), after notifying the Company of its intention to do so and at the expiration of any applicable cure period, to make such payment or perform such act. All amounts so paid by the Authority or the Trustee and all costs, fees, and expenses so incurred will be payable as an additional obligation under the Financing Lease, together with interest thereon from the date of payment at the Prime Rate, payment of which will be secured by the Leasehold Mortgage. Any remedy in the Financing Lease vested in the Authority or the Trustee for the collection of the Rental Payments will also be available to the Authority and the Trustee for the collection of all such amounts so advanced. The Trustee will be under no obligation to make any such payment unless it shall be requested to do so by the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding and shall be provided with adequate funds paid in cash to the Trustee (from a source or sources approved by the Trustee) for the purpose of such payment.

Condemnation

In the event that title to or the temporary use of the Bond-Financed Facilities or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, the Company will, unless the Bonds are paid in full from the award made in such eminent domain proceedings, be obligated to continue to make the Rental Payments specified in the Financing Lease. Except for net proceeds received by the Company for the condemnation of property not included in the Bond-

Financed Facilities, the Authority, the Company, and the Trustee will be required to cause the net proceeds received by them or any of them from any award made in such eminent domain proceedings to be paid to the Trustee and held in the Condemnation Fund, to be applied as fully as practicable in one or more of the following ways as shall be directed in writing by the Company within sixty (60) days from the date of any such deposit:

(a) to the restoration of the Bond-Financed Facilities; or

(b) to the acquisition of other suitable land and the acquisition, by construction or otherwise, to the extent permitted by applicable law, of improvements consisting of a building or buildings, facilities, furnishings, machinery, equipment, or other properties suitable for the Company's operations at the Bond-Financed Facilities as conducted prior to such taking (which improvements will be deemed a part of the Bond-Financed Facilities and available for use and occupancy by the Company without the payment of any Rental Payments other than as provided in the Financing Lease to the same extent as if such improvements were specifically described therein and will be required to be acquired by the Company subject to no liens, security interests, or encumbrances prior to or on a parity with the liens and security interest of the Leasehold Mortgage, other than Permitted Encumbrances; or

(c) to the redemption of Bonds pursuant to the provisions of the Indenture described in the Official Statement under the heading "THE SERIES 2008 BONDS—Redemption—Extraordinary Optional Redemption;" provided, that no part of any such net proceeds may be applied to a redemption of the Bonds in whole unless the requirements of the Financing Lease relating to prepayment in full upon condemnation in this APPENDIX B under the heading "THE FINANCING LEASE—Damage and Destruction" have been met; or

(d) in some combination described in the foregoing paragraphs (a), (b), and (c).

Any balance of the net proceeds of the award in such eminent domain proceedings remaining after application pursuant to the immediately preceding paragraph will (i) first be transferred to the Special Redemption Fund to be applied to the redemption of Bonds that are Outstanding on the date of such transfer on a pro rata basis pursuant to the provisions of the Indenture described in the Official Statement under the heading "THE SERIES 2008 BONDS—Redemption—Optional Redemption" and, (a) if any Additional Bonds have been issued, and (b) if such Additional Bonds may be redeemed at the option of the Authority, pursuant to the provisions of the supplemental indenture or indentures relating thereto permitting such optional redemption, on the earliest date on which Bonds may be so redeemed, and (ii) second, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), any balance of such net proceeds remaining after application pursuant to (a) above shall be paid to the Company.

Destruction and Damage

If the Bond-Financed Facilities are destroyed or damaged in whole or in part by fire or other casualty, the Company shall, unless the Series 2008 Bonds are paid in full from the net proceeds of insurance resulting from such destruction or damage, be obligated to continue to make the Rental Payments and shall not be entitled to any postponement, abatement or diminution thereof. If such net proceeds of insurance are less than Two Hundred Fifty Thousand Dollars ($250,000), all such insurance proceeds shall be paid to the Company and the Company shall repair, replace, rebuild, restore and/or reequip the Bond-Financed Facilities promptly to substantially the same condition thereof as existed prior to the event causing such destruction or damage with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair the value or the character of the Bond-Financed Facilities. In the event the net proceeds are not sufficient to pay in full the costs of any such repair, replacement, rebuilding, restoration and reequipping, the Company shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said net proceeds.

If such net proceeds of insurance are in excess of Two Hundred Fifty Thousand Dollars ($250,000), the Company shall notify the Authority and the Trustee and all such insurance proceeds shall be paid to the Trustee and deposited and held in a special fund (the Insurance Fund) to be applied, as fully as practicable, in one or more of the following ways as shall be directed in writing by the Company within sixty (60) days from the date of such deposit:

(a) Such net proceeds may be applied to the restoration of the Bond-Financed Facilities; or

(b) Such net proceeds may be applied to the acquisition of other suitable land and the acquisition, by construction or otherwise, to the extent permitted by applicable law, of improvements consisting of a building or buildings, facilities, furnishings, machinery, equipment or other properties suitable for the Company's operations at the Bond-Financed Facilities as conducted prior to such destruction or damage (which improvements shall be deemed a part of the Bond-Financed Facilities and available for use and occupancy by the Company without the payment of any Rental Payments other than as herein provided to the same extent as if such improvements were specifically described herein and shall be acquired by the Company subject to no liens, security interests or encumbrances prior to or on a parity with the lien and security interest of the Leasehold Mortgage and Security Agreement; or

(c) Such net proceeds may be transferred to the Special Redemption Fund to be applied to the redemption of Series 2008 Bonds; or

(d) Such net proceeds may be applied in some combination permitted by the foregoing clauses (a), (b) or (c).

Any balance of net proceeds of insurance remaining after application as provided above shall be transferred to the Special Redemption Fund to be applied to the redemption of Series 2008 Bonds pursuant to the Indenture.

Inspection of Records

The Company will at any and all times, upon the written request of the Authority or the Trustee, permit the Authority or the Trustee by their representatives to inspect the Bond-Financed Facilities and any books, records, reports and other papers of the Company relating to the Bond-Financed Facilities.

Rate Covenant

Pursuant to the Financing Lease, the Company has covenanted and agreed to operate the Bond-Financed Facilities as revenue producing student housing facilities on a non-discriminatory basis, and to the extent permitted by law and the Bond Documents, to charge such fees and rates for any facilities and services and to exercise such skill and diligence as will produce Revenues, together with other available funds, sufficient to pay promptly all expenses of operation, maintenance and repair of the Bond-Financed Facilities and to make all payments required to be made by the Company under the Financing Lease. The Company has further covenanted to budget and operate the Bond-Financed Facilities in order to produce Net Revenues in any fiscal year which will be sufficient to produce a Debt Service Coverage Ratio of at least 120% in each fiscal year. If the Company fails to meet the requirements of the Financing Lease with respect to such rate covenant, it will be required to retain a financial consultant, if the Bond Insurer so directs, to prepare a written report, making recommendations with respect to the operation of the Bond-Financed Facilities. If the Company complies with the recommendations of such financial consultant, failure to meet the requirements of the Financing Lease with respect to the rate covenant shall not be an Event of Default under the Financing Lease or the Indenture.

Annual Budget

In the Financing Lease, the Company has agreed to prepare an Annual Budget at least thirty (30) days prior to the beginning of each fiscal year. Such Annual Budget will include the monthly budgeted Operating Expenses of the Bond-Financed Facilities for such fiscal year. The Company further has agreed to deliver such Annual Budget to the Bond Insurer for its approval. If the Bond Insurer does not deliver its approval or disapproval to the Company within ten (10) days of such receipt, the Bond Insurer shall be deemed to have approved the Annual Budget. If the Company fails to prepare the Annual Budget in a timely manner, the Annual Budget for the immediately preceding fiscal year shall continue in effect until the Annual Budget is prepared for the remainder of the applicable fiscal year. To the extent that the Company deems it necessary at any time during any fiscal year, the Company shall submit a revised Annual Budget to the Authority, the Trustee and the Bond Insurer declaring that the revisions are necessary to operate or maintain the Bond-Financed Facilities and setting forth the reasons therefor which revised

Annual Budget shall, for all purposes of the Financing Lease, be deemed the Annual Budget for the remainder of the applicable fiscal year. Promptly following preparation by the Company, a copy of each Annual Budget or revised Annual Budget shall be furnished to the Authority, the Trustee and the Bond Insurer together with a certificate executed by the Authorized Company Representative stating that such Annual Budget is reasonable. If the Company fails to provide the certificate referenced in the next preceding sentence a financial consultant shall be employed by the Company to review and/or revise the Annual Budget and shall certify to the Authority, the Trustee and the Bond Insurer that the Annual Budget revised to reflect such recommendations or variations as may be presented in writing by the financial consultant is reasonable.

Continuing Disclosure Matters

Under the Financing Lease, the Company will undertake to enter into an agreement, for the benefit of the beneficial owners of the Series 2008 Bonds, to enable the applicable underwriter to comply with the applicable provisions of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), including, without limitation, those provisions respecting disclosure, but only to the extent required by Rule 15c2-12.

Covenant Regarding Manager

The Company will agree that during the term of the Financing Lease, if the University shall cease to serve as manager of the Bond-Financed Facilities, the Company will promptly employ and at all times thereafter employ a recognized manager of student housing facilities that manages, and has for the past five (5) years managed, at least five thousand (5,000) beds of student housing facilities. Prior to entering into a contract with any successor manager, the Company will be required to deliver to the Trustee an opinion of Bond Counsel to the effect that the terms of the proposed management contract will not cause the Series 2008 Bonds to become taxable.

Covenant Regarding University Assistance

If on any date that the Company is required to make a Basic Rental Payment or an Additional Rental Payment, the Company has insufficient Revenues to make such Rental Payments in full, then the Company is required under the Financing Lease to promptly notify the University in writing and to request the University's assistance in the form of a grant or loan in the amount of such deficiency. The University shall have no obligation to make any such grant or loan to the Company and neither the Company nor the Authority nor any third party shall have recourse against the University in the event the University declines to offer any such assistance

Assignment and Subleasing

The Company may assign its rights under the Financing Lease or Mortgage its leasehold interest in the Bond-Financed Facilities, or sublease all or any part of the Bond-Financed Facilities, subject to the following limitations:

(a) The Company shall continue to be primarily reliable for the performance and observance of the agreements and covenants to be performed and observed by it under the Financing Lease, and no such assignment, mortgage or sublease shall in any way diminish or abate the obligations of the Company under the Financing Lease.

(b) No such assignment, mortgage or sublease shall permit or result in the use of the Bond-Financed Facilities for any purpose that would not be permitted for facilities financed under the laws applicable to the powers of the Authority.

(c) Within thirty (30) days after the delivery of such assignment, mortgage or sublease, the Company shall deliver a copy of thereof to the Authority and to the Trustee.

Events of Default

Any one or more of the following shall constitute an Event of Default under the Financing Lease:

(a) Default in the payment of any Basic Rental Payment when such Basic Rental Payment becomes due and payable; or

(b) Default in the payment of any Additional Rental Payment when such Additional Rental Payment becomes due and payable; or

(c) Default in the performance, or breach, of any covenant or warranty of the Company in the Financing Lease, and the continuance of such default or breach for a period of thirty (30) days after there has been given, by registered or certified mail, to the Company by the Authority or by the Trustee 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 Financing Lease; or

(d) The occurrence of an Event of Default, as therein defined, under the Indenture or other Bond Documents, and the expiration of the applicable grace period, if any, specified therein.

Remedies

If an Event of Default under the Financing Lease occurs and is continuing, the Authority may exercise any of the following remedies:

> (a) Declare all installments of Basic Rental Payments for the remainder of the term of the Financing Lease to be immediately due and payable in an amount not to exceed the principal amount of all outstanding Series 2008 Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration;
>
> (b) Reenter the Bond-Financed Facilities, without terminating the Financing Lease, and, upon ten (10) days' prior written notice to the Company relet the Bond-Financed Facilities or any part thereof for the account of the Company, for such term (including a term extending beyond the term of the Financing Lease) and at such rentals and upon such other terms and conditions, including the right to make alterations to the Bond-Financed Facilities or any part thereof, as the Authority may deem advisable, and such reentry and reletting of the Bond Financed Facilities shall not be construed as an election to terminate the Financing Lease nor aleve the Company of its obligations to make payments required by the Financing Lease and to perform and observe any of its other agreements and covenants under the Financing Lease, all of which shall survive such reentry and reletting, and the Company shall continue to make all payments required by the Financing Lease until the term of the Financing Lease, less the net proceeds, if any, of any reletting of the Bond-Financed Facilities after deducting all of the Authority's expenses in connection with such reletting including, without limitation, all repossession costs, brokers' commissions, attorneys' fees, alteration costs and expenses of preparation for reletting;
>
> (c) Terminate the Financing Lease, exclude the Company from possession of the Bond-Financed Facilities and, if the Authority elects so to do, lease the same for the account of the Authority, holding the Company liable for all payments due under the Financing Lease up to the date of such termination; and
>
> (d) Take whatever legal proceedings may appear necessary or desirable to collect the payments under the Financing Lease then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of the Company under the Financing Lease or by law.

Amendments

See the heading "SUMMARY OF PRINCIPAL BOND DOCUMENTS – The Indenture – Amendment of Other Bond Documents" herein.

THE LEASEHOLD MORTGAGE

Introduction

The Leasehold Mortgage will provide security for the Company's obligations under the Financing Lease.

Security

To secure its obligations under the Financing Lease, the Company will execute and deliver to the Authority the Leasehold Mortgage pursuant to which the Company (i) will convey to the Authority, a first mortgage lien on the Company's leasehold interest in the Bond-Financed Facilities and all leases of all or part of the Bond-Financed Facilities and will grant to the Authority a security interest in all of its right, title, and interest in and to all rents, issues, profits, revenues, income, receipts, moneys, royalties, rights and benefits of and from the Bond-Financed Facilities and from and in connection with the Company's occupancy, use, or enjoyment of the Bond-Financed Facilities, subject to Permitted Encumbrances and (ii) will grant to the Authority a first priority security interest in the following collateral: (a) all personal property now owned or hereafter created or acquired by the Company and located on or within the Bond-Financed Facilities (specifically excluding any personal property owned by the University and located on or within the Bond-Financed Facilities, in particular, all personal property located on or within the Ridgecrest South Facilities), (b) the Revenues, (c) all contracts relating to the design or construction of the Bond-Financed Facilities, (d) all accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Company's operation of the Bond-Financed Facilities, (e) all accounts, books, records, and other property relating or referring to any of the foregoing, and (f) all proceeds of any of the foregoing.. The Authority will assign its rights under, and will grant a security interest in the Leasehold Mortgage to the Trustee as security for the Bonds.

Remedies

Upon the occurrence and continuation of an Event of Default under the Financing Lease, the Trustee, as the assignee of the Authority, will be entitled to exercise in respect of the above-described collateral, in addition to other rights and remedies provided for in the Leasehold Mortgage or otherwise available to it, which will permit the Trustee: (i) to declare the outstanding principal amount of the Series 2008 Bonds, the interest accrued thereon, and all other amounts payable with respect thereto to be due and payable immediately, and upon such declaration, such amounts shall immediately become and be due and payable; (ii) by itself, or by such officers or agents as it may appoint, enter and take possession of the Bond-Financed Facilities and exclude the Company and its agents and employees wholly therefrom; (iii) to demand, collect, and sue for, in its own name, or in the name of the Company, all of the rents, issues, profits, revenues, royalties, earnings, income, and benefits derived from the Bond-Financed Facilities as they become due and payable, including those past due and unpaid and to apply such rents, issues, profits, revenues, royalties, earnings, income, and benefits to the payment of the Series 2008 Bonds; (iv) with or without entry or taking possession, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (a) to enforce payment of the Series 2008 Bonds or the performance of any term of the Financing Lease, the Leasehold Mortgage, or any of the other Bond Documents or any other right, (b) to foreclose the Leasehold Mortgage and without notice, except as specified below, (c) to sell, as an entirety or in separate lots or parcels, the Company's leasehold interest in and to Bond-Financed Facilities under the judgment or decree of a court or courts of competent jurisdiction, or (d) to sell any of the other collateral granted under the leasehold Mortgage, or any part thereof, in one or more parcels at public or private sale, at any of the Trustee's offices or elsewhere, for cash, or credit, or for future delivery, and at such price or prices and upon such other terms as the Trustee may deem commercially reasonable, and (e) to pursue any other remedy available to it; (v) exercise all rights and remedies permitted under the Financing Lease or otherwise permitted in law or in equity, to protect and dispose of such collateral and to protect its rights to payment under the Financing Lease, and all the rights and remedies of a secured party on default under the Alabama Uniform Commercial Code (the "UCC") (whether or not the UCC applies to the affected collateral); and (vi) require the Company to, and the Company will agree that it will, at its own expense, gather or assemble all or part of such collateral not in the possession of the Trustee as directed by the Trustee and make it available to the Trustee at a place to be designated by the Trustee that is reasonably convenient to both parties. Any cash held by the Trustee as collateral and all cash proceeds received by the Trustee in respect of any sale of, collection from, or other realization upon all or any part of the collateral subject to the Leasehold Mortgage will be applied as provided in the Indenture.

THE SECURITY AGREEMENT

Introduction

The Security Agreement will provide security for the Authority's obligations under the Indenture and the Series 2008 Bonds.

Security

To secure its obligations under the Indenture, the Authority will execute and deliver to the Authority the Security Agreement pursuant to which the Authority will grant to the Trustee a first priority security interest in any personal property now owned or hereafter acquired by the Authority and located on or within the Bond-Financed Facilities and a first priority security interest in all contracts relating to the design or construction of the Bond-Financed Facilities.

Remedies

Upon the occurrence of an Event of Default under the Indenture, the Trustee will be permitted to exercise in respect of the above-described collateral, in addition to other rights and remedies provided for in the Security Agreement or otherwise available to it, all rights and remedies permitted under the Financing Lease or otherwise permitted in law or in equity, to protect and dispose of such collateral and to protect its rights, as the assignee of the Authority, to payment under the Financing Lease, and all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected collateral) and also may (i) require the Company on behalf of the Authority to, and the Company will agree that it will at its own expense, gather or assemble all or part of such collateral not in the possession of the Trustee as directed by the Trustee and make it available to the Trustee at a place to be designated by the Trustee that is reasonably convenient to both parties, and (ii) without notice, except as specified below, sell such collateral, or any part thereof, in one or more parcels at public or private sale, at any of the Trustee's offices or elsewhere, for cash, or credit, or for future delivery, and at such price or prices and upon such other terms as the Trustee may deem commercially reasonable. Any cash held by the Trustee as collateral and all cash proceeds received by the Trustee in respect of any sale of, collection from, or other realization upon all or any part of the collateral subject to the Security Agreement will be applied as provided in the Indenture.

APPENDIX C

FORM OF BOND COUNSEL OPINION

[Closing date]

The Public Educational Building Authority of the City of
Tuscaloosa
Tuscaloosa, Alabama
Holders of the Series 2008 Bonds
referred to below

Re: **$100,460,000 Student Housing Revenue Bonds (University of Alabama Ridgecrest Residential Project), Series 2008 dated December 1, 2008, issued by The Public Educational Building Authority of the City of Tuscaloosa**

We have acted as bond counsel to the Company referred to hereinbelow in connection with the issuance of the above-referenced Bonds (the "Series 2008 Bonds") by The Public Educational Building Authority of the City of Tuscaloosa, a public corporation organized under the laws of the State of Alabama (the "Authority"), including particularly Chapter 15 of Title 11 of the Code of Alabama (1975) (the "Enabling Law"). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Series 2008 Bonds are issued pursuant to a Trust Indenture dated December 1, 2008 (the "Indenture"), between the Authority and Regions Bank, an Alabama banking corporation (the "Trustee").

Pursuant to a Lease Agreement dated December 1, 2008 (the "Lease Agreement") between the Authority and Ridgecrest Student Housing, L.L.C. (the "Company"), the Authority has leased certain facilities described more particularly in the Lease Agreement (the "Bond-Financed Facilities") to the Company and the Company has agreed to pay rentals at times and in amounts sufficient to pay debt service on the Series 2008 Bonds.

Pursuant to the Indenture, the Authority has assigned and pledged to the Trustee all the Authority's rights under the Lease Agreement, except for certain rights relating to indemnification, reimbursement of expenses and receipt of notices and other communications, and certain other collateral (the "Trust Estate") to secure the payment of debt service on the Series 2008 Bonds. The Series 2008 Bonds and all other payment obligations under the Indenture are limited obligations of the Authority payable solely out of the Trust Estate, including payments by the Company pursuant to the Lease Agreement.

As additional security for the payment of debt service on the Series 2008 Bonds and certain other obligations, the Company has executed a Leasehold Mortgage and Assignment of Rents and Leases dated as of December 1, 2008 (the "Mortgage') in favor of the Authority, whereby the Authority has been granted a mortgage on the Bond-Financed Facilities, and a security interest in certain personal property relating to the Bond-Financed Facilities. The Authority has assigned and pledged to the Trustee all its right, title and interest in the Mortgage to the Trustee pursuant to the Indenture. As additional security for its obligations under the Indenture, the Authority has executed a Security Agreement dated as of December 1, 2008 (the "Security Agreement") in favor of the Trustee, whereby the Trustee has been granted a security interest in all equipment and inventory made a part of the Bond-Financed Facilities. The Company has also executed and delivered a Guaranty Agreement dated as of December 1, 2008 in favor of the Trustee with respect to the Series 2008 Bonds.

The Series 2008 Bonds are limited obligations of the Authority payable solely out of the sources defined in the Indenture as the "Trust Estate". Under the Indenture, the Authority has pledged the Trust Estate to the Trustee for the payment of the principal of, premium (if any) and interest on the Series 2008 Bonds.

We have examined executed counterparts of the Indenture and the Lease Agreement and such other certificates, proceedings, proofs and documents as we have deemed necessary in connection with the opinions hereinafter set forth.

As to various questions of fact material to our opinion, we have relied upon the representations made in the documents described above and upon certificates of certain public officials and officers of the Authority, the Company and the Trustee (including, without limitation, certificates by the Authority and the Company as to the use of proceeds of the Series 2008 Bonds), without undertaking to verify the same by independent investigations.

Reference is hereby made to separate opinions of even date, upon which we have relied, rendered by Shields & Gunter PC, counsel for the Authority.

In connection with the rendering of this opinion, we have served as counsel to the Company.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is validly existing as a public corporation under the Enabling Law.

2. The Authority has corporate power and authority to enter into and perform its obligations under the Indenture and to issue and deliver the Series 2008 Bonds. The execution, delivery and performance by the Authority of its obligations under the Indenture and the issuance and delivery of the Series 2008 Bonds have been duly authorized by all requisite corporate action, and the Series 2008 Bonds have been duly executed and delivered by the Authority.

3. The Series 2008 Bonds constitute valid and binding orders on the Treasurer of the Authority for the payment thereof as therein provided, and the Series 2008 Bonds constitute limited obligations of the Authority, payable as to principal, premium (if any) and interest solely out of the Trust Estate.

4. The Indenture and the Lease Agreement constitute legal, valid and binding obligations of the Authority and are enforceable against the Authority in accordance with their respective terms.

5. The Indenture creates a valid pledge and assignment of the Trust Estate for the security of the Series 2008 Bonds on a parity with all other bonds (if any) issued under the Indenture.

6. Interest on the Series 2008 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the Company comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2008 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and The Company have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2008 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2008 Bonds.

7. Interest on the Series 2008 Bonds is exempt from State of Alabama income taxation.

We express no opinion regarding federal tax consequences arising with regard to the Series 2008 Bonds, other than the opinions expressed in paragraph 6 above.

The rights of the holders of the Series 2008 Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2008 Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

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APPENDIX D

SPECIMEN OF FINANCIAL GUARANTY INSURANCE POLICY

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ASSURED GUARANTY®
ENDURING FINANCIAL STRENGTH

Financial Guaranty Insurance Policy

Issuer: **Policy No.:**

Obligations: **Premium:**

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department – Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "**Term**" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "**Fiscal Agent**") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

ASSURED GUARANTY CORP.

(SEAL)

By:__________________________________
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

____
Counsel

APPENDIX E

STUDENT HOUSING STUDY

DECEMBER 2006 BRAILSFORD & DUNLAVEY STUDY

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Residence Halls Master Plan Update

University of Alabama



Final Report

December 2006

BRAILSFORD & DUNLAVEY
Facility Planners • Program Managers
Catalysts for Building Community

Tab 1

BACKGROUND

In November 2005, Brailsford & Dunlavey ("B&D") finalized the Residence Halls Master Plan for University of Alabama ("UA" or "University"). In the Master Plan, B&D developed a long-term strategy for Housing and Residential Communities. The strategy addressed both the existing residential facilities and potential new buildings. Since the completion of the Master Plan, UA has implemented Phase 1 (Riverside), Phase 2 (Lakeside), and begun construction of Phase 3 (Ridgecrest). Due to the faster-than-expected enrollment growth, UA engaged B&D again in October 2006 to update the Master Plan in the context of the new enrollment figures and the changing dynamics in the off-campus housing market. B&D's scope of work included a detailed off-campus survey, updates to the demand analysis, and revisions of the phasing strategy. B&D focused, in particular, on the market demand for, and feasibility of, both components of the Ridgecrest development, totaling 1,560 beds.

FINDINGS

B&D found that the off-campus market in Tuscaloosa continues to offer a large variety of housing options to UA students. The average monthly rental rates range from $238 for a studio to $1,246 for a four-bedroom unit. The average monthly rent per bedroom is $390. While comparing the rental rates obtained in Fall 2004 to the current market data, B&D observed various levels of inflation depending on the unit type. The lowest inflation rate over the course of two years, 5.6%, was noted for studio units. Four-bedroom units experienced the highest inflation – the average monthly rent increased by 22.6%. The average per-bedroom rate for the market increased by 13% between 2004 and 2006, which is equal to approximately 6.3% per year. This significant inflation rate can be attributed mainly to higher rates charged in the newer complexes such as the University Village. In addition, this rate, outpacing the national rate of inflation, suggests strong demand despite the continuing growth in supply. For example, the latest complex on the market mentioned above, University Village, will offer 246 apartment units upon its full completion in July 2007. The first phase of the development, offering half of the total number of units, was 90% occupied as of October 2006 and expecting to reach 100% occupancy by January 2007. In addition, two new residential communities are expected to open in August 2007. Boardwalk at Brittain Landing and a Lindsey Management's development at the Mimosa Park Golf Course will supply 850 new units in one-, two-, and four-bedroom configurations. The average monthly rental rates per bedroom at these two properties are expected to be $500 and $468 respectively.

While the off-campus rental rates grow rapidly, they continue to be lower than the on-campus rates. When compared to the proposed rate for Ridgecrest, University Village and Campus Way costs, inclusive of utilities, are 6% and 25% lower, respectively. The occupancy of on-campus housing remains strong, however, due to the live-on requirement for freshmen and a strong demand by upper classmen.

The desire of returning students to live on campus suggests that the costs premiums are acceptable. B&D's demand model indicates a potential 32% upper-classmen capture rate. In Fall 2006, UA housed approximately 14% of its upper classmen. The 18% gap between the actual and potential capture rates will shrink to 12% upon completion of Ridgecrest and allocating approximately 50% of beds in Riverside, Lakeside, and Ridgecrest to the returning students. That number (12%), however, translates into a demand for additional 2,000 upper-division beds - potential future phases of housing to be built after completion of Ridgecrest.

CONCLUSIONS

As a result of the above findings, B&D concludes the following:

1. While Ridgecrest is being completed and a portion of beds in Riverside and Lakeside (and ultimately Ridgecrest as well) are turned over to upper classmen, UA will have sufficient capacity to house its new freshmen.

2. UA will accommodate approximately 20% of the upper classmen – well below the potential capture rate of 32%, which provides a healthy occupancy safety margin.

3. While the new housing may be relatively easy to rent, the older buildings may experience higher vacancy rates and, therefore, it may be advisable to take some of them off line, as suggested in the 2005 Master Plan.

4. The UA housing product appears to be priced appropriately in relation to the off-campus market. The inflation of the on-campus rental rates should not, however, be greater than the off-campus increases.

5. Future phases of housing, beyond Ridgecrest, are feasible if:
   - UA enrollment grows significantly beyond the targeted 26,000 students,
   - Older residential facilities are taken off line,
   - UA decides to satisfy a larger portion of upper-classmen demand by provision of new beds for this segment of the student population, and
   - More upper classmen are allowed in Riverside, Lakeside, and Ridgecrest, therefore, generating demand for additional freshmen beds.

Lakeside complex opened in Fall 2006

Tab 2

OBJECTIVES

The objective of the off-campus housing market analysis was to identify the nature of the private rental housing market, allowing a comparison of non-university housing options that are available to students at the University of Alabama. In 2004, data was collected for the neighborhoods surrounding the campus that were most likely to be populated with University students. In 2006, data was recollected in order to understand the changes in market dynamics. This analysis highlights the changes in price, quality, availability, and development of private rental units near the University of Alabama.

METHODOLOGY

Through community tours, conversations with students, and internet searches, B&D identified a list of 56 properties that cater to student preferences in Tuscaloosa. B&D selected specific rental properties in a variety of neighborhoods for a detailed survey. Photographs were taken of selected properties, and the general condition of each neighborhood was documented. Quantitative information, such as rental rates, lease terms, and amenities, were also analyzed and compared to the on-campus rental rates.

FINDINGS

The majority of students at the University of Alabama live in the off-campus market within a two mile radius of campus. While Tuscaloosa has an identity and industries beyond the University of Alabama, UA is one of the largest entities in the city. The majority of the off-campus apartment buildings adjacent to the University accommodate mostly students, thus driving the range of available offerings.

The average market price per bedroom at the researched properties has increased by 13% in the last two years (6.3% on an annual basis) despite the fact that most complexes have made little or no renovations to the units, a mandatory first year live-on requirement has been implemented at UA, and a new 246-unit development (University Village) opened in Tuscaloosa. This significant inflation rate can be attributed mainly to higher rates charged in the newer complexes such as the University Village. The chart below shows the changes in pricing structure.

Total Market

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	$225	$418	$525	$890	$1,017	$345	$318
2006 Average	$238	$449	$588	$1,054	$1,246	$390	$353
Rent Inflation	**5.6%**	**7.3%**	**12.0%**	**18.5%**	**22.6%**	**13.0%**	**10.9%**

Occupancy rates are nearly 100% in the majority of the researched complexes, and students must start applying in January 2007 to ensure an August 2007 rental. Residential houses have also been subject to increased demand.

Amenities

While students can find benefits in living on-campus such as proximity to educational resources, living-learning experiences, and paying one bill per semester, the off-campus market provides more amenities and appeals to a wider range of the student population. Parking, air conditioning, and outdoor pools are common amenities. The amenities provided to the students at the most expensive properties include game rooms, lounges, and fitness centers. The property managers in some communities encourage events relating to the age of the population; for instance, University Downs hosts balcony decoration contests during football season. Students also noted that they can find a higher degree of privacy when living off-campus. Rental houses also allow students to live with friends. Students commonly cited the lower cost of living off-campus as a reason for not living on-campus. An analysis of rental rates by neighborhood is provided in this report.

Future Market Outlook

The introduction of the first year "live-on" requirement shifted a small percentage of students away from the off-campus market. However, enrollment growth subsequently supplied the vacant beds with upperclass students. Furthermore, B&D has found that the on-campus demand is greater than the University can realistically accommodate. Thus, the University can rely upon the off-campus market to absorb some of the future enrollment growth.

An analysis of the current construction trends indicates that the off-campus market will have the necessary additional capacity, despite the typically high occupancy rates. For instance, a Tuscaloosa building permits officer provided a healthy list of developers who have been granted building permits in the last two years. The projected new construction consists of mainly high quality apartment and townhouse units with some mid-to-low range units.

The most recent market impact came from the opening of University Village, a 246 unit apartment complex offering one-, two-, three-, and four-bedroom apartments. Over half of the units were constructed in Phase I which opened in the spring of 2006. The Phase I units are 90% occupied and the University Village staff predicts that the units will be 100% occupied by January 2007. Phase II, in which the remainder of the units will be built, is currently under construction and is scheduled for completion in July 2007. Pre-leasing for the Phase II units has already started and the University Village staff predicts that the units will be over 95% leased by the opening day.

Two additional complexes, Boardwalk at Brittain Landing and a Lindsey Management property, are expected to open in August 2007. These properties, which are not located immediately adjacent to campus but still target students, are luxurious and more expensive than current market offerings.

The Boardwalk at Brittain Landing will have 150 furnished four-bedroom, four-bathroom units totaling 600 new bedrooms. It will include the following amenities: furnished apartments, gym, theater, recreational pool, lap pool, spa, game room, club house, steam room, sauna, and tanning beds. Each resident will pay $500 per month for an individual bathroom and bedroom and will share a common room and a kitchen with three other residents. The individual leases will include all utilities, cable, high-speed internet, parking, and a local phone line. In addition to the monthly rental rate, students will pay a $225 security deposit, a $35 application fee, and a $100 move-in fee. The leases will run for twelve months.

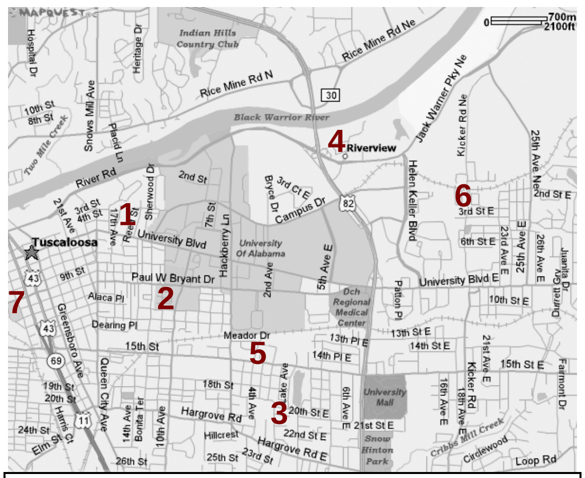
Lindsey Management's marketing department told B&D that they are building a 700-unit complex located southwest of the University of Alabama at Mimosa Park Golf Course. The complex will offer one- and two-bedroom units immediately adjacent to the golf course. Residents will have full golf course membership privileges, including an 11,000 square foot club house, 18-hole championship golf course, state of the art fitness center, tennis courts, business center, game room, sauna, and tanning beds. The units will come with a washer/dryer, refrigerator, microwave, dishwasher, private balcony, and nine-foot vaulted ceilings. Rental rates range from a one-bedroom, one-bathroom unit facing the parking lot for $535 per month to a two-bedroom, two-bathroom unit facing the golf course for $795 per month. The leases will run for 12 months and will not include any utilities.

B&D analyzed the quality of seven residential neighborhoods:

1. North of the Strip
2. South of the Strip
3. Southeast of Campus
4. Northeast of Campus
5. University Downs
6. University Commons
7. University Village

The following pages detail the attributes of each.

Prices and quality increase in direct relation to the distance from campus. For example, the neighborhood that is immediately North of the Strip is the poorest quality and also offers the least expensive rental rates. The properties to the West and South of campus that are in quieter and better maintained neighborhoods offer the most expensive rental rates.



Each number pertains to a specific neighborhood.

The average monthly rental rate of a 2 BR unit.

The Tuscaloosa off-campus student housing market offers a broad range of apartment quality.

NORTH OF THE STRIP, ADJACENT TO CAMPUS

Neighborhood Description

The area immediately North of the Strip is directly adjacent to campus. In fact, some of the apartment buildings are closer to the classroom buildings than University-owned residence halls such as Tutwiler. The prices are the lowest in Tuscaloosa, and coupled with the prime location, this neighborhood has desirable characteristics for students. However, the general condition of the area is poor. The buildings have been poorly maintained. There is little green landscaping surrounding most of the properties. Sidewalks exist in some locations, but there is little delineation between the street and the apartment parking lots in many instances.

Amenities

While the condition of the neighborhood and properties is poor, the apartment complexes host attractive student amenities. The larger properties including Pride's Court and Preston Place have outdoor swimming pools and deck space. Ample parking is also available and included in the price of rent.

Detailed Example

A detailed example is Roanoke Apartments. The building was 100% occupied in 2006 and will not have available units until August 2007. Positive attributes include a parking lot with daily lot monitoring, a dishwasher in every unit, and central air conditioning. The units furnish no utilities and offer few additional amenities. Roanoke Apartments is almost fifteen years old, and there are evident signs of aging. However, its close proximity to campus and low price make it an attractive option for students.

North of the Strip - Rental Rate Comparison Charts

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	$212	$355	$457	$550	$790	$270	$377
2006 Average	$220	$365	$510	$840	$900	$291	$390
Rent Inflation	3.9%	2.9%	11.7%	52.7%	13.9%	7.6%	3.4%

Rent Inflation Chart

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units
Preston Place	12th St., 13th Ave., and Reed St.		$410	$575	$840	$900	$301	202
Reed Street	417 Reed Street		$360	$485			$301	40
St. George	Reed Street			$725			$363	12
The Alabama	320 Reed Street	$195	$325	$365			$234	25
Prides Court	319 Grace Street		$395	$435			$306	59
Broad Street Apartments	19th Avenue & University Blvd	$225	$300				$263	34
Cobblestone Court Apartments	12th Avenue & University Blvd	$240					$240	48
Roanoke	211 Thomas Street		$400	$475			$319	12
Average		$220	$365	$510	$840	$900	$291	54
Average Rate per Bedroom		$220	$365	$255	$280	$225		

Property Details Chart

SOUTH OF THE STRIP

Neighborhood Description

The neighborhood South of the Strip is located within walking distance of campus. The quality of construction and landscaping is generally better than the neighborhood North of the Strip, and residents pay a slight premium to live South of the Strip. The properties are slightly newer and well maintained.

Amenities

The desirable location is counterbalanced with few amenities. Many of the properties have no amenities. Approximately half of the properties contain dishwashers, washer/dryers, or washer/dryer connections. A handful of properties have outdoor pools for resident use.

Detailed Example

A detailed example is The Alexandria, part of the College Station Properties portfolio. The property offers a patio/balcony, central air conditioning, dishwasher, covered parking, and access to two pools. College Station Properties furnishes pest control and garbage pick-up, but the rest of the utilities are covered by the tenants. While this property is within walking distance of the University, The Alexandria is nearly fifteen years old and offers quality that is similar to the units north of the Strip.

College Station Properties focuses on catering to student demand. College Station Properties offers all of its complexes within walking distance of the University campus. The company has an office located directly on The Strip and manages over twenty properties in Tuscaloosa.

South of the Strip - Rental Rate Comparison Chart

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	$265	$405	$499	$891	$1,100	$320	$379
2006 Average	$290	$440	$556	$1,042	$1,125	$358	$398
Rent Inflation	**9.4%**	**8.6%**	**11.3%**	**17.0%**	**2.3%**	**12.1%**	**5.0%**

Rent Inflation Chart

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units
September Place	1228 8th Street		$550	$775			$469	33
Canterbury Apartments	1108 14th Avenue			$503			$252	80
University Courts	730 15th Street		$330	$398			$265	72
Churchhill Downs	1420 8th Street		$400	$500			$325	40
Churchhill Downs II	1425 8th Street		$400				$400	12
Bryant Drive	1515 Bryant Drive		$600				$600	51
Chateau Twelve	618 12th Street		$400	$500			$325	22
Cornerstone Apartments	601 11th Street		$625				$625	54
Grenadier	831 13th Avenue		$400	$500			$325	14
Heathrow	1101 12th Street		$400	$500			$325	14
Hunt House	711 11th Street		$400	$500			$325	32
Merry Oaks	619 15th Avenue		$400	$500			$325	10
The Alexandria	516 15th Avenue		$500	$700		$1,125	$377	9
St. Charles	906 13th Ave			$725			$363	24
St. James	1408 6th St				$1,200		$400	8
The Georgian	1020 14th Ave			$725	$1,125		$369	8
Sherrill Plaza	1001 14th Street		$265	$315			$211	112
Cambridge	1208 9th Avenue			$465			$233	6
Capstone Cottages	610 13th Street			$435			$218	20
University Square	1014 6th Avenue		$550	$775			$469	22
Driftwood Apartments	812 11th Avenue		$315	$435			$266	7
Princeton	824 11th Avenue		$300				$300	12
Tide	814 11th Avenue		$365	$465			$299	22
Wickford	525 12th Avenue			$450			$225	6
Stadium Apartments	1120 8th Street	$290	$300	$395			$263	98
Windmere Apartments	611 13th Avenue			$550	$800		$271	20
College Place	514 13th Avenue			$670			$335	15
Hamilton Place	822 12th Avenue		$675				$675	8
Morgan Apartments	515 12th Avenue		$615	$1,000			$558	48
Average		**$290**	**$440**	**$556**	**$1,042**	**$1,125**	**$358**	**30**
Average Rate per Bedroom		$290	$440	$278	$347	$281		
Average Rate if Shared Bedroom		$145	$220	$139	$174	$141		

Property Details Chart

SOUTHEAST OF CAMPUS, 15TH STREET, AND FURTHER SOUTH

Neighborhood Description

The neighborhood Southeast of Campus, including 15th Street and areas further south is quieter and greener than the neighborhoods adjacent to campus. The generous building setbacks create areas that are less dense than the neighborhoods adjacent to campus. The buildings are also smaller in scale than those in the neighborhood North of the Strip.

Amenities

The nicer atmosphere and additional amenities are reflected in the rental rates. More than half of the properties offer washer/dryer connections, and all but two provide dishwashers in the units.

Detailed Example

A detailed example is Fountain Square Apartments. The complex operated at 100% occupancy during the Fall 2006 semester. It consists of small two story buildings with well-manicured lawns and ample parking in close proximity to each unit. Fountain Square Apartments offers a dishwasher, a patio/balcony, a laundry room, a pool, and central air conditioning. Sealy, the property manager, furnishes water but the residents must pay for all other utilities.

Sealy focuses on catering to student demand. The company helps students find apartments that meet their individual needs. The company's extensive advertising efforts even include a large billboard on highway I 20/59.

Southeast of Campus - Rental Rate Comparison Chart

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$445	$546	$880	-	$328	$289
2006 Average	-	$480	$589	$905	-	$355	$289
Rent Inflation	**-**	**7.8%**	**7.9%**	**2.8%**	**-**	**8.2%**	**0.0%**

Rent Inflation Chart

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units
Bent Tree	900 Hargrove Road		$518	$643			$420	248
Palisades	3201 Hargrove Road East		$585	$785	$905		$426	274
Hackberry Place Apartments	19th Street & Hackberry		$340	$425			$276	40
Brookstone Apartments	2300 5th Avenue E.		$413				$413	117
Carriage Inn (2BR TH)	1919 11th Ave			$528			$264	18
Charleston Square	800 27th Street		$513	$568			$399	144
Fountain Square	1925 8th Avenue		$508	$563			$395	120
Courtwood	1600 15th Street East			$650			$325	60
Forest Park	1509 6th Avenue East			$550			$275	18
Average			**$480**	**$589**	**$905**		**$355**	**115**
Average Rate per Bedroom			$480	$295	$302			
Average Rate if Shared Bedroom			$240	$147	$151			

Property Details Chart

NORTHEAST OF CAMPUS

Neighborhood Description

The area Northeast of campus near the Black Warrior River has similar characteristics to the neighborhood Southeast of campus. Students noted that it is "quiet," and while some students live there, families with children also reside there. The buildings are generally two stories in height and maintain moderate setbacks from the street.

Amenities

The neighborhood provides a wide selection of amenities at each property. All of the properties surveyed offer dishwashers in the units. Half of the properties have outdoor pools, tennis courts, and clubhouses.

Detailed Example

A detailed example is River Pointe. This complex was recently renovated and includes a laundry room, pool, heat pump/wall air conditioning, and most of the units have dishwashers. These 68 units are not exclusively focused on student residents. They are not within walking distance of campus, and while they offer a few basic amenities, no utilities are included.

Northeast of Campus - Rental Rate Comparison Chart

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$442	$526	$900	-	$313	$364
2006 Average	-	$433	$625	$910	-	$345	$393
Rent Inflation	**-**	**-1.9%**	**18.7%**	**1.1%**	**-**	**10.3%**	**8.0%**

Rent Inflation Chart

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units
River Road Apartment Park	416 8th Ave. N.E			$492			$246	40
River Road Apartment Park	8th Ave. N.E.		$310	$400			$255	40
Riverbend Commons	150 Rice Mine Road		$550	$800			$475	128
Rivercliff	424 7th Ave. N.E.		$375	$475			$306	15
River Pointe	608 River Road N.E.		$315	$740			$343	68
Rivermont Apartments	201 Marina Drive		$615	$840	$910		$446	200
Average		**-**	**$433**	**$625**	**$910**	**-**	**$345**	**82**

Property Details Chart

UNIVERSITY DOWNS

Property Description

University Downs is a single, large two-phase development located between the commercial developments of 15th Street to the South and train tracks to the North. While it is within the outer range of walking distance to campus, most of the residents elect to drive to campus. Despite its location and high rental rates, the property was nearly 100% occupied in Fall of 2006. The property consists of two components constructed within a few years of each other. While the buildings in “Phase I” are in good condition, the buildings in “Phase II” are some of the newest and of the highest quality in the market.

Amenities

The units in Phase II are spacious and well-appointed with carpet, new appliances, vaulted ceilings, and built-in desks. Residents can choose between outdoor balconies or enclosed sunrooms. Each unit has a large storage closet that can be accessed from the outdoor stairwell corridor. Some units have washers and dryers in the apartment.

The clubhouse hosts many high-quality amenities. Residents have access to a large fitness center with new equipment, a study lounge with computers, a billiards lounge, and other media rooms with extensive audio-visual equipment. The outside deck area hosts two pools and lounge chairs.

University Downs is clearly focused on catering to the student population. The floor medallion in the lobby consists of the University of Alabama logo, and the property manager hosts events for students such as balcony decoration competitions. However, the wide range of student-focused amenities attracts residents who can afford to pay a premium to live in the highest quality community.

University Downs - Rental Rate Comparison Chart

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$635	$785	$1,225	-	$489	$300
2006 Average	-	$660	$815	$1,263	-	$508	$300
Rent Inflation	**-**	**3.9%**	**3.8%**	**3.1%**	**-**	**4.0%**	**0.0%**

Rent Inflation Chart

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units
University Downs	120 15th Street East		$615	$745			$494	204
University Downs II	121 15th Street East		$705	$885	$1,263		$523	180
Average		**-**	**$660**	**$815**	**$1,263**	**-**	**$508**	**192**
Average Rate per Bedroom			$660	$408	$421			

Property Details Chart

CAMPUS WAY

Property Description

In the Fall of 2006, University Commons was re-branded Campus Way as it changed ownership from Capstone Development to College Park Communities. College Park Communities is a large national corporation that develops student-friendly apartments in the off-campus markets of many large institutions such as UA.

One student characterized Campus Way as a "big off-campus dorm." The statement accurately describes the nature of the student-focused property. The building quality is similar to the housing stock in the neighborhood northeast of campus. A large manicured lawn surrounds the property, and ample parking is provided outside each unit. It is evident that students drive to campus from this location.

The units are rented on a per-resident basis, similar to the model that the University of Alabama follows for renting Rose Towers and the other student apartment buildings. Campus Way uses this rental structure model as a large selling point, noting that students will not have to pay their roommate's portion of the rent if he/she decides to vacate the apartment. Residents are required to sign a lease and are responsible for fulfilling the contract terms. However, the property management staff will assist students in finding sub-leases if necessary. Campus Way also has a roommate matching service and offers roommate profile sheets to potential renters.

Amenities

Campus Way hosts a wide array of student-focused amenities. Residents can enjoy an outdoor pool, outdoor tennis, and an indoor recreational clubhouse with a fitness center. The units are furnished and contain washers, dryers, and free cable television.

Campus Way - Rental Rate Comparison Chart

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$358	$825	-	$1,160	$353	$200
2006 Average	-	$385	$840	$1,170	$1,260	$378	$200
Rent Inflation	**-**	**7.7%**	**1.8%**	**-**	**8.6%**	**6.8%**	**0.0%**

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Rent Inflation Chart

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units
Campus Way	301 Helen Keller Blvd.		$385	$840	$1,170	$1,260	$378	194
Average		**-**	**$385**	**$840**	**$1,170**	**$1,260**	**$378**	**194**
Average Rate per Bedroom			$385	$420		$315		

Property Details Chart

UNIVERSITY VILLAGE

Property Description

University Village is the newest of the high-end apartment complexes in Tuscaloosa. With Phase I complete and almost fully leased, University Village has absorbed a large portion of the excess housing demand caused by recent enrollment growth. After the completion of Phase II in 2007, the student-focused property will offer 246 units. University Village staff expects to be nearly 100% leased by the 2007 Phase II opening.

University Village is not within walking distance of the University and most students will have to drive to campus. Although not close to campus, University Village offers convenience in other forms that attract students. The property management staff will assist students in finding sub-leases if necessary. University Village also has a roommate matching service and offers roommate profile sheets to potential renters. In addition, University Village provides a wealth of student-focused amenities.

Amenities

University Village residents can enjoy two outdoor pools, outdoor tennis, an indoor recreational clubhouse with a fitness center, and a patio/balcony. The units contain washers, dryers, dishwashers, central air conditioning, and furnished apartments are also available.

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units
University Village	800 31st Street		$675	$845	$1,275	$1,700	$487	246
Average		**-**	**$675**	**$845**	**$1,275**	**$1,700**	**$487**	**246**
Average Rate per Bedroom			$675	$423		$425		

Property Details Chart

OFF-CAMPUS HOUSING

HOUSES

Market Description

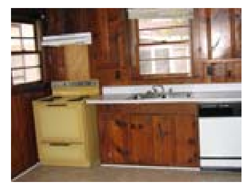
Students commonly discussed houses as a means to live with friends and siblings. The houses are in high demand during the school year. In fact, one property manager releases the list of available houses in January for September occupancy. A handful of property managers own a range of houses in the surrounding neighborhoods. Individual owners also lease homes to students. The houses are generally old, but they are large enough to accommodate multiple students.

The rental rates in the market range depending on location, quality, and number of bedrooms. One property management company, Sherrill Realty, offers prices as expensive as $575 for a one-bedroom house and prices as inexpensive as $1000 for a four-bedroom house ($250 per bedroom).

It is a common practice nationally for some parents to purchase homes for their children, especially if the family has more than one child attending the university. The children rent bedrooms in the house to other students, and the additional rent payments are used to pay the mortgage on the home.







RENTAL RATE COMPARISON

B&D investigated the University's ability to compete with the off-campus rental rates. Many students in the focus groups commented on the affordability of the off-campus market and stated that it is less expensive to live off-campus than on-campus. B&D found that, indeed, the University's rates are higher than the off-campus rates.

	On-Campus Ridgecrest *(Proposed)*	Off-Campus University Village	Off-Campus Campus Way	Average Sorority	Average Fraternity
Monthly Rental Rate	$599	$425	$315	$382	$327
Additional Utility Cost *	$0	$136	$136	$0	$0
Total Monthly Cost	**$599**	**$561**	**$451**	**$382**	**$327**
Premium(+)/Discount(-) Vs. Ridgecrest	**N/A**	-6%	-25%	-36%	-45%

*Average based on student survey conducted in Fall 2004

The chart above shows that two most comparable off-campus developments, University Village and Campus Way, offer discounts of 6% and 25%, respectively, when compared to Ridgecrest. While the rates off campus will likely increase by the time Ridgecrest opens, student will still pay a premium to live on-campus. The premium will, however, remain within national averages of premiums students pay to enjoy the convenience of on-campus living and, therefore, should not have a negative impact on the complex's occupancy. In addition, the freshmen live-on requirement will allow to maintain low vacancy rates. The Ridgecrest business plan should, however, take into consideration the annual average off-campus inflation rate of 6.3% and should not to exceed this number by a significant margin.

Although sorority and fraternity housing offerings are not closely comparable to campus residential life facilities, the overall cost of attending UA is a factor for many students. For those seeking inexpensive arrangements, both sororities and fraternities will become an option with the discounts of 36% and 45% respectively.

Tab 3

OBJECTIVES & METHODOLOGY

B&D developed a student housing demand model to project the specific quantity of demand for each unit type, either existing or considered for future development. The model projects demand under the assumption that housing would be designed to match students' preferences closely in the future. The model derives demand based on responses from the student survey, as well as enrollment figures provided by the University. The original model produced UA housing demand profile based on the student survey conducted in Fall 2004. For the purposes of this Master Plan Update, B&D inserted new enrollment projections to the model to quantify the demand for various unit types.

CAPTURE RATES AND DEMAND/SUPPLY RECONCILIATION

The model allowed B&D to analyze each class to project demand. The capture rates reflect the percentages of students, within the target market, indicating their intention to live in the proposed units. For example, the number of all juniors included in the target market and interested in living in the proposed units, divided by the junior sample size results in the capture rate for the current academic year. Later, the capture rates are applied to the enrollment figures for each class. The projected demand is multiplied by weight factors to ensure a demographic balance between the survey respondents and the entire target market population. At the conclusion, the demand is reconciled with the supply (existing beds plus both phases of Ridgecrest) to demonstrate potential surpluses and deficits.

TARGET MARKET & CAPTURE RATE CONSIDERATIONS

Although B&D surveyed entire UA student population, certain demographic groups were excluded from the target market. The target market was narrowed down to the following groups of students:

- Only full-time students;
- Only renters (both on- and off-campus).

In addition to the above criteria, B&D determined that the lowest on-campus rental rates, inclusive of utility charges, are:

- $335 per month for single student units;
- $550 per month for family units.

Therefore, students who indicated their preference to live on campus, currently live off campus, and pay less than the above rates were excluded from the target market as the future on-campus housing accommodations are likely to be unaffordable to them. The assumptions used in the original study were applied to the demand profile generated for the purposes of this update.

The following capture rates are based on the live-on requirement for new freshmen and survey data for upper classmen (including continuing freshmen) and graduate students:

- 93% for new freshmen;
- 32% for upper classmen including continuing freshmen; and
- 16% for graduate students.

These capture rates should be treated as demand ceiling rather that indication of the total recommended build-out.

ENROLLMENT TRENDS

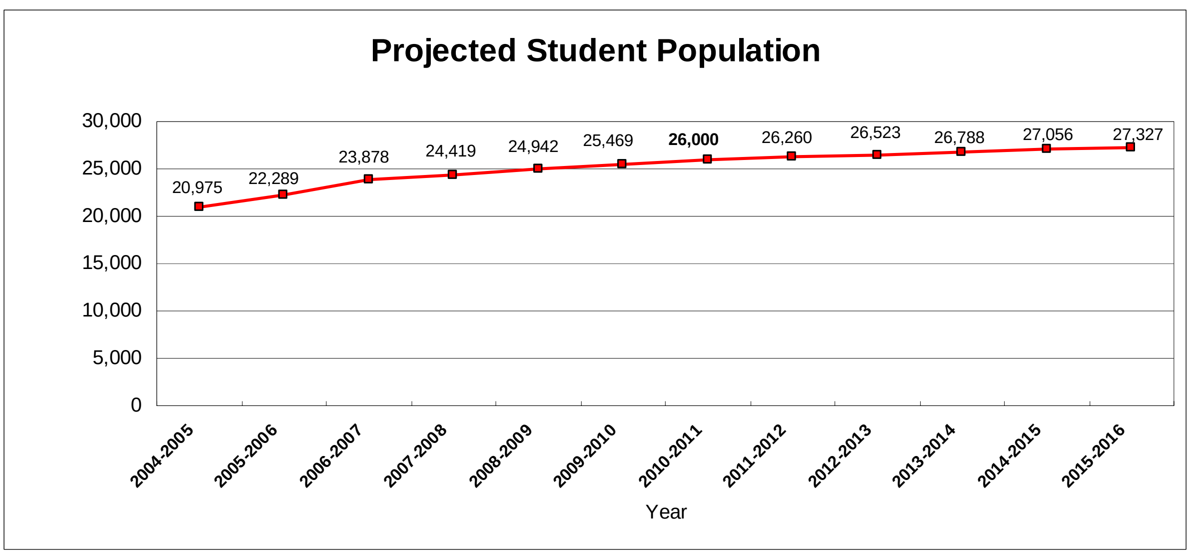
As the enrollment figures have critical impact on demand for on-campus living, B&D analyzed the future enrollment projections provided by UA.

- In 2004, UA projected to enroll approximately 26,000 students at the Tuscaloosa campus by the academic year 2013/2014. Due to the faster-than-projected growth, this enrollment target is now anticipated in 2010/2011.
- Furthermore, UA enrolled 4,378 new freshmen in the Fall 2006. It is anticipated that, in the academic year 2007/2008, the University will reach its new freshmen enrollment target of 4,400 students. The original target defined in the Master Plan in 2005 was 4,000 students.
- The following table and the attached diagram below show details of the enrollment projections and current capture rates:

Headcounts

	Past:		Current:	Projections:								
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Undergraduate - New Freshmen	3,368	3,735	4,378	4,400	4,400	4,400	4,400	4,444	4,488	4,533	4,579	4,624
Undergraduate - Continuing Freshmen	1,944	2,083	2,223	2,280	2,337	2,394	2,451	2,475	2,500	2,525	2,550	2,576
Undergraduate - Sophomore	3,587	3,844	4,101	4,206	4,312	4,417	4,522	4,567	4,613	4,659	4,705	4,752
Undergraduate - Junior	3,486	3,736	3,986	4,088	4,190	4,292	4,394	4,438	4,483	4,528	4,573	4,619
Undergraduate - Senior	4,186	4,486	4,786	4,909	5,032	5,154	5,277	5,330	5,383	5,437	5,491	5,546
Total Undergraduate	**16,571**	**17,885**	**19,474**	**19,883**	**20,270**	**20,657**	**21,044**	**21,254**	**21,467**	**21,681**	**21,898**	**22,117**
Graduate	4,000	4,000	4,000	4,120	4,244	4,371	4,502	4,547	4,593	4,638	4,685	4,732
Other	404	404	404	416	429	441	455	459	464	468	473	478
Total Graduate/Other	**4,404**	**4,404**	**4,404**	**4,536**	**4,672**	**4,812**	**4,957**	**5,006**	**5,056**	**5,107**	**5,158**	**5,210**
Total Enrollment	**20,975**	**22,289**	**23,878**	**24,419**	**24,942**	**25,469**	**26,000**	**26,260**	**26,523**	**26,788**	**27,056**	**27,327**

Assumptions:
1) Enrollment target of 26,000 students attending classes on UA campus (excludes distant learners) in 2010
2) New freshmen target of 4,400 students in 2007
3) 10% non-new-freshmen undergraduate population growth between Fall 2006 and Fall 2010
4) 3% graduate/other population growth between Fall 2006 and Fall 2010
5) 1% annual population growth (all classes) between Fall 2010-Fall 2011 and thereafter



- The chart below demonstrates the demand/supply reconciliation for the current academic year (2006/2007). It shows the following:
  - Surplus of over 2,200 community-style beds;
  - Relative balance between supply and demand for suite-style units (semi-suites and full-suites); and
  - Deficit of over 5,500 apartment-style units.

Demand/supply reconciliation for 2006/2007

2006-2007				Distribution of Demand								
Class	Enrollment Projection	Potential Capture Rate	Maximum Potential Demand	Community Style	Semi-Suites	Full-Suites	4-Bedroom Apt	3-Bedroom Apt	2-Bedroom Apt	1-Bedroom Apt	2-Bedroom Apt Family	1-Bedroom Apt Family
Undergraduate - New Freshmen	4,378	93%	4,053	203	405	811	1,013	527	648	405	41	0
Undergraduate - Cont. Freshmen	2,223	66%	1,468	15	147	250	206	59	279	396	59	44
Undergraduate - Sophomore	4,101	31%	1,267	51	76	215	228	127	291	241	25	13
Undergraduate - Junior	3,986	24%	951	48	38	124	114	143	181	285	19	10
Undergraduate - Senior	4,786	23%	1,113	45	45	145	89	145	167	445	22	11
Total Undergraduate	**19,474**	**45%**	**8,852**	**360**	**711**	**1,544**	**1,650**	**1,000**	**1,566**	**1,773**	**166**	**77**
Graduate - 1st. Year	4,000	17%	677	14	14	61	14	135	108	277	34	14
Other	404	10%	41	0	0	0	0	8	16	16	0	0
Total Graduate	**4,404**	**16%**	**718**	**14**	**14**	**61**	**14**	**144**	**125**	**294**	**34**	**14**
Actual Beds Provided by Unit Type - Current			**6,082**	**2,595**	**562**	**1,615**	**0**	**450**	**600**	**0**	**96**	**164**
Actual Beds Provided by Unit Type - Planned			**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**
Current Surplus / (Deficit) of Beds			**(3,487)**	**2,221**	**(162)**	**10**	**(1,663)**	**(693)**	**(1,091)**	**(2,067)**	**(104)**	**73**

- Completion of the first phase of Ridgecrest will generate a surplus of suite-style beds in Fall 2007. The surplus will, however, offset the deficit of the apartment-style units (chart below).

Demand/supply reconciliation for 2007/2008

2007-2008				Distribution of Demand								
Class	Enrollment Projection	Potential Capture Rate	Maximum Potential Demand	Community Style	Semi-Suites	Full-Suites	4-Bedroom Apt	3-Bedroom Apt	2-Bedroom Apt	1-Bedroom Apt	2-Bedroom Apt Family	1-Bedroom Apt Family
Undergraduate - New Freshmen	4,400	93%	4,073	204	407	815	1,018	529	652	407	41	0
Undergraduate - Cont. Freshmen	2,280	66%	1,505	15	151	256	211	60	286	406	60	45
Undergraduate - Sophomore	4,206	31%	1,299	52	78	221	234	130	299	247	26	13
Undergraduate - Junior	4,088	24%	976	49	39	127	117	146	185	293	20	10
Undergraduate - Senior	4,909	23%	1,141	46	46	148	91	148	171	457	23	11
Total Undergraduate	**19,883**	**45%**	**8,995**	**365**	**720**	**1,567**	**1,671**	**1,014**	**1,593**	**1,810**	**169**	**79**
Graduate - 1st. Year	4,120	17%	697	14	14	63	14	139	111	286	35	14
Other	416	10%	42	0	0	0	0	8	17	17	0	0
Total Graduate	**4,536**	**16%**	**739**	**14**	**14**	**63**	**14**	**148**	**128**	**303**	**35**	**14**
Actual Beds Provided by Unit Type - Current			**6,082**	**2,595**	**562**	**1,615**	**0**	**450**	**600**	**0**	**96**	**164**
Actual Beds Provided by Unit Type - Planned			**631**	**0**	**0**	**631**	**0**	**0**	**0**	**0**	**0**	**0**
Current Surplus / (Deficit) of Beds			**(3,021)**	**2,216**	**(172)**	**617**	**(1,685)**	**(712)**	**(1,122)**	**(2,113)**	**(108)**	**71**

- Completion of the second phase of Ridgecrest in 2008 will enlarge the surplus of suite-style beds generated by the first phase of that development. The surplus will continue to fall within the large apartment deficit, further offsetting it (chart on the next page).

DEMAND ANALYSIS

Demand/supply reconciliation for 2008/2009

2008-2009				Distribution of Demand								
Class	Enrollment Projection	Potential Capture Rate	Maximum Potential Demand	Community Style	Semi-Suites	Full-Suites	4-Bedroom Apt	3-Bedroom Apt	2-Bedroom Apt	1-Bedroom Apt	2-Bedroom Apt Family	1-Bedroom Apt Family
Undergraduate - New Freshmen	4,400	93%	4,073	204	407	815	1,018	529	652	407	41	0
Undergraduate - Cont. Freshmen	2,337	66%	1,543	15	154	262	216	62	293	417	62	46
Undergraduate - Sophomore	4,312	31%	1,332	53	80	226	240	133	306	253	27	13
Undergraduate - Junior	4,190	24%	1,000	50	40	130	120	150	190	300	20	10
Undergraduate - Senior	5,032	23%	1,170	47	47	152	94	152	175	468	23	12
Total Undergraduate	**20,270**	**45%**	**9,118**	**369**	**728**	**1,585**	**1,688**	**1,026**	**1,617**	**1,845**	**172**	**81**
Graduate - 1st. Year	4,244	17%	718	14	14	65	14	144	115	294	36	14
Other	429	10%	44	0	0	0	0	9	17	17	0	0
Total Graduate	**4,672**	**16%**	**761**	**14**	**14**	**65**	**14**	**152**	**132**	**312**	**36**	**14**
Actual Beds Provided by Unit Type - Current			**6,713**	**2,595**	**562**	**2,246**	**0**	**450**	**600**	**0**	**96**	**164**
Actual Beds Provided by Unit Type - Planned			**930**	**0**	**0**	**930**	**0**	**0**	**0**	**0**	**0**	**0**
Current Surplus / (Deficit) of Beds			**(2,236)**	**2,211**	**(181)**	**1,526**	**(1,702)**	**(729)**	**(1,149)**	**(2,157)**	**(112)**	**68**

CONCLUSIONS

From the demand perspective, the following conclusions can be drawn:

- The faster-than-expected enrollment growth will generate additional demand for on-campus beds through the academic year 2010/2011. Any development strategy thereafter should be reconciled with the actual enrollment figures.

- Both phases of the Ridgecrest development are feasible under the assumption that a portion of each of all the new projects, including Riverside and Lakeside, gets gradually converted into upper-class/returning student occupancy.

- Despite a relatively significant addition of suite-style beds in Riverside, Lakeside, and Ridgecrest, a demand still exists for on-campus apartment-style units for upper-classmen.

- If future phases are planned beyond Ridgecrest, a serious consideration should be given to taking off line some of the older existing community-style buildings.

Tab 4

2005 MASTER PLAN PHASING STRATEGY SUMMARY

At the conclusion of the master planning process in 2005, B&D formulated a development strategy consisting of the following phases that have been or are being completed:

- **Phase 1** (completed for occupancy in Fall 2005) – Also referred to as *Riverside,* Phase 1 provides 970 beds for freshmen and a gradually increasing number returning students. The units are configured as four-, two-, and one-bedroom suites with kitchenettes. All bedrooms are single occupancy.

Four-bedroom suite w/ kitchenette

Two-bedroom suite w/ kitchenette

- **Phase 2 –** Also known as *Lakeside*, Phase 2 was completed for occupancy in Fall 2006. The complex was built north of Palmer Lake and accommodates 538 freshmen in units identical to those offered at Riverside (Phase 1). Also similar to Riverside, Lakeside could gradually turn into a mix of freshmen and upper-classmen occupancy.

- **Phase 3** – Referred to as Ridgecrest, will consist of two components:

– 631 freshmen beds delivered for Fall 2007, and
– 930 freshmen beds delivered for Fall 2008.

Both components of Phase 3 will be configured as full-suites with kitchenettes. After the initial year of freshmen-only occupancy, Ridgecrest will be gradually offering and increasing number of beds to returning students.

PHASING STRATEGY UPDATE

Upon completion of the phases described above, the housing system at University of Alabama will have to meet the following objectives:

1. Provide beds for 93% of its new freshmen, based on the capture rate dictated by the live-on requirement, and

2. Attempt to meet, but not exceed, the demand for upper classmen housing based upon the 32% capture rate determined in the market analysis.

Although UA has a demand for graduate student housing (a potential capture of 16%), provision of this type of housing was not identified as a strategic objective or a high priority for the University.

In order to meet these two objectives, the following occupancy allocation will have to be made in the buildings other than Riverside, Lakeside, and Ridgecrest (Phases 1, 2, and 3) described above:

- In the Ridgecrest Area, Paty Hall, Blount Hall, Somerville Hall and Palmer Hall will offer approximately 590 freshmen beds and 190 upper-classmen beds. Completion of Ridgecrest B will create a surplus of freshmen beds in 2008/2009. This surplus can be eliminated by offering all beds in Paty Hall or larger percentages of beds in Riverside and Lakeside to upper-classmen.

- Palmer Hall and Somerville Hall will be taken off line after the 2006/2007 academic year.

- The undergraduate apartment complexes, Rose Towers, Bryce Lawn, and Highlands, will offer approximately 1,120 beds to upper-classmen.

- Special Groups Housing, including Smith Woods, Bryce Lawn, AKA House, and Rotary House, will continue to provide 86 upper-classmen beds.

- In the Colonial Area, Byrd Hall, New Hall, Harris Hall, Parker-Adams Hall and Bryant Hall will accommodate approximately 460 new freshmen and 260 upper classmen. New Hall will come back on line after renovations in 2008/2009.

- In the Hackberry Area, Burke Hall East and West and Parham Hall will supply approximately 610 beds for new freshmen and 140 beds for upper classmen.

- Tutwiler Hall will continue to act as an anchor of the sorority system providing 920 beds for freshmen and 40 beds for returning students.

- Approximately 180 graduate/family units will be available in Crimson Towers, Denny Court, Stoneleigh, and Presidential Apartments.

The chart below shows total number of beds for new freshmen, upper classmen, and graduate students in the context of projected enrollment (full chart is included in Appendix B):

Entire Campus Totals	*2006/2007*	*2007/2008*	*2008/2009*	*2009/2010*	*2010/2011*	*2011/2012*	*2012/2013*	*2013/2014*	*2014/2015*	*2015/2016*
New Freshmen Beds	*4,066*	*4,084*	*4,413*	*4,388*	*4,253*	*4,253*	*4,253*	*4,253*	*4,303*	*4,303*
New Freshmen Enrollment	4,378	4,400	4,400	4,400	4,400	4,444	4,488	4,533	4,579	4,624
Percentage of New Freshmen Housed	**93%**	**93%**	**100%**	**100%**	**97%**	**96%**	**95%**	**94%**	**94%**	**93%**
Upper Class Beds	*2,075*	*2,475*	*3,225*	*3,250*	*3,385*	*3,385*	*3,385*	*3,385*	*3,335*	*3,335*
Upper Class Enrollemnt	15,096	15,483	15,870	16,257	16,644	16,810	16,978	17,148	17,319	17,493
Percentage of Upper Class Housed	**14%**	**16%**	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**	**19%**	**19%**
Graduate Student Beds	*180*	*180*	*180*	*180*	*180*	*180*	*180*	*180*	*180*	*180*
Graduate Student Enrollment	4,404	4,536	4,672	4,812	4,957	5,006	5,056	5,107	5,158	5,210
Percentage of Graduates Housed	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**3%**	**3%**
Beds Available	6,321	6,739	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818
Enrollment	23,878	24,419	24,942	25,469	26,000	26,260	26,523	26,788	27,056	27,327
Housing System Capacity	26%	28%	31%	31%	30%	30%	29%	29%	29%	29%

The percentages on the previous page are based upon the assumption that Riverside, Lakeside, and Ridgecrest will gradually evolve into 50%-new-freshman and 50%-returning-student occupancy.

FUTURE PHASES OF HOUSING (BEYOND RIDGECREST)

Upon completion of both components of the Ridgecrest development, UA will meet its general objectives with respect to the capacity of the housing system. Additional phase are, however, possible. Larger quantity of beds for new freshmen will be justified under the following scenarios:

- Freshmen enrollment target of 4,400 increases significantly generating additional demand that may not be accommodated in the building already on line or under construction;

- More than 50% of beds in Riverside, Lakeside, and Ridgecrest are occupied by upper-classmen, therefore, reducing the capacity to house new freshmen in these facilities;

- Some of the older residential facilities accommodating freshmen are taken off line. In the original Master Plan, B&D recommended taking Parker Adams, Byrd, New, and Harris off line in 2010.

The size of the future freshmen phase is difficult to determine at this point as it depends heavily on the details of the above scenarios. With respect to the unit type, however, B&D recommends consideration of double-occupancy (and small percentage of single occupancy) full-suites and semi-suites as these units enhance the community-building opportunities for freshmen. Diagrams below suggest the unit layouts:

Semi-suite w/ double occupancy

Full-suite w/ double occupancy

Assignment of 50% of beds in Riverside, Lakeside, and Ridgecrest to upper-classmen will result in a 20% capture rate of this group in on-campus housing. Market study suggests that the demand is as high as 32%, if appropriate unit types are provided. The 12% gap between the actual number of available beds and the market potential indicates that there is a demand for up to approximately 2,000 new beds. B&D does not recommend construction of all 2,000 beds; however, an incremental approach could enhance the quality of life for upper classmen seeking on-campus accommodations. B&D suggests apartment-style units with full kitchens for future upper-division housing.

Four-bedroom apartment w/ full kitchen

Two-bedroom apartment w/ full kitchen

Appendix A

University of Alabama
Residence Halls Master Plan Update
Brailsford & Dunlavey

Off-Campus Housing Survey
Rental Rate Inflation (2004-2006)
Sorted by Neighborhood

North of the Strip, Adjacent to Campus

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	$212	$355	$457	$550	$790	$270	$377
2006 Average	$220	$365	$510	$840	$900	$291	$390
Rent Inflation	3.9%	2.9%	11.7%	52.7%	13.9%	7.6%	3.4%

South of the Strip & Bryant Drive

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	$265	$405	$499	$891	$1,100	$320	$379
2006 Average	$290	$440	$556	$1,042	$1,125	$358	$398
Rent Inflation	9.4%	8.6%	11.3%	17.0%	2.3%	12.1%	5.0%

Southeast of Campus, 15th Street and further south

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$445	$546	$880	-	$328	$289
2006 Average	-	$480	$589	$905	-	$355	$289
Rent Inflation	-	7.8%	7.9%	2.8%	-	8.2%	0.0%

Northeast of Campus, near Black Warrior River

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$442	$526	$900	-	$313	$364
2006 Average	-	$433	$625	$910	-	$345	$393
Rent Inflation	-	-1.9%	18.7%	1.1%	-	10.3%	8.0%

Other Noteworthy Properties

University Downs

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$635	$785	$1,225	-	$489	$300
2006 Average	-	$660	$815	$1,263	-	$508	$300
Rent Inflation	-	3.9%	3.8%	3.1%	-	4.0%	0.0%

Campus Way / University Commons

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	$358	$825	-	$1,160	$353	$200
2006 Average	-	$385	$840	$1,170	$1,260	$378	$200
Rent Inflation	-	7.7%	1.8%	-	8.6%	6.8%	0.0%

University Village

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	-	-	-	-	-	-	-
2006 Average	-	$675	$845	$1,275	$1,700	$487	$500
Rent Inflation	-	-	-	-	-	-	-

Total Market

Year	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Max. Security Deposit
2004 Average	$225	$418	$525	$890	$1,017	$345	$318
2006 Average	$238	$449	$588	$1,054	$1,246	$389	$353
Rent Inflation	5.6%	7.3%	12.0%	18.5%	22.6%	13.0%	10.9%

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Off-Campus Housing Survey 2006
Selected Student Oriented Apartment Complexes
Sorted by Neighborhood

Major Utilities	Amenities	Notes
w - water	p - pool	All rents are given in monthly rates.
e - electricity	wd - washer/dryer in unit	NP- Not Provided
g - gas	wdc - washer/dryer connection	
p - local phone	dw - dishwasher	
i - internet	ch - club house	
c - cable	t - tennis	

North of the Strip, Adjacent to Campus

No.	Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units	Management Company	App. Fee	Max. Security Deposit	Utilities Incl. in Rent	Amenities
1	Preston Place	12th St., 13th Ave., and Reed St.		$410	$575	$840	$900	$301	202	College Station Properties	$40	$740	none	p, wdc, dw
2	Reed Street	417 Reed Street		$360	$485			$301	40	Delview Properties	$20	$364	none	p
3	St. George	Reed Street			$725			$363	12	College Station Properties	$40	$370	none	p, wd, dw
4	The Alabama	320 Reed Street	$195	$325	$365			$234	25	Delview Properties	$20	$274	none	none
5	Prides Court	319 Grace Street		$395	$435			$306	59	Duckworth	$10	$420	none	p, dw
6	Broad Street Apartments	19th Avenue & University Blvd	$225	$300				$263	34	Bama Rentals	NP	$300	w	none
7	Cobblestone Court Apartments	12th Avenue & University Blvd	$240					$240	48	Bama Rentals	NP	$225	w	wd, dw
8	Roanoke	211 Thomas Street		$400	$475			$319	12	Sherrill Realty	$25	$425	none	wdc, dw
	Average		**$220**	**$365**	**$510**	**$840**	**$900**	**$291**	**54**		**$26**	**$390**		
	Average Rate per Bedroom		$220	$365	$255	$280	$225							
	Average Rate if Shared Bedroom		$110	$183	$128	$140	$113							

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e - electricity	wd - washer/dryer in unit	NP- Not Provided
g - gas	wdc - washer/dryer connection	
p - local phone	dw - dishwasher	
i - internet	ch - club house	
c - cable	t - tennis	

South of the Strip & Bryant Drive

No.	Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units	Management Company	App. Fee	Max. Security Deposit	Utilities Incl. in Rent	Amenities
9	September Place	1228 8th Street		$550	$775			$469	33	Sherrill Realty	$25	$550	none	wd, dw
10	Canterbury Apartments	1108 14th Avenue			$503			$252	80	Sealy Realty	$25	$200	w	p
11	University Courts	730 15th Street		$330	$398			$265	72	Sealy Realty	$25	$200	none	none
12	Churchhill Downs	1420 8th Street		$400	$500			$325	40	H.A. Edwards	$25	$300	none	none
13	Churchhill Downs II	1425 8th Street		$400				$400	12	H.A. Edwards	$25	$300	none	none
14	Bryant Drive	1515 Bryant Drive		$600				$600	51	H.A. Edwards	$25	$300	none	wdc, dw
15	Chateau Twelve	618 12th Street		$400	$500			$325	22	H.A. Edwards	$25	$300	none	none
16	Cornerstone Apartments	601 11th Street		$625				$625	54	H.A. Edwards	$25	$300	none	wd, dw
17	Grenadier	831 13th Avenue		$400	$500			$325	14	H.A. Edwards	$25	$300	none	none
18	Heathrow	1101 12th Street		$400	$500			$325	14	H.A. Edwards	$25	$300	none	none
19	Hunt House	711 11th Street		$400	$500			$325	32	H.A. Edwards	$25	$300	none	none
20	Merry Oaks	619 15th Avenue		$400	$500			$325	10	H.A. Edwards	$25	$300	none	dw
21	The Alexandria	516 15th Avenue		$500	$700		$1,125	$377	9	College Station Properties	$40	$740	none	p, wd, dw
22	St. Charles	906 13th Ave			$725			$363	24	College Station Properties	$40	$370	none	p, wd, dw
23	St. James	1408 6th St				$1,200		$400	8	College Station Properties	$40	$555	none	p, wd, dw
24	The Georgian	1020 14th Ave			$725	$1,125		$369	8	College Station Properties	$40	$555	none	p, wd, dw
25	Sherrill Plaza	1001 14th Street		$265	$315			$211	112	Sherrill Realty	$25	$350	none	dw
26	Cambridge	1208 9th Avenue			$465			$233	6	Sherrill Realty	$25	$400	none	wdc, dw
27	Capstone Cottages	610 13th Street			$435			$218	20	Sherrill Realty	$25	$400	none	wdc
28	University Square	1014 6th Avenue		$550	$775			$469	22	Sherrill Realty	$25	$550	none	wd, dw
29	Driftwood Apartments	812 11th Avenue		$315	$435			$266	7	Sherrill Realty	$25	$400	none	dw
30	Princeton	824 11th Avenue		$300				$300	12	Sherrill Realty	$25	$200	none	none
31	Tide	814 11th Avenue		$365	$465			$299	22	Sherrill Realty	$25	$400	w	dw
32	Wickford	525 12th Avenue			$450			$225	6	Sherrill Realty	$25	$400	none	dw
33	Stadium Apartments	1120 8th Street	$290	$300	$395			$263	98	Duckworth	$10	$395	none	p, dw
34	Windmere Apartments	611 13th Avenue			$550	$800		$271	20	Duckworth	$10	$675	none	p, wdc, dw
35	College Place	514 13th Avenue			$670			$335	15	Wright/Hurd	$35	$500	none	dwc, dw
36	Hamilton Place	822 12th Avenue		$675				$675	8	Wright/Hurd	$35	$500	none	wdc, dw
37	Morgan Apartments	515 12th Avenue		$615	$1,000			$558	48	Wright/Hurd	$35	$500	none	wd, dw
	Average		**$290**	**$440**	**$556**	**$1,042**	**$1,125**	**$358**	**30**		**$27**	**$398**		
	Average Rate per Bedroom		$290	$440	$278	$347	$281							
	Average Rate if Shared Bedroom		$145	$220	$139	$174	$141							

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w - water	p - pool	All rents are given in monthly rates.
e - electricity	wd - washer/dryer in unit	NP- Not Provided
g - gas	wdc - washer/dryer connection	
p - local phone	dw - dishwasher	
i - internet	ch - club house	
c - cable	t - tennis	

Southeast of Campus, 15th Street and further south

No.	Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units	Management Company	App. Fee	Max. Security Deposit	Utilities Incl. in Rent	Amenities
38	Bent Tree	900 Hargrove Road		$518	$643			$420	248	Sealy Realty	$25	$200	none	p, wdc, t
39	Palisades	3201 Hargrove Road East		$585	$785	$905		$426	274	Delview Properties	$20	$450	g	p, wdc, dw, ch
40	Hackberry Place Apartments	19th Street & Hackberry		$340	$425			$276	40	Bama Rentals	NP	$425	w	none
41	Brookstone Apartments	2300 5th Avenue E.		$413				$413	117	Sealy Realty	$25	$200	none	none
42	Carriage Inn (2BR TH)	1919 11th Ave			$528			$264	18	Sealy Realty	$25	$200	none	wdc, dw
43	Charleston Square	800 27th Street		$513	$568			$399	144	Sealy Realty	$25	$200	none	p, dw
44	Fountain Square	1925 8th Avenue		$508	$563			$395	120	Sealy Realty	$25	$200	w	p, dw, ch
45	Courtwood	1600 15th Street East			$650			$325	60	Delview Properties	$20	$300	none	p, wdc, dw
46	Forest Park	1509 6th Avenue East			$550			$275	18	Sherrill Realty	$25	$425	none	wdc, dw
	Average		-	$480	$589	$905	-	$355	115		$24	$289		
	Average Rate per Bedroom			$480	$295	$302								
	Average Rate if Shared Bedroom			$240	$147	$151								

Northeast of Campus, near Black Warrior River

No.	Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units	Management Company	App. Fee	Max. Security Deposit	Utilities Incl. in Rent	Amenities
47	River Road Apartment Park	416 8th Ave. N.E			$492			$246	40	Hamner Real Estate	$30	$400	none	dw
48	River Road Apartment Park	8th Ave. N.E.		$310	$400			$255	40	Sealy Realty	$25	$300	none	dw
49	Riverbend Commons	150 Rice Mine Road		$550	$800			$475	128	Duckworth	$10	$800	none	p, wd, dw, ch, t
50	Rivercliff	424 7th Ave. N.E.		$375	$475			$306	15	Delview	$20	$356	none	dw
51	River Pointe	608 River Road N.E.		$315	$740			$343	68	ARD, Inc.	NP	$300	none	p, wd, dw, ch, t
52	Rivermont Apartments	201 Marina Drive		$615	$840	$910		$446	200	Arlington	$35	$200	none	p, wdc, dw, ch, t
	Average		-	$433	$625	$910	-	$345	82		$21	$393		
	Average Rate per Bedroom			$433	$312	$303								
	Average Rate if Shared Bedroom			$217	$156	$152								

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w - water	p - pool	All rents are given in monthly rates.
e - electricity	wd - washer/dryer in unit	NP- Not Provided
g - gas	wdc - washer/dryer connection	
p - local phone	dw - dishwasher	
i - internet	ch - club house	
c - cable	t - tennis	

Other Noteworthy Properties

No.	Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units	Management Company	App. Fee	Max. Security Deposit	Utilities Incl. in Rent	Amenities
53	University Downs	120 15th Street East		$615	$745			$494	204	Ellis Trick	$25	$300	i	p, wdc, dw, ch
54	University Downs II	121 15th Street East		$705	$885	$1,263		$523	180	Ellis Trick	$25	$300	i	p, wd, dw, ch
	Average		-	**$660**	**$815**	**$1,263**	-	**$508**	**192**		**$25**	**$300**		
	Average Rate per Bedroom			$660	$408	$421								
	Average Rate if Shared Bedroom			$330	$204	$211								

No.	Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units	Management Company	App. Fee	Max. Security Deposit	Utilities Incl. in Rent	Amenities
55	Campus Way/University Commons	301 Helen Keller Blvd.		$385	$840	$1,170	$1,260	$378	194	Capstone	$25	$200	c	p, wd, dw, ch, t
	Average		-	**$385**	**$840**	**$1,170**	**$1,260**	**$378**	**194**		**$25**	**$200**		
	Average Rate per Bedroom			$385	$420		$315							

No.	Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR	Total Units	Management Company	App. Fee	Max. Security Deposit	Utilities Incl. in Rent	Amenities
56	University Village	800 31st Street		$675	$845	$1,275	$1,700	$487	246		$25	$500	none	p, wdc, dw, ch, t
	Average		-	**$675**	**$845**	**$1,275**	**$1,700**	**$487**	**246**		**$25**	**$500**		
	Average Rate per Bedroom			$675	$423		$425							

Tuscaloosa Student Apartment Average	**$238**	**$449**	**$588**	**$1,054**	**$1,246**	**$389**	**208**

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Residence Halls Master Plan Update
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Off-Campus Housing Survey 2006

New Propertiy Rates in 2007

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR
Boardwalk at Brittain Landing	5301 Old Montgomery Highway	-	-	-	-	$2,000	$500
Lindsey Management	HWY 69 South & Mimosa Park Rd	-	$578	$715	-	-	$468

Total Market Rates in 2006

Year	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR
Total Market Average (2006)		$238	$449	$588	$1,054	$1,246	$389

Comparable Property Rates (2006)

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR
University Downs	120 15th Street East	-	$615	$745	-	-	$494
University Downs II	121 15th Street East	-	$705	$885	$1,263	-	$523

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR
Campus Way/University Commons	301 Helen Keller Blvd.	-	$385	$840	$1,170	$1,260	$378

Property Name	Property Address	Studio	1 BR	2 BR	3 BR	4 BR	Average per BR
University Village	800 31st Street	-	$675	$845	$1,275	$1,700	$487

Appendix B

North Campus

	1	2	3	4	5	6	7	8	9	10
	2006/2007	**2007/2008**	**2008/2009**	**2009/2010**	**2010/2011**	**2011/2012**	**2012/2013**	**2013/2014**	**2014/2015**	**2015/2016**
Ridgecrest Area										
Paty Hall	**478**	**478**	**478**	**478**	**478**	**478**	**478**	**478**	**478**	**478**
New Freshmen	*400*	*400*	*0*	*400*	*400*	*400*	*400*	*400*	*400*	*400*
Upper Class	*78*	*78*	*478*	*78*	*78*	*78*	*78*	*78*	*78*	*78*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Blount Hall	**187**	**187**	**187**	**187**	**187**	**187**	**187**	**187**	**187**	**187**
New Freshmen	*110*	*110*	*110*	*110*	*110*	*110*	*110*	*110*	*110*	*110*
Upper Class	*77*	*77*	*77*	*77*	*77*	*77*	*77*	*77*	*77*	*77*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Palmer Hall	**107**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
New Freshmen	*80*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Upper Class	*27*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Somerville Hall	**106**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
New Freshmen	*80*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Upper Class	*26*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Friedman Hall	**114**	**114**	**114**	**114**	**114**	**114**	**114**	**114**	**114**	**114**
New Freshmen	*80*	*80*	*80*	*80*	*80*	*80*	*80*	*80*	*80*	*80*
Upper Class	*34*	*34*	*34*	*34*	*34*	*34*	*34*	*34*	*34*	*34*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Ridgecrest A (Phase 3)	**0**	**631**	**631**	**631**	**631**	**631**	**631**	**631**	**631**	**631**
New Freshmen	*0*	*631*	*411*	*316*	*316*	*316*	*316*	*316*	*316*	*316*
Upper Class	*0*	*0*	*220*	*315*	*315*	*315*	*315*	*315*	*315*	*315*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Ridgecrest B (Phase 4)	**0**	**0**	**930**	**930**	**930**	**930**	**930**	**930**	**930**	**930**
New Freshmen	*0*	*0*	*930*	*600*	*465*	*465*	*465*	*465*	*465*	*465*
Upper Class	*0*	*0*	*0*	*330*	*465*	*465*	*465*	*465*	*465*	*465*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Riverside Area										
Riverside (Phase 1)	**970**	**970**	**970**	**970**	**970**	**970**	**970**	**970**	**970**	**970**
New Freshmen	*730*	*485*	*485*	*485*	*485*	*485*	*485*	*485*	*535*	*535*
Upper Class	*240*	*485*	*485*	*485*	*485*	*485*	*485*	*485*	*435*	*435*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Lakeside Area										
Lakeside Area (Phase 2)	**538**	**538**	**538**	**538**	**538**	**538**	**538**	**538**	**538**	**538**
New Freshmen	*538*	*350*	*269*	*269*	*269*	*269*	*269*	*269*	*269*	*269*
Upper Class	*0*	*188*	*269*	*269*	*269*	*269*	*269*	*269*	*269*	*269*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Apartments										
Rose Towers	**804**	**804**	**804**	**804**	**804**	**804**	**804**	**804**	**804**	**804**
New Freshmen	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Upper Class	*804*	*804*	*804*	*804*	*804*	*804*	*804*	*804*	*804*	*804*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Bryce Lawn	**237**	**237**	**237**	**237**	**237**	**237**	**237**	**237**	**237**	**237**
New Freshmen	*60*	*60*	*60*	*60*	*60*	*60*	*60*	*60*	*60*	*60*
Upper Class	*177*	*177*	*177*	*177*	*177*	*177*	*177*	*177*	*177*	*177*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Highlands	**210**	**210**	**210**	**210**	**210**	**210**	**210**	**210**	**210**	**210**
New Freshmen	*65*	*65*	*65*	*65*	*65*	*65*	*65*	*65*	*65*	*65*
Upper Class	*145*	*145*	*145*	*145*	*145*	*145*	*145*	*145*	*145*	*145*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Special Groups										
Small Groups (Smith Woods)	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**
New Freshmen	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Upper Class	*60*	*60*	*60*	*60*	*60*	*60*	*60*	*60*	*60*	*60*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
AKA House	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**16**
New Freshmen	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Upper Class	*16*	*16*	*16*	*16*	*16*	*16*	*16*	*16*	*16*	*16*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Rotary House	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
New Freshmen	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Upper Class	*10*	*10*	*10*	*10*	*10*	*10*	*10*	*10*	*10*	*10*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

North Campus Capacity Totals	***2006/2007***	***2007/2008***	***2008/2009***	***2009/2010***	***2010/2011***	***2011/2012***	***2012/2013***	***2013/2014***	***2014/2015***	***2015/2016***
New Freshmen	*2,143*	*2,181*	*2,410*	*2,385*	*2,250*	*2,250*	*2,250*	*2,250*	*2,300*	*2,300*
Upper Class	*1,694*	*2,074*	*2,775*	*2,800*	*2,935*	*2,935*	*2,935*	*2,935*	*2,885*	*2,885*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
North Campus Total	*3,837*	*4,255*	*5,185*	*5,185*	*5,185*	*5,185*	*5,185*	*5,185*	*5,185*	*5,185*

South Campus

	1	2	3	4	5	6	7	8	9	10
	2006/2007	**2007/2008**	**2008/2009**	**2009/2010**	**2010/2011**	**2011/2012**	**2012/2013**	**2013/2014**	**2014/2015**	**2015/2016**
Colonial Area										
Byrd Hall	**120**	**120**	**120**	**120**	**120**	**120**	**120**	**120**	**120**	**120**
New Freshmen	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*
Upper Class	*90*	*90*	*90*	*90*	*90*	*90*	*90*	*90*	*90*	*90*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
New Hall	**0**	**0**	**149**	**149**	**149**	**149**	**149**	**149**	**149**	**149**
New Freshmen	*0*	*0*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Upper Class	*0*	*0*	*49*	*49*	*49*	*49*	*49*	*49*	*49*	*49*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Harris Hall	**196**	**196**	**196**	**196**	**196**	**196**	**196**	**196**	**196**	**196**
New Freshmen	*166*	*166*	*166*	*166*	*166*	*166*	*166*	*166*	*166*	*166*
Upper Class	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Parker-Adams Hall	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**
New Freshmen	*90*	*90*	*90*	*90*	*90*	*90*	*90*	*90*	*90*	*90*
Upper Class	*19*	*19*	*19*	*19*	*19*	*19*	*19*	*19*	*19*	*19*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Bryant Hall	**159**	**159**	**159**	**159**	**159**	**159**	**159**	**159**	**159**	**159**
New Freshmen	*100*	*80*	*80*	*80*	*80*	*80*	*80*	*80*	*80*	*80*
Upper Class	*59*	*79*	*79*	*79*	*79*	*79*	*79*	*79*	*79*	*79*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Hackberry Area										
Burk Hall East	**237**	**237**	**237**	**237**	**237**	**237**	**237**	**237**	**237**	**237**
New Freshmen	*195*	*195*	*195*	*195*	*195*	*195*	*195*	*195*	*195*	*195*
Upper Class	*42*	*42*	*42*	*42*	*42*	*42*	*42*	*42*	*42*	*42*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Burk Hall West	**287**	**287**	**287**	**287**	**287**	**287**	**287**	**287**	**287**	**287**
New Freshmen	*250*	*250*	*250*	*250*	*250*	*250*	*250*	*250*	*250*	*250*
Upper Class	*37*	*37*	*37*	*37*	*37*	*37*	*37*	*37*	*37*	*37*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Parham Hall	**229**	**229**	**229**	**229**	**229**	**229**	**229**	**229**	**229**	**229**
New Freshmen	*165*	*165*	*165*	*165*	*165*	*165*	*165*	*165*	*165*	*165*
Upper Class	*64*	*64*	*64*	*64*	*64*	*64*	*64*	*64*	*64*	*64*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Tutwiler Area										
Tutwiler Hall	**967**	**967**	**967**	**967**	**967**	**967**	**967**	**967**	**967**	**967**
New Freshmen	*927*	*927*	*927*	*927*	*927*	*927*	*927*	*927*	*927*	*927*
Upper Class	*40*	*40*	*40*	*40*	*40*	*40*	*40*	*40*	*40*	*40*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

South Campus Capacity Totals	***2006/2007***	***2007/2008***	***2008/2009***	***2009/2010***	***2010/2011***	***2011/2012***	***2012/2013***	***2013/2014***	***2014/2015***	***2015/2016***
New Freshmen	*1,923*	*1,903*	*2,003*	*2,003*	*2,003*	*2,003*	*2,003*	*2,003*	*2,003*	*2,003*
Upper Class	*381*	*401*	*450*	*450*	*450*	*450*	*450*	*450*	*450*	*450*
Graduate	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
South Campus Total	*2,304*	*2,304*	*2,453*	*2,453*	*2,453*	*2,453*	*2,453*	*2,453*	*2,453*	*2,453*

Grad/Family Apartments

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Crimson Towers	47	47	47	47	47	47	47	47	47	47
Denny Court	30	30	30	30	30	30	30	30	30	30
Ninth Street Apartments	7	7	7	7	7	7	7	7	7	7
Mallet	0	0	0	0	0	0	0	0	0	0
McCorvey	0	0	0	0	0	0	0	0	0	0
Presidential	72	72	72	72	72	72	72	72	72	72
Stoneleigh	24	24	24	24	24	24	24	24	24	24
Grad/Family Totals	**180**	**180**	**180**	**180**	**180**	**180**	**180**	**180**	**180**	**180**

Entire Campus Totals

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
New Freshmen Beds	*4,066*	*4,084*	*4,413*	*4,388*	*4,253*	*4,253*	*4,253*	*4,253*	*4,303*	*4,303*
New Freshmen Enrollment	4,378	4,400	4,400	4,400	4,400	4,444	4,488	4,533	4,579	4,624
Percentage of New Freshmen Housed	**93%**	**93%**	**100%**	**100%**	**97%**	**96%**	**95%**	**94%**	**94%**	**93%**
Upper Class Beds	*2,075*	*2,475*	*3,225*	*3,250*	*3,385*	*3,385*	*3,385*	*3,385*	*3,335*	*3,335*
Upper Class Enrollemnt	15,096	15,483	15,870	16,257	16,644	16,810	16,978	17,148	17,319	17,493
Percentage of Upper Class Housed	**14%**	**16%**	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**	**19%**	**19%**
Graduate Student Beds	*180*	*180*	*180*	*180*	*180*	*180*	*180*	*180*	*180*	*180*
Graduate Student Enrollment	4,404	4,536	4,672	4,812	4,957	5,006	5,056	5,107	5,158	5,210
Percentage of Graduates Housed	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**3%**	**3%**
Beds Available	6,321	6,739	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818
Enrollment	23,878	24,419	24,942	25,469	26,000	26,260	26,523	26,788	27,056	27,327
Housing System Capacity	26%	28%	31%	31%	30%	30%	29%	29%	29%	29%

LEGEND:

CLOSED FOR RENOVATIONS

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APPENDIX F

UNAUDITED OPERATING DATA FOR THE PROJECT FOR YEAR ENDED SEPTEMBER 30, 2008

Ridgecrest Residential Community

Balance Sheets – Unaudited

As of September 30, 2008 and 2007

	2008	2007
Assets		
Current assets		
Cash and cash equivalents	$ 4,275,914	$ 1,616,240
Total current assets	**4,275,914**	**1,616,240**
Noncurrent assets		
Capital Assets, net	52,165,938	33,920,885
Total noncurrent assets	**52,165,938**	**33,920,885**
Total assets	**$56,441,852**	**$35,537,125**
Liabilities and net assets		
Current liabilities		
Accounts payable	$ 6,868	$ 2,479
Deferred revenue	1,225,109	1,079,018
Other payable	93,106	561,725
Total current liabilities	**1,325,083**	**1,643,222**
Noncurrent liabilities		
Long term debt	54,623,974	33,545,878
Total noncurrent liabilities	**54,623,974**	**33,545,878**
Net assets		
Invested in capital assets, net of related debt	(866,996)	-
Unrestricted	1,359,791	348,025
Total net assets	**492,795**	**348,025**
Total liabilities and net assets	**$ 56,441,852**	**$ 35,537,125**

Ridgecrest Residential Community

Statements of Operations – Unaudited

For the Years Ended September 30, 2008 and 2007

	2008	2007
Operating revenues		
Operating revenues	$3,641,782	$589,956
Total operating revenues	**3,641,782**	**589,956**
Operating expenses		
Professional fees	88,477	-
Supplies and services	657,337	90,401
Utilities	408,653	36,040
Depreciation	751,506	115,490
Total operating expenses	**1,905,973**	**241,931**
Operating income	**1,735,809**	**348,025**
Nonoperating revenues (expenses)		
Interest expense	(1,591,039)	-
Total nonoperating revenues (expenses)	**(1,591,039)**	**-**
Increase in net assets	**144,770**	**348,025**
Net assets, beginning of year	**348,025**	**-**
Net assets, end of year	**$ 92,795**	**$ 348,025**

Ridgecrest Residential Community

Statements of Cash Flow – Unaudited

As of September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Operating Revenues	$3,787,872	$,668,974
Payments to suppliers	(1,128,198)	(52,734)
Net cash provided by operating activities	**2,659,674**	**1,616,240**
Cash flows from capital and related financing activities		
Proceeds from note	21,078,096	33,545,878
Capital Assets, net	(21,078,096)	(33,545,878)
Net cash used in capital and related financing activities	**-**	**-**
Net increase in cash and cash equivalents	**2,659,674**	**1,616,240**
Cash and cash equivalents, beginning of year	**1,616,240**	**-**
Cash and cash equivalents, end of year	**$ 4,275,914**	**$1,616,240**
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$1,735,809	$348,025
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	751,506	115,490
Changes in assets and liabilities		
Accounts payable and other payables	26,267	73,707
Deferred revenues	146,092	1,079,018
Net cash provided by operating activities	**$2,659,674**	**$1,616,240**