

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

**Moody's: A3
Standard & Poor's: A-
(See "RATINGS" herein)**

*In the opinion of Co-bond counsel, assuming compliance by the Authority and the University with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2012A Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. INTEREST ON THE SERIES 2012B BONDS **IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.** See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Series 2012 Bonds.*

\$119,885,000

MIAMI-DADE COUNTY EDUCATIONAL FACILITIES AUTHORITY

\$94,620,000 Revenue Bonds, Series 2012A (University of Miami Issue)

\$25,265,000 Revenue Bonds, Series 2012B (University of Miami Issue) (Taxable)

Dated: Date of Delivery

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

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

Each series of the Series 2012 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2012 Bonds. Individual purchases of the Series 2012 Bonds will be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Purchasers will not receive physical delivery of certificates representing their ownership interest in the Series 2012 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2012 Bonds, payments of the principal and interest due on each series of Series 2012 Bonds will be made directly to DTC. Interest on the Series 2012 Bonds is payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2013. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, is Trustee, Paying Agent and Registrar for the Series 2012 Bonds.

The proceeds from the sale of the Series 2012 Bonds will be applied to (i) finance or refinance the acquisition, construction, renovation and equipping of educational, research, medical, healthcare, athletic, housing, parking and other facilities owned and operated by the University, (ii) pay capitalized interest on the Series 2012A Bonds and (iii) pay costs of issuance of the Series 2012 Bonds.

The Series 2012 Bonds are limited obligations of the Authority, payable solely from the Loan Payments (as defined herein) made pursuant to a Loan Agreement which is a general obligation of the



NEITHER THE AUTHORITY, NOR MIAMI-DADE COUNTY, FLORIDA, NOR THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2012 BONDS, EXCEPT FROM THE REVENUES DERIVED BY THE AUTHORITY FROM THE UNIVERSITY UNDER THE LOAN AGREEMENT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF MIAMI-DADE COUNTY, FLORIDA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2012 BONDS. THE AUTHORITY HAS NO TAXING POWER.

The Series 2012 Bonds are subject to redemption prior to maturity as more fully described herein.

The Series 2012 Bonds are being offered for delivery when, as and if issued and received by the Underwriters and subject to the approval of legality by Bryant Miller Olive P.A. and Manuel Alonso-Poch, P.A., Co-Bond Counsel. Certain legal matters will be passed upon for the University by the Office of the General Counsel of the University and by Squire Sanders (US) LLP, for the Authority by the Office of the Miami-Dade County Attorney and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. The Series 2012 Bonds are expected to be delivered through DTC in New York, New York, on or about December 12, 2012. See "THE SERIES 2012 BONDS – Book-Entry Only System" and "APPENDIX G – Book-Entry System FOR THE SERIES 2012 BONDS."

Morgan Stanley

**BofA Merrill Lynch
Goldman, Sachs & Co.
Ramirez & Co., Inc.**

**Citi
J.P. Morgan
Siebert Brandford Shank & Co., L.L.C.**

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

**\$94,620,000
SERIES 2012A BONDS**

Maturity April 1	Principal Amount	Interest Rate	Yield*	CUSIP Number†
2023	\$1,830,000	4.000%	2.420%	59333ALF6
2024	3,145,000	5.000	2.500	59333ALG4
2025	3,305,000	5.000	2.620	59333ALH2
2026	3,470,000	5.000	2.690	59333ALJ8
2027	3,645,000	5.000	2.750	59333ALK5
2028	3,825,000	5.000	2.810	59333ALL3
2029	4,015,000	5.000	2.870	59333ALM1
2030	4,215,000	5.000	2.930	59333ALN9
2031	4,430,000	4.000	3.270	59333ALP4
2032	4,605,000	4.000	3.330	59333ALQ2

\$25,940,000 4.00% Term Bonds due April 1, 2037 Yield: 3.640%*
CUSIP Number† 59333ALS8

\$32,195,000 5.00% Term Bonds due April 1, 2042 Yield: 3.290%*
CUSIP Number† 59333ALR0

**\$25,265,000
SERIES 2012B BONDS (Taxable)**

Maturity April 1	Principal Amount	Interest Rate	Price	CUSIP Number†
2014	\$2,500,000	1.060%	100.00	59333AKV2
2015	2,525,000	1.293	100.00	59333AKW0
2016	2,555,000	1.580	100.00	59333AKX8
2017	2,595,000	1.830	100.00	59333AKY6
2018	2,645,000	2.189	100.00	59333AKZ3
2019	2,700,000	2.439	100.00	59333ALA7
2020	2,770,000	2.758	100.00	59333ALB5
2021	2,845,000	2.958	100.00	59333ALC3
2022	2,925,000	3.158	100.00	59333ALD1
2023	1,205,000	3.308	100.00	59333ALE9

* Yield to April 1, 2023.

† CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the University and are included solely for the convenience of the owners of the Series 2012 Bonds. Neither the Authority nor the University is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2012 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2012 Bonds.

No dealer, broker, account executive or other person has been authorized by the Authority, the University or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2012 Bonds and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the University since the date hereof.

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

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

Table of Contents

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Series 2012B Bonds	14
General	1	ENFORCEABILITY OF REMEDIES	15
Purpose of the Series 2012 Bonds	1	RATINGS	16
The University	1	LEGAL MATTERS	16
Summary of Security for the Series 2012 Bonds	2	LITIGATION	16
Miscellaneous	2	CONTINUING DISCLOSURE	16
THE SERIES 2012 BONDS	2	UNDERWRITING	17
General	2	INDEPENDENT AUDITORS	18
Redemption of Bonds	3	FINANCIAL ADVISOR	18
Book-Entry Only System	6	MISCELLANEOUS	18
ESTIMATED SOURCES AND USES OF FUNDS	7	APPENDIX A – GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI	A-1
THE PROJECT	7	APPENDIX B – FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEAR ENDED MAY 31, 2012 AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	B-1
APPROVALS	8	APPENDIX C – INVESTMENT CONSIDERATIONS	C-1
THE AUTHORITY	8	APPENDIX D – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS	D-1
General	8	APPENDIX E – FORM OF CO-BOND COUNSEL OPINION	E-1
Members and Personnel	8	APPENDIX F – DISCLOSURE DISSEMINATION AGENT AGREEMENT	F-1
Powers of the Authority	9	APPENDIX G – BOOK-ENTRY SYSTEM FOR THE SERIES 2012 BONDS	G-1
Other Indebtedness of the Authority	9		
SECURITY FOR THE SERIES 2012 BONDS	9		
Pledge of Indenture	9		
Payments Due Under Loan Agreement	9		
Outstanding Securities Under the Indenture	10		
Other Outstanding University Debt	10		
Additional Obligations	10		
Limited Obligations of the Authority	10		
No Reserve Fund	10		
DEBT SERVICE REQUIREMENTS	11		
TAX MATTERS	12		
Series 2012A Bonds	12		

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OFFICIAL STATEMENT

Related To
\$119,885,000
Miami-Dade County Educational Facilities Authority
\$94,620,000 Revenue Bonds, Series 2012A (University of Miami Issue)
\$25,265,000 Revenue Bonds, Series 2012B (University of Miami Issue) (Taxable)

INTRODUCTION

General

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to set forth certain information regarding the Miami-Dade County Educational Facilities Authority (the “Authority”) and \$94,620,000 aggregate principal amount of Miami-Dade County Educational Facilities Authority Revenue Bonds, Series 2012A (University of Miami Issue) (the “Series 2012A Bonds”) and \$25,265,000 aggregate principal amount of Miami-Dade County Educational Facilities Authority Revenue Bonds, Series 2012B (University of Miami Issue) (Taxable) (the “Series 2012B Bonds,” and together with the Series 2012A Bonds, the “Series 2012 Bonds”). The Series 2012 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including the Higher Educational Facilities Authorities Law, Chapter 243, Part I, Florida Statutes, as amended (the “State Act”), the provisions of an Indenture (for Debt Securities) dated as of April 1, 2007 among the Authority, the University of Miami (the “University”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), as supplemented and further supplemented by the Third Authority Supplemental Indenture among the Authority, the University and the Trustee, dated as of December 1, 2012 (collectively, the “Indenture”). All capitalized, undefined terms used herein shall have the meanings ascribed to them in APPENDIX D under “DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS – Summary of Certain Provisions of the Indenture – Definitions.”

The proceeds from the sale of the Series 2012 Bonds are being loaned to the University, a Florida not-for-profit corporation, pursuant to the terms of a Loan Agreement dated as of December 1, 2012 (the “Loan Agreement”), between the Authority and the University.

Purpose of the Series 2012 Bonds

The Series 2012 Bonds are being issued to (i) finance or refinance the acquisition, construction, renovation and equipping of educational, research, medical, healthcare, athletic, housing, parking and other facilities owned and operated by the University, (ii) pay capitalized interest on the Series 2012A Bonds and (iii) pay costs of issuance of the Series 2012 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE PROJECT”.

The University

Founded in 1925 in Coral Gables, Florida, the University is a not-for-profit, nondenominational and coeducational university with 12 colleges and schools and several centers and institutes offering approximately 270 undergraduate, graduate and professional fields of study and enrolling approximately 16,200 full-time equivalent students for the fall 2012 semester.

The University also provides healthcare services at University-owned hospitals and through the services provided by University doctors at other hospitals and clinics in south Florida (the healthcare delivery system is referred to collectively as the “UHealth System”). The University owns and operates three hospital facilities: the University of Miami Hospital (“UMH”) (a 560-bed acute care facility), the University of Miami Hospital and Clinics/Sylvester Comprehensive Cancer Center (“UMHC/SCCC”) (a specialty facility primarily providing outpatient and inpatient services to cancer patients) and the Anne Bates Leach Eye Hospital (“ABLEH”) (a specialty facility primarily providing eye care services). University doctors and other University medical personnel also provide healthcare services at clinics and other practice sites in south Florida. In particular, University doctors also

provide services at Jackson Memorial Hospital, which is a 1,564-bed acute care facility that is governed by the Public Health Trust of Miami-Dade County, Florida, an agency and instrumentality of Miami Dade County, Florida. In addition to delivering healthcare services through the UHealth System, the University provides medical training and conducts medical research at the Leonard M. Miller School of Medicine and its other facilities (the School of Medicine and the UHealth System are referred to collectively as the “University Medical Center”). See “APPENDIX A – GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI” for a description of the University.

Summary of Security for the Series 2012 Bonds

The Indenture and the Loan Agreement. The Series 2012 Bonds are being issued pursuant to the Indenture. The Indenture provides for the issuance of bonds by the Authority (the “Authority Securities”) and the issuance of bonds by the University (the “University Securities”), with all outstanding Authority Securities and University Securities on a parity basis. Prior to the issuance of the Series 2012 Bonds, there is \$733,870,000 principal amount of Authority Securities outstanding under the Indenture. The Series 2012 Bonds will be Authority Securities. There have not been any University Securities issued under the Indenture to date. Additional Authority Securities and University Securities may be issued as discussed herein.

Under the Indenture, the Authority pledges and assigns to the Trustee the Loan Payments due by the University under the Loan Agreement as security for the Series 2012 Bonds issued under the Indenture. The University’s obligation to make Loan Payments under the Loan Agreement is a general obligation of the University and is not secured by a lien on tuition and fees or any other revenues or assets of the University.

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

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

Limited Obligations of Authority. The Series 2012 Bonds are limited obligations of the Authority payable solely from the sources described herein under “SECURITY FOR THE SERIES 2012 BONDS – Limited Obligations of the Authority.”

Miscellaneous

Brief descriptions of the Authority, the University, the Series 2012 Bonds, the security for the Series 2012 Bonds, the Indenture, the Loan Agreement and related documents are included in this Official Statement. The descriptions of the documents included in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents.

THE SERIES 2012 BONDS

General

The Series 2012 Bonds will be dated their date of issuance, will bear interest at the rates and mature, subject to redemption prior to maturity described below, in the amounts and on the dates set forth on the inside cover page of this Official Statement. Each series of the Series 2012 Bonds will be issuable as fully registered bonds in authorized denominations of \$5,000 and integral multiples thereof.

Interest on the Series 2012 Bonds is payable on April 1 and October 1 of each year, commencing on April 1, 2013 (each, an “Interest Payment Date”). Payment of the interest on any Series 2012 Bond on any Interest Payment Date shall be made to the person whose name appears on the bond registration books as the registered owner thereof as of the close of business on the fifteenth day (whether or not a Business Day) of the month next preceding such Interest Payment Date (the “Regular Record Date”). Principal of the Series 2012 Bonds is payable at

maturity, subject to redemption prior to maturity described below under “Redemption of Bonds.” The Series 2012 Bonds will be issued in a book-entry only system of registration, and so long as The Depository Trust Company, New York, New York (“DTC”) or its nominee is the registered owner of the Series 2012 Bonds, payments of the principal of, premium, if any, and interest on the Series 2012 Bonds will be payable directly to DTC. See “Book-Entry Only System” below.

The Bank of New York Mellon Trust Company, N.A. will serve as Trustee, Paying Agent and Registrar for the Series 2012 Bonds pursuant to the terms of the Indenture. One or more co-paying agents or co-trustees may be appointed, and the Paying Agent, any co-paying agent, any co-trustee, the Registrar and the Trustee may be removed or replaced by the Authority at the direction of the University.

Redemption of Bonds

The Series 2012 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption, all as described below.

Optional Redemption

Series 2012A Bonds. The Series 2012A Bonds maturing on and after April 1, 2024 are subject to optional redemption prior to maturity at the option of the Authority upon the direction of the University, in whole or in part at any time on or after April 1, 2023, in the order of maturity designated by the University in writing at a redemption price equal to 100% of the principal amount of the Series 2012A Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption.

Series 2012B Bonds. The Series 2012B Bonds are subject to optional redemption prior to maturity, at the option of the Authority upon the direction of the University, in whole or in part at any time, in the order of maturity designated by the University in writing at a redemption price equal to 100% of the principal amount of the Series 2012B Bonds to be redeemed plus the Make-Whole Premium (as defined below), if any, plus accrued interest thereon, if any, to the date fixed for redemption.

“Make-Whole Premium” means, with respect to any Series 2012B Bonds to be redeemed, an amount calculated by a Designated Banking Institution equal to the positive difference, if any, between:

- (1) The sum of the present values, calculated as of the date fixed for redemption of:
 - (a) Each interest payment that, but for the redemption, would have been payable on the Series 2012B Bonds or portion thereof being redeemed on each regularly scheduled Interest Payment Date occurring after the date fixed for redemption through the maturity date of such Series 2012B Bonds (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly scheduled Interest Payment Date with respect to such Series 2012B Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such Series 2012B Bonds to the date fixed for redemption; plus
 - (b) The principal amount that, but for such redemption, would have been payable on the maturity date of the Series 2012B Bonds or portion thereof being redeemed; minus
- (2) The principal amount of Series 2012B Bonds or portion thereof being redeemed.

The present values of the interest and principal payments referred to in (1) above will be determined by discounting the amount of each such interest and principal payment from the date that each such payment would have been payable but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the Comparable Treasury Yield, plus 15 basis points for the Series 2012B Bonds maturing April 1, 2014 through April 1, 2016, 20 basis points for the Series 2012B Bonds maturing April 1, 2017 through April 1, 2021 and 25 basis points for the Series 2012B Bonds maturing April 1, 2022 and April 1, 2023.

“Comparable Treasury Yield” means the yield appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Designated Banking Institution that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Series 2012B Bonds being redeemed. The Comparable Treasury Yield will be determined at least two (2) Business Days but no more than forty-five (45) calendar days preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2012B Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the Series 2012B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2012B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the Designated Banking Institution as having a maturity comparable to the remaining term to maturity of the Series 2012B Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2012B Bonds being redeemed.

“Designated Banking Institution” means an investment banking institution of national standing which is a primary United States government securities dealer designated by the University (which may be one of the underwriters of the Series 2012B Bonds).

“Comparable Treasury Price” means, with respect to any date on which a Series 2012B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Designated Banking Institution is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Designated Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Designated Banking Institution, at 2:00 p.m. New York City time on the Business Day at least two (2) Business Days but not more than forty-five (45) calendar days preceding the applicable date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by the University and reasonably acceptable to the Designated Banking Institution (which may be one of the underwriters of the Series 2012B Bonds).

Extraordinary Redemption from Insurance or Condemnation Awards.

Series 2012A Bonds. The Series 2012A Bonds are subject to redemption in whole or in part at any time and, if in part, in the order of maturity designated by the University in writing, from the proceeds of insurance or condemnation awards relating to the Series 2012A Project (defined herein) at a redemption price equal to the Amortized Value thereof, plus accrued interest to the date fixed for redemption. Prior to April 1, 2023, “Amortized Value” will equal the principal amount of the Series 2012A Bonds to be redeemed multiplied by the price of such Series 2012A Bonds as a percentage, calculated five (5) Business Days prior to the date of redemption based on the industry standard method of calculating bond prices, with a delivery date equal to the date of redemption, a maturity

date equal to the stated maturity date of such Series 2012A Bonds, a redemption date equal to the first optional redemption date of the Series 2012A Bonds and a yield as shown on the inside cover of the Official Statement and on and after April 1, 2023, “Amortized Value” will equal 100% of the principal amount of the redeemed Series 2012A Bonds.

Series 2012B Bonds. The Series 2012B Bonds are subject to redemption in whole or in part at any time and, if in part, in the order of maturity designated by the University in writing, from the proceeds of insurance or condemnation awards relating to the Series 2012B Project (defined herein) at a redemption price equal to 100% of the principal amount of the redeemed Series 2012B Bonds (without premium), plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption.

Series 2012A Bonds.

The Series 2012A Bonds maturing on April 1, 2037 are required to be redeemed in part prior to maturity beginning on April 1, 2033 and annually on each April 1 thereafter to and including April 1, 2037, by operation of the Redemption Account as provided in the Indenture in the principal amounts set forth below (without premium) plus accrued interest to the redemption date.

	<u>April 1</u>	<u>Amortization Installment</u>
	2033	\$4,790,000
	2034	4,980,000
	2035	5,180,000
	2036	5,385,000
	2037†	5,605,000
† Final Maturity		

The Series 2012A Bonds maturing on April 1, 2042 are required to be redeemed in part prior to maturity beginning April 1, 2038 and annually on each April 1 thereafter to and including April 1, 2042, by operation of the Redemption Account as provided in the Indenture in the principal amounts set forth below (without premium) plus accrued interest to the redemption date.

	<u>April 1</u>	<u>Amortization Installment</u>
	2038	\$5,825,000
	2039	6,120,000
	2040	6,425,000
	2041	6,745,000
	2042†	7,080,000
† Final Maturity		

Selection of Bonds to be Redeemed.

The Series 2012 Bonds will be redeemed only in whole multiples of \$5,000. Individual Series 2012 Bonds shall be selected for redemption as described herein, provided that the principal amount selected for redemption shall be in whole multiples of \$5,000 and, if a Series 2012 Bond is redeemed in part, the portion not being redeemed shall be in whole multiples of \$5,000. If less than all of the Series 2012 Bonds are to be called for redemption, the University shall select the series of the Series 2012 Bonds and the maturities of such series to be redeemed. If less than all of a maturity of the Series 2012A Bonds is to be called for redemption, the Trustee shall select by lot, in such manner as the Trustee in its discretion may determine, such Series 2012A Bonds to be redeemed according to its procedures within each maturity, provided that for so long as the only Holder is DTC, such selection will be

made by DTC. Redemption of less than all of a maturity of the Series 2012B Bonds will be made on a *pro rata* basis to each Holder in whose name such Series 2012B Bonds are registered at the close of business on the fifteenth day of the calendar month immediately preceding the redemption date. “*Pro rata*” means, in connection with any mandatory sinking fund redemption or any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the Series 2012B Bonds held by a Holder of such Series 2012B Bonds, and the denominator of which is equal to the total amount of the Series 2012B Bonds then outstanding. So long as the only Holder is DTC, such selection will be made by DTC.

Notice of Redemption.

The Trustee will send the notice of redemption in the form required by the Indenture to all registered owners of Series 2012 Bonds to be redeemed by first-class mail not less than 30 nor more than 60 days prior to the redemption date. While the Series 2012 Bonds are held in the name of DTC or its nominee, such redemption notices will be sent to Cede & Co., not to the beneficial owners of the Series 2012 Bonds. See “Book-Entry Only System” below. Notice of the call for any redemption of any of the Series 2012 Bonds will also be mailed to at least two national information services that disseminate redemption notices. Failure to give any notice of redemption by mail or a defect in the notice or the mailing will not affect the validity of the redemption. Interest will not accrue on the Series 2012 Bonds called for redemption after the redemption date if required notice has been given and if sufficient moneys have been deposited with the Trustee to pay the principal of and interest on the Series 2012 Bonds.

Conditional Notice of Redemption.

The notice of redemption may state that such redemption shall be conditional upon the receipt by the Paying Agent for the Series 2012 Bonds to be redeemed, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, on such Series 2012 Bonds and that if such money shall not have been so received such notice shall be of no force or effect and the University shall not be required to redeem such Series 2012 Bonds. In the event that a notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and within a reasonable time thereafter notice shall be given that such money was not so received and such redemption was not required to be made, and any Series 2012 Bonds which had been surrendered for payment upon such redemption shall be returned to the respective holders.

Book-Entry Only System

The Series 2012 Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for DTC, New York, New York, which will act as securities depository for the Series 2012 Bonds. Purchases of the Series 2012 Bonds will be in book-entry form only. See “APPENDIX G – BOOK-ENTRY SYSTEM FOR THE SERIES 2012 BONDS.”

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the anticipated estimated application of proceeds derived from the sale of the Series 2012 Bonds.

	<u>Series 2012A Bonds</u>	<u>Series 2012B Bonds</u>	<u>Total</u>
<i>Sources of Funds</i>			
Principal Amount of the Bonds	\$ 94,620,000	\$25,265,000	\$119,885,000
Original Issue Premium	<u>11,518,985</u>	<u>-</u>	<u>11,518,985</u>
<i>Total Sources of Funds</i>	\$106,138,985	\$25,265,000	\$131,403,985
<i>Uses of Funds</i>			
Deposit to Project Loan Fund	\$103,827,600	\$25,017,700	\$128,845,300
Capitalized Interest	1,362,175	-	1,362,175
Underwriters' Discount	384,554	81,272	465,827
Costs of Issuance	<u>564,656</u>	<u>166,028</u>	<u>730,683</u>
<i>Total Uses of Funds</i>	\$106,138,985	\$25,265,000.00	\$131,403,985

THE PROJECT

The University expects to apply a portion of the net proceeds received by the University from the sale of the Series 2012A Bonds to finance or refinance the following (collectively, the "Series 2012A Project"):

(i) approximately \$62,500,000 for the acquisition, construction, renovation and equipping of educational, research, medical, healthcare, athletic, housing, parking and other facilities owned and operated by the University, including the Student Activity Center, a portion of an internal campus road project and improvements to San Amaro Drive, an addition to the Pavia Garage, and the acquisition and installation of certain enterprise resource planning computer systems, all of which projects are located on the University's main campus;

(ii) approximately \$16,327,000 for the acquisition, construction, renovation and equipping of educational, research, medical, healthcare, parking and other facilities owned and operated by the University, including a parking garage, a Modular Research Laboratory and a portion of the Clinical Research Building, all located at the University's Medical Campus; and

(iii) approximately \$25,000,000 for the acquisition, construction, renovation and equipping of educational, research, parking and other facilities owned and operated by the University, including a Marine Technology & Life Sciences Seawater Building, located at the University's Rosenstiel School of Marine and Atmospheric Science Campus, which is located on land leased or owned by the University.

The University also expects to apply a portion of the proceeds of the Series 2012A Bonds to pay capitalized interest and costs of issuance for the Series 2012A Bonds.

The University expects to apply a portion of the net proceeds received by the University from the sale of the Series 2012B Bonds to finance or refinance the following (collectively, the "Series 2012B Project"):

(i) approximately \$3,000,000 for the acquisition, construction, renovation and equipping of the grandstand, concessions, and seating for the Alex Rodriguez Park, which is owned and operated by the University and located at the University's main campus; and

(ii) approximately \$22,018,000 for the acquisition, construction, renovation and equipping of the build-out of the 4th floor in the multi-story Clinical Research Building, the Biomedical Research Building and the Chiller Plant, located within the Parking Garage, all of which are located at the University's Medical Campus.

The University also expects to apply a portion of the proceeds of the Series 2012B Bonds to pay costs of issuance for the Series 2012B Bonds.

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

APPROVALS

On August 23, 2012, the Authority met and adopted an inducement resolution declaring its official intent to issue the Series 2012 Bonds. On October 11, 2012, the Chairperson of the Authority, in her capacity as Chairperson and hearing officer, held a public meeting on behalf of the Authority to provide the members of the general public the opportunity to express their opinion regarding the issuance of the Series 2012 Bonds. On October 24, 2012, the Authority met and adopted a resolution to proceed with the issue of the Series 2012 Bonds under the conditions specified therein. No further proceeding of the Authority is required.

The Board of County Commissioners of Miami-Dade County, Florida (the "Board") held a meeting on November 8, 2012 and adopted a resolution approving the issuance of the Series 2012 Bonds. That resolution is final and no further proceeding is required by Miami-Dade County.

THE AUTHORITY

General

The Authority is a public body corporate and politic created pursuant to the State Act and constitutes a public instrumentality. Pursuant to the State Act, the Board has determined by appropriate action (Dade County, Florida Ordinance No. 69-72, enacted by the Board on October 1, 1969) that there is a need for the Authority to operate in Miami-Dade County, Florida. The purpose of the Authority is to assist institutions of higher education in the construction, financing and refinancing of capital "projects."

Members and Personnel

Pursuant to the State Act, the Authority should consist of not less than five members. Pending appointment of a new member by the Board, the Authority currently consists of four members. The members of the Authority and terms of office are as follows:

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

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

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

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

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

Powers of the Authority

Under the State Act, the Authority is authorized and empowered, among other things: to acquire real and personal property; to issue bonds, bond anticipation notes and other obligations and to refund the same; to charge and collect rentals for the use of projects or for services furnished in relation thereto; to construct, reconstruct, maintain, repair, operate, lease as lessee or lessor or regulate projects for institutions of higher education and to enter into contracts in order to provide, manage or operate such projects; to establish or cause to be established rules and regulations for the use of projects provided by the Authority; to receive in relation to projects, loans or grants from any public agency; to make loans to institutions of higher education for the costs of projects, including the refunding of obligations, mortgages or advances thereof; and to do all things necessary to carry out the purposes of the State Act.

Other Indebtedness of the Authority

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

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

Although to the knowledge of the Authority none of the Authority’s bonds has been in default (including all bonds issued by the Authority on behalf of the University), the Authority believes in good faith that disclosure concerning default with regard to any of its bonds (other than a default by the University on a prior bond issued by the Authority) would not be considered material by a reasonable investor in the Series 2012 Bonds since the Authority acted solely as a conduit issuer and is in no way obligated to make payments except to the extent it receives payments from related borrowers. Accordingly, defaults with respect to any of its bonds in no way affect the Series 2012 Bonds or the security pledged to such Series 2012 Bonds.

SECURITY FOR THE SERIES 2012 BONDS

Pledge of Indenture

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

Payments Due Under Loan Agreement

The University has covenanted in the Loan Agreement to make Loan Payments in amounts sufficient to provide for the payment of the principal of, redemption premium if any, and interest on the Series 2012 Bonds on a parity with the University’s payment obligations with respect to all other University Securities and Authority

Securities issued pursuant to the Indenture and certain other payments. Such Loan Payments will be assigned by the Authority to the Trustee. All University Securities and Authority Securities are on a parity and rate equally as to source and security for payment and in all other respects, except as may be otherwise expressly provided in the Indenture.

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

Outstanding Securities Under the Indenture

Prior to the issuance of the Series 2012 Bonds, there is \$733,870,000 principal amount of Authority Securities outstanding under the Indenture. There have not been any University Securities issued under the Indenture to date. The Series 2012 Bonds will be Authority Securities.

Other Outstanding University Debt

The University has other debt that will remain outstanding following the issuance of the Series 2012 Bonds. See "APPENDIX A – GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI - Outstanding Obligations of the University."

Additional Obligations

The University may issue University Securities and the Authority may issue Authority Securities on a parity with the Series 2012 Bonds under the Indenture. Furthermore, the University may issue other indebtedness on a secured or unsecured basis, including indebtedness secured by such revenues or other assets as the University may determine. Neither the Indenture nor the Loan Agreement prevents the University from incurring future indebtedness with a lien on University revenues or assets.

Limited Obligations of the Authority

Neither the Authority, Miami-Dade County, Florida, nor the State of Florida, nor any political subdivision thereof, shall be obligated to pay the principal of, redemption premium, if any, or interest on the Series 2012 Bonds, except from the revenues derived by the Authority from the University under the Loan Agreement. Neither the full faith and credit nor the taxing power of Miami-Dade County, Florida, the State of Florida, or of any political subdivision thereof is pledged to the payment of the principal of, redemption premium, if any, and interest on the Series 2012 Bonds. The Authority has no taxing power.

No Reserve Fund

No debt service reserve fund has been established with respect to the Series 2012 Bonds. The Indenture allows for the creation of separate debt service reserve funds for additional University Securities or Authority Securities issued thereunder. However, any such debt service reserve funds created in the future shall not secure the Series 2012 Bonds.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt securities service requirements for the Series 2012 Bonds and other outstanding Authority Securities and excludes other debt of the University, such as mortgages and bank loans. See “APPENDIX A – GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI - Outstanding Obligations of the University.”

Debt Service Requirements*

<u>Period Ending April 1</u>	<u>Annual Principal Payments for the Series 2012A Bonds</u>	<u>Annual Interest Payments for the Series 2012A Bonds</u>	<u>Annual Principal Payments for the Series 2012B Bonds</u>	<u>Annual Interest Payments for the Series 2012B Bonds</u>	<u>Annual Debt Service on Outstanding Authority Securities</u>	<u>Total Annual Principal and Interest Requirements</u>
2013	\$	\$ 1,321,004	\$	\$ 170,628	\$ 51,307,684	\$52,799,317
2014		4,362,950	2,500,000	563,542	57,699,356	65,125,848
2015		4,362,950	2,525,000	537,042	57,717,056	65,142,048
2016		4,362,950	2,555,000	504,394	57,553,646	64,975,990
2017		4,362,950	2,595,000	464,025	57,581,090	65,003,065
2018		4,362,950	2,645,000	416,537	57,621,615	65,046,102
2019		4,362,950	2,700,000	358,638	57,659,540	65,081,128
2020		4,362,950	2,770,000	292,785	59,689,528	67,115,262
2021		4,362,950	2,845,000	216,388	53,843,440	61,267,778
2022		4,362,950	2,925,000	132,233	53,835,565	61,255,748
2023	1,830,000	4,362,950	1,205,000	39,861	53,839,723	61,277,534
2024	3,145,000	4,289,750			53,825,780	61,260,530
2025	3,305,000	4,132,500			53,834,763	61,272,263
2026	3,470,000	3,967,250			53,817,738	61,254,988
2027	3,645,000	3,793,750			53,829,188	61,267,938
2028	3,825,000	3,611,500			53,827,925	61,264,425
2029	4,015,000	3,420,250			53,834,638	61,269,888
2030	4,215,000	3,219,500			43,951,913	51,386,413
2031	4,430,000	3,008,750			43,953,863	51,392,613
2032	4,605,000	2,831,550			43,953,250	51,389,800
2033	4,790,000	2,647,350			43,955,838	51,393,188
2034	4,980,000	2,455,750			43,951,825	51,387,575
2035	5,180,000	2,256,550			34,736,700	42,173,250
2036	5,385,000	2,049,350			34,733,925	42,168,275
2037	5,605,000	1,833,950			34,729,875	42,168,825
2038	5,825,000	1,609,750			22,735,250	30,170,000
2039	6,120,000	1,318,500				7,438,500
2040	6,425,000	1,012,500				7,437,500
2041	6,745,000	691,250				7,436,250
2042	7,080,000	354,000				7,434,000
Total	<u>\$94,620,000</u>	<u>\$93,454,254</u>	<u>\$25,265,000</u>	<u>\$3,696,073</u>	<u>\$1,288,020,710</u>	<u>\$1,505,056,038</u>

* Totals may not add due to rounding.

TAX MATTERS

Series 2012A Bonds

General. The Internal Code of 1986, as amended (the “Code”) establishes certain requirements which must be met subsequent to the issuance of the Series 2012A Bonds in order that interest on the Series 2012A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2012A Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2012A Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2012A Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Authority and the University have covenanted in the Loan Agreement to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2012A Bonds.

In the opinion of Co-Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2012A Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2012A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Series 2012A Bonds may be subject to the federal alternative minimum tax when any Series 2012A Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). “Adjusted Current Earnings” will include interest on the Series 2012A Bonds.

Except as described above, Co-Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2012A Bonds. Prospective purchasers of Series 2012A Bonds should be aware that the ownership of Series 2012A Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2012A Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2012A Bonds; (iii) the inclusion of interest on the Series 2012A Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Series 2012A Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2012A Bonds in “modified adjusted gross income” by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Co-Bond Counsel, Co-Bond Counsel will rely upon representations and covenants made on behalf of the Authority and the University in the Indenture and the Loan Agreement, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2012A Bonds and of the property financed or refinanced thereby) and on the opinions being delivered by counsel to the University in connection with the delivery of the Series 2012A Bonds with respect to the University being an organization described in Section 501(c)(3) of the Code, without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2012A BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE HOLDERS OF THE SERIES 2012A BONDS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE HOLDERS OF THE SERIES 2012A BONDS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds such as the Series 2012A Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2012A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2012A Bonds, under certain circumstances, to “backup withholding” at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2012; and (ii) the rate of 31% for taxable years beginning after December 31, 2012, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2012A Bonds. This withholding generally applies if the owner of Series 2012A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2012A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters. During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2012A Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2012A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2012A Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2012A Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2012A Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2012A Bonds.

Prospective purchasers of the Series 2012A Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2012A Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel expresses no opinion.

Tax Treatment of Bond Premium. The difference between the principal amount of the Series 2012A Bonds and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Series 2012A Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Series 2012A Bonds, which ends on the earlier of the maturity or call date for each of the Series 2012A Bonds which minimizes the yield on such Series 2012A Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Series 2012A Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Series 2012A Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2012A Bonds. Bondholders of the Series 2012A Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Series 2012A Bonds.

Series 2012B Bonds

General. INTEREST ON THE SERIES 2012B Bonds IS **NOT** EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Except as described herein, Co-Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2012B Bonds. Holders of the Series 2012B Bonds should consult their tax advisors with respect to the inclusion of interest on Series 2012B Bonds in gross income for federal income tax purposes.

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2012B Bonds by certain persons. The summary is based upon provisions of the Code, the regulations promulgated thereunder and rulings and court decisions now in effect, all of which are subject to change. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2012B Bonds, limited to those persons who hold the Series 2012B Bonds as “capital assets” within the meaning of Section 1221 of the Code. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding the Series 2012B Bonds as a hedge against currency risks or as a position in a straddle for tax purposes, foreign investors or persons whose functional currency is not the U.S. dollar. This summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Series 2012B Bonds. Potential purchasers of the Series 2012B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2012B Bonds.

As stated above, interest on the Series 2012B Bonds is not excluded from gross income for federal income tax purposes. Purchasers other than those who purchase the Series 2012B Bonds in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2012B Bonds. Generally, interest paid on the Series 2012B Bonds and recovery of accrued original issue and market discount, if any, will be treated as ordinary income to the Bondholder, and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

Market Discount. If a bondholder purchases the Series 2012B Bonds in the secondary market for an amount that is less than the adjusted issue price of the Series 2012B Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale, exchange or other disposition of the Series 2012B Bonds, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of the sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense intended to carry a market discount bond is limited. Such bondholders should consult their own tax advisors with respect to whether or not they should elect to accrue market discount currently, the determination and treatment of market discount for federal income tax purposes and the state and local tax consequences of owning such Series 2012B Bonds.

Tax Treatment of Bond Premium for the Series 2012B Bonds. If a bondholder purchases a Series 2012B Bond at a cost greater than its principal amount, the bondholder may elect to treat such excess as amortizable bond premium. As the tax accounting treatment of bond premium is complex, such bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Sale, Exchange or Redemption. Upon a sale, exchange or redemption of the Series 2012B Bonds, bondholders will generally realize a capital gain or loss on the Series 2012B Bonds equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the bondholder’s adjusted tax basis on the Series 2012B Bonds. The bondholder’s adjusted tax basis for the Series 2012B Bonds is the price such owner pays for the Series 2012B Bonds plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than qualified periodic interest payments) and any amortized bond premium. The legal defeasance of the Series 2012B Bonds may result in a deemed sale or exchange of such bonds under certain circumstances, in which event an owner of the Series 2012B Bonds will also recognize taxable gain or loss as described above.

Owners of such Series 2012B Bonds should consult their tax advisors as to the federal income tax consequences of such an event.

Information Reporting and Backup Withholding. Interest paid on bonds such as the Series 2012B Bonds is subject to information reporting to the IRS. In conjunction with the information reporting requirement, the Code subjects certain non-corporate owners of Series 2012B Bonds, under certain circumstances, to “backup withholding” at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2012; and (ii) the rate of 31% for taxable years beginning after December 31, 2012, with respect to payments on the Series 2012B Bonds and proceeds from the sale of the Series 2012B Bonds. This withholding generally applies if the owner of Series 2012B Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to holders, including payments to certain exempt recipients and to certain Nonresidents (defined below). Prospective purchasers of the Series 2012B Bonds may also wish to consult with their tax advisors as to their qualification for an exemption from backup withholding and the procedure for obtaining the exemption.

Nonresidents. Under the Code, interest and original issue discount income with respect to the Series 2012B Bonds held by nonresident alien individuals, foreign corporations and other non-United States persons (“Nonresidents”) may not be subject to withholding. Payments on the Series 2012B Bonds to a Nonresident that has no connection with the United States other than holding the Series 2012B Bonds will generally be made free of withholding tax, as long as such holder has complied with certain tax identification and certification requirements. Nonresidents should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2012B Bonds.

Circular 230 Disclosure

The above discussion was written to support the promotion and marketing of the Series 2012B Bonds and was not intended or written to be used, and cannot be used, by a taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

ENFORCEABILITY OF REMEDIES

The remedies available to the holders of the Series 2012 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Indenture and the Series 2012 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds (including Co-Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

RATINGS

Moody's Investors Service, Inc. (“Moody's”) has assigned the Series 2012 Bonds a rating of “A3” based on the University's general obligation under the Loan Agreement. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (“S&P”) has assigned the Series 2012 Bonds the ratings of “A-” based on the University's general obligation under the Loan Agreement. Any desired explanation of the significance of such ratings may only be obtained from the applicable rating agency furnishing the same. Generally, rating agencies base their ratings on the information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. The University supplied certain information to the rating agencies to be considered in evaluating the Series 2012 Bonds which has not been included in this Official Statement. There can be no assurance that the ratings will continue for any given period of time or that either of such ratings will not be changed, lowered,

suspended or withdrawn entirely if, in the judgment of either of such rating agencies, circumstances so warrant. Any such revision, suspension or withdrawal could have an adverse effect upon the market price of the Series 2012 Bonds.

LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2012 Bonds by the Authority are subject to the approving opinion of Bryant Miller Olive P.A. and Manuel Alonso-Poch, P.A., Co-Bond Counsel, whose approving opinion will be delivered with the Series 2012 Bonds. The proposed form of such opinion is attached hereto as APPENDIX E. Certain legal matters will be passed on for the University by the Office of the General Counsel of the University and by its special counsel, Squire Sanders (US) LLP, for the Authority by the Office of the Miami-Dade County Attorney and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

LITIGATION

There is not now any litigation pending for which the Authority has received a service of process nor to the knowledge of the Authority is there any litigation threatened which would restrain or enjoin the issuance or delivery of the Series 2012 Bonds or question or affect the validity of the Series 2012 Bonds or the proceedings and authority under which they will be issued. Neither the creation, organization or existence of the Authority, nor the title of the present members or other officers of the Authority to their respective offices is being contested. There is no litigation pending, or to the knowledge of the Authority threatened, which in any manner questions the right of the Authority to make the loan to the University in accordance with the provisions of the State Act, or to enter into the Indenture and the Loan Agreement or questioning the validity of the Indenture or the Loan Agreement. For litigation involving the University, see APPENDIX A – “GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI – Litigation and Other Legal Matters.”

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2012 Bonds or to any decision to purchase, hold or sell the Series 2012 Bonds and the Authority will not provide any such information. The University has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to the Holders of the Series 2012 Bonds or any other person with respect to Rule 15c2-12 of the Securities and Exchange Commission.

The University has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the University by not later than 180 days following the end of the University’s fiscal year (which currently is May 31) (the “Annual Report”), commencing with the report for the Fiscal Year ended May 31, 2013, and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth herein in “APPENDIX F - DISCLOSURE DISSEMINATION AGENT AGREEMENT.”

The form of the continuing disclosure agreement attached to the Preliminary Official Statement contemplated that the University would file the required information on its own behalf. The University has decided that it will enter an agreement with a dissemination agent pursuant to which the dissemination agent will file the required information and notices of material events on the University’s behalf. As a result of this change, the form of continuing disclosure agreement attached to this Official Statement as “APPENDIX F - DISCLOSURE DISSEMINATION AGENT AGREEMENT” differs from the form that was attached to the Preliminary Official Statement. The financial information required to be filed and the list of material events for which notice is to be filed and the timing of such are the same as those requirements set forth in the form of agreement that was attached to the Preliminary Official Statement.

The University will cause the Annual Report and notices of material events to be filed with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

The University has entered into similar undertakings relating to outstanding Authority Securities. During the preceding five years, there were two instances in which the University did not file notice of certain ratings downgrades of insured Authority Securities (resulting from changes in the ratings of the insurer, Ambac Assurance Corporation). The University did file notice of other ratings downgrades and otherwise complied in all material respects with its previous undertakings during such five-year period.

UNDERWRITING

The Series 2012A Bonds are being purchased for sale by Morgan Stanley & Co. LLC, as the representative (the "Representative") on behalf of itself and the underwriters named on the cover page hereof (collectively, the "Underwriters"), at a purchase price of \$105,754,430.96 (which represents the principal amount of the Series 2012A Bonds plus original issue premium of \$11,518,985.35 less an Underwriters' discount of \$384,554.39). The Series 2012B Bonds are being purchased for sale by the Representative on behalf of itself and the Underwriters at a purchase price of \$25,183,727.60 (which represents the principal amount of the Series 2012B Bonds, less an Underwriters' discount of \$81,272.40). The Underwriters intend to offer the Series 2012 Bonds to the public at the offering prices or yields set forth on the inside cover page of this Official Statement. The Underwriters may allow concessions to certain dealers (including dealers in a selling group and other dealers depositing the Series 2012 Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriters.

This paragraph has been supplied by Morgan Stanley & Co. LLC: Morgan Stanley, the parent company of Morgan Stanley & Co. LLC has entered into a retail brokerage joint venture. As part of the joint venture Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with its allocations of Series 2012 Bonds.

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

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and/or to the University and to persons and entities with relationships with the issuer and/or the University, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer and/or the University (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer and/or the University. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or

instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

INDEPENDENT AUDITORS

The financial statements of the University as of and for the years ended May 31, 2012 and 2011, included in APPENDIX B to this Official Statement, have been audited by McGladrey LLP independent certified public accountants, as stated in their report.

FINANCIAL ADVISOR

The University has retained The Yuba Group LLC (“The Yuba Group”) to serve as financial advisor in connection to the issuance of the Series 2012 Bonds. A portion of the Yuba Group’s fees for services rendered with respect to the sale of the Series 2012 Bonds is contingent upon issuance and delivery of the Series 2012 Bonds. The Yuba Group is not obligated to make, and have not undertaken, an independent verification of any of the financial information contained in this Offering Statement and makes no guarantee as to the accuracy, completeness or fairness of such information. The Yuba Group is an independent advisory and consulting firm and is not engaged in the underwriting or trading of municipal securities or other negotiable instruments.

MISCELLANEOUS

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

APPENDIX A

GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI

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GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI

OVERVIEW

Founded in 1925 in Coral Gables, Florida, the University of Miami is a not-for-profit university providing educational, patient care and research services. The University's mission is to educate and nurture students, to create knowledge, and to provide service to its community and beyond. Committed to excellence and proud of the diversity of the University family, the University strives to develop future leaders of the nation and the world.

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

In September 2012, for the fourth consecutive year, the University was ranked in the top 50 of national universities in U.S. News & World Report's annual Best Colleges issue. The University offers approximately 270 undergraduate, graduate and professional fields of study to more than 16,000 students. The University also has extensive research and healthcare enterprises. Among its facilities, the University operates twelve colleges and schools, three hospitals and several research institutes from four campuses and other facilities, most located in Miami-Dade County Florida. It is the largest private employer in south Florida with approximately 2,600 full-time faculty, 450 part-time faculty, 10,140 full-time staff and 260 part-time staff.

The University derives its revenues primarily from tuition and fees, patient care, and direct support from sponsoring organizations and individuals. For the year ended May 31, 2012, approximately 51% (\$1.2 billion) of the University's \$2.4 billion of revenues were generated from patient care, 20% (\$492.2 million) from grants and contracts and 18% (\$432.6 million) from net tuition and fees with the balance of revenues from philanthropy, investments and other sources

The University provides healthcare services at University-owned hospitals and through the services provided by University doctors at the University-owned hospitals and at other hospitals and clinics in south Florida (the healthcare delivery system is referred to collectively as the "UHealth System"). The University owns and operates three hospital facilities: the University of Miami Hospital ("UMH") (an acute care facility), the University of Miami Hospital and Clinics/Sylvester Comprehensive Cancer Center ("UMHC/SCCC") (a specialty facility primarily providing outpatient and inpatient services to cancer patients) and the Anne Bates Leach Eye Hospital ("ABLEH") (a specialty facility primarily providing eye care services).

University doctors and other University medical personnel also provide healthcare services at clinics and other practice sites in south Florida. University doctors also provide services at Jackson Memorial Hospital ("JMH"), which is a 1,564-bed acute care facility that is governed by the Public Health Trust of Miami-Dade County, Florida, an agency and instrumentality of Miami-Dade County, Florida. University doctors are managed by the University of Miami Medical Group ("UMMG"), and revenues generated by such doctors are part of the revenues of the University. UMMG manages a multi-specialty group practice of 951 physicians as a discrete business unit within the University structure. UMMG's professional

business management is centralized and performs such functions as marketing and contracting, regulatory and contractual compliance, clinic facility coordination, patient access through referral and scheduling, billing and collection, credentialing, case management and similar medical directorship functions. Responsibility for direct patient care services remains at the specialty department level.

In addition to delivering healthcare services through the UHealth System, the University provides medical training and conducts medical research at the Leonard M. Miller School of Medicine and its other facilities (the School of Medicine and the UHealth System are referred to collectively as the "University Medical Center").

PRINCIPAL PROGRAMS AND FACILITIES

Coral Gables Campus

The main campus of the University (the "Coral Gables Campus") is located on an approximately 240 acre site in Coral Gables, Florida. Most undergraduate programs are provided on this campus and the campus contains five residential colleges for undergraduates. In addition, the campus houses the School of Architecture, the College of Arts and Sciences, the School of Business Administration, the School of Communication, the School of Education, the College of Engineering, the Graduate School, the School of Law, the Frost School of Music, the School of Nursing, and the division of Continuing and International Education. The campus contains 130 buildings totaling 5.7 million gross square feet of classroom, laboratory, residential, cultural, student life, and administrative facilities.

Medical Campus

The University operates the only academic medical center in South Florida. Approximately ten miles northeast of the Coral Gables Campus, the University operates a medical campus housing the Leonard M. Miller School of Medicine, three University owned hospitals, and a number of clinics and research facilities. The Miller School of Medicine has a faculty of approximately 1,430 and a student body of approximately 1,290.

Within the medical campus, the University owns and operates three hospitals UMH, UMHC/SCCC and ABLEH. UMH, a 560 bed acute care facility, was acquired by the University in 2007 to provide additional capacity for the Miller School of Medicine's expanding programs relating to medical education, research and patient care. In April 2012, UMH attained designation as a statutory teaching hospital from the Florida Agency for Health Care Administration. (See "Matters Relating to UMH".)

UMHC/SCCC specializes in providing outpatient and inpatient services to cancer patients. The hospital portion of the facility contains 40 acute care beds and nearly 4,200 cancer patients are treated each year.

In October 2012, UMHC/SCCC performed their 100th stem cell transplant. UMHC/SCCC's Adult Stem Cell Transplant Program was accredited in 1992 by the Foundation of Cellular Therapy. UMHC/SCCC is a member of the Alliance of Dedicated Cancer Centers, comprised of 10 nationally important comprehensive cancer centers.

ABLEH is a specialty facility with over 85% of its revenue related to the provision of eye care services. Although it is licensed for 100 acute care beds, nearly all services are provided on an out-patient basis. It is the primary site of practice for the faculty-physician members of the University's Department of Ophthalmology (Bascom Palmer Eye Institute), and for the ninth consecutive year, ABLEH has been ranked the nation's best in ophthalmology in U.S. News & World Report's annual Best Hospitals edition.

JMH, a 1,564 bed acute care facility, is integrated within the medical campus. JMH is part of the Miami-Dade County's Jackson Health System ("JHS"), which owns and operates JMH and two other public hospitals in Miami-Dade County. JMH serves as one of the primary teaching hospitals for the Miller School of Medicine's medical students. JHS sponsors graduate medical education programs (residencies and fellowships) for more than 1,000 trainees under an affiliation agreement with the University. Under that agreement, although Miami-Dade County and the University each own and operate their respective facilities,

the University, its faculty, and its staff act as statutory agents of the County when working in JHS facilities and since November 2011 have immunity for treating patients at JMHS entities.

The Miller School of Medicine has also established a satellite medical campus in Palm Beach County, Florida. This satellite campus is called The University of Miami Miller School of Medicine Regional Medical Campus ("RMC"). The medical curriculum developed at the RMC has been adapted into a new four-year combined MD/MPH dual degree track at the Miami campus. Students within the track complete their first two years of medical school at the medical campus in Miami, and complete their remaining two years at the RMC, which has affiliation agreements with many community hospitals as well as the Palm Beach County Department of Health. The RMC is also the site of the first allopathic residency programs in internal medicine and surgery located in Palm Beach County.

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

Since 2006, the Miller School of Medicine has undertaken a program of extensive faculty recruitment to expand and strengthen key research and clinical programs. Of particular note are the establishment of the John P. Hussman Institute for Human Genomics and the Interdisciplinary Stem Cell Institute ("ISCI"), both located on the medical campus. The Institute for Human Genomics carries out programs in basic, translational, and clinical research aimed at bringing the results of the Human Genome Project into the patient clinic environment. The work of ISCI ranges from basic stem cell biology through clinical studies in the realm of regenerative medicine. The ISCI team is a center for clinical trials exploring the use of stem cells to facilitate the repair of heart muscle damaged by heart attack and is expanding its research programs into other organ systems and enhancements of heart failure treatment.

Other noteworthy facilities on the medical campus are the Mailman Center for Child Development; the Lois Pope LIFE Center; The Miami Project to Cure Paralysis; the Batchelor Children's Research Institute; the Debbie Institute; the Center for AIDS Research ("CFAR"); the Touch Research Institute; the Institute for Advanced Pain Medicine; the Center on Aging; the Vascular Biology Institute; the Diabetes Research Institute; the Fox, Gautier, Parkinson, Clinical Research, Sewell, Sieron, Elliot, Edelman and Papanicolaou research buildings; a Medical Training and Simulation Laboratory and a LEED (Leadership in Energy and Environmental Design) certified, 188,000 square foot basic science facility. In September 2011, the University officially opened the Life Science & Technology Park in the Health District, dedicating the first of five buildings planned as a hub for biomedical technology, research and innovation.

The RSMAS Campus

The internationally recognized Rosenstiel School of Marine and Atmospheric Science occupies its own 18 acre waterfront campus on Virginia Key, about seven miles northwest of the Coral Gables Campus. The campus comprises 16 buildings totaling over 340,000 gross square feet. Research, classroom, vessel operation and support facilities are located in eleven major buildings. The School operates two ocean-going research vessels and other smaller craft. The Rosenstiel School of Marine and Atmospheric Science has a faculty of over 100 members and a student body of nearly 370 undergraduate students and over 260 graduate students.

Other Facilities

The University owns and operates a south campus, located ten miles southwest of Coral Gables, which opened in 1986 on a 136-acre site. Its five buildings provide approximately 59,000 gross square feet for the purpose of conducting research and development projects. Faculty from the Department of Epidemiology conduct research on the south campus. The University contracted for the sale of the south campus for approximately \$45 million in August 2011. The sale is expected to be completed in three phases in calendar years 2013, 2014, and 2016. The research activity that is now conducted on the south campus will be relocated to one of the University's other campuses.

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

The University library system spans all of the University's campuses and consists of the Otto G. Richter Library, and the libraries of the Schools of Architecture, Business, Law, Marine and Atmospheric Science, Medicine, and Music. The University libraries provide access to almost 4.1 million volumes, 86,740 current serials titles, 83,789 electronic journals, 630,755 electronic books, 4 million microforms, and 176,052 audio, film, video, and cartographic materials.

ACCREDITATION AND MEMBERSHIPS

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

The University holds accreditation including the following: Accreditation Board for Engineering and Technology, Accreditation Council for Graduate Medical Education, Accrediting Council on Education in Journalism and Mass Communications, American Academy of Kinesiology and Physical Education, American Assembly of Collegiate Schools of Business, American Association of Museums, American Association of Museum Directors, American Bar Association, American Chemical Society, American College of Nurse-Midwives, American Medical Association and the Association of American Medical Colleges Liaison Committee for Medical Education, American Music Therapy Association, American Psychological Association, Association for Assessment and Accreditation of Laboratory Animal Care, Association to Advance Collegiate Schools of Business, Commission on Accreditation of Athletic Training Education, Commission on Accreditation of Healthcare Management Education, Commission on Accreditation for Physical Therapy Education, Commission on Collegiate Nursing Education, Commission on English Language Program Accreditation, Council on Accreditation of Nurse Anesthesia Educational Programs, Council on Education for Public Health, Florida Department of Education, Florida State Board of Nursing, National Architecture Accrediting Board, National Association of Schools of Music, and the National Athletic Trainer's Association. The School of Education and Human Development is presently in Candidate status with the Teacher Education Accreditation Council. The College of Arts and Sciences has a chapter of Phi Beta Kappa. The University is also a member of the National Collegiate Athletic Association.

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

GOVERNANCE

The University of Miami is currently governed by a Board of Trustees consisting of seventy-four (74) members, including thirty-five (35) regularly elected trustees (with three (3) alumni representatives and one (1) student trustee), twenty-seven (27) senior trustees, six (6) national trustees, and six (6) ex officio members. The president of the University is one of the six (6) ex officio members. In addition, there are eighteen (18) emeriti trustees who are retired members of the Board. Pursuant to the University's Charter, governance of the University's affairs and management of the University's business shall be vested in the Board of Trustees, which shall consist of no less than twenty (20) members. There are no term limits for regularly elected trustees, senior trustees or national trustees, however they serve one-year terms and are reviewed annually for re-election.

The Board generally meets three (3) times per year and operates through committees comprised of trustee members. A thirteen member Executive Committee is empowered to make major decisions concerning University affairs when the Board is not in session and meets approximately six (6) times per year. The members of the Board and their business affiliations are set forth below.

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Frances L. Wolfson¹

Charles J. Zwick¹

*Member of Executive Committee

¹No Business Affiliation

ADMINISTRATION

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

DONNA E. SHALALA, Ph.D., became Professor of Political Science and President of the University of Miami on June 1, 2001. President Shalala has more than 30 years of experience as an accomplished scholar, teacher and administrator. Prior to joining the University, she served as Secretary of Health and Human Services during the Clinton administration for eight years. Her priorities at HHS included improved health care for children, welfare reform, and increased biomedical research. Dr. Shalala served as Chancellor of the University of Wisconsin-Madison from 1987 to 1993, and as President of Hunter College of the City University of New York (CUNY) from 1980 to 1987. She has held tenured professorships at Columbia University, CUNY, and the University of Wisconsin. She received an A.B. from Western College for Women and a Ph.D. degree from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

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

PASCAL J. GOLDSCHMIDT, M.D., an internationally renowned cardiologist and cardiovascular researcher, joined the University as Senior Vice President for Medical Affairs and Dean of the University of Miami Leonard M. Miller School of Medicine in April 2006. He also serves as Chief Executive Officer of the University of Miami Health System ("UHealth"), which includes three hospitals and more than two dozen outpatient facilities in Miami-Dade, Broward, Palm Beach, Monroe and Collier counties. Dr. Goldschmidt, whose research applies genomics and cell therapy to the prevention, diagnosis and treatment of coronary artery disease, was previously chairman of the Department of Medicine at Duke University Medical Center. Before taking the chairman's role, he served as chief of Duke's Division of Cardiology. Before joining the Duke faculty in 2000, he was director of cardiology at The Ohio State University College of Medicine and Public Health, where he built the Heart and Lung Research Institute and launched a heart hospital. A native of Belgium, Dr. Goldschmidt received his medical degree from the Universite Libre de Bruxelles and completed residency and fellowship training in Brussels at Erasme Academic Hospital and in the United States at Union Memorial Hospital and The Johns Hopkins University ("Hopkins"). Following his training at Hopkins, he served as an assistant, then associate professor in the university's Division of Cardiology in the Department of Medicine, Department of Cell Biology and Anatomy and Department of Pathology until 1997.

JOE NATOLI, Senior Vice President for Business and Finance and Chief Financial Officer (CFO), joined the University in 2006. He is responsible for campus planning and construction, real estate, business services, human resources, information technology, financial management (treasury operations), risk management, accounting and financial reporting and campus services. Previously, he spent 30 years with Knight Ridder, Inc., in positions that included publisher of The Philadelphia Inquirer and Daily News, publisher of the San Jose Mercury News and president of The Miami Herald Publishing Company. He is a graduate of the University of South Florida and has an MBA from Nova (now Nova-Southeastern) University. He has chaired or co-chaired community-wide United Way campaigns in Miami-Dade County, Silicon Valley (San Jose) and Southeastern Pennsylvania (Philadelphia). He is a member of the board of directors of Perry Ellis International, a publically-traded, leading designer, distributor and licensor of apparel for men and women, Coral Gables Trust Company, a leading provider of wealth management, trust and estate services in South Florida, and the Mitchell Wolfson Sr. Foundation Board.

SERGIO M. GONZALEZ, Senior Vice President for University Advancement and External Affairs joined the University in 2001. In this capacity, Mr. Gonzalez oversees all development, communications, community relations, government and alumni affairs for the University. Prior to his appointment at the University of Miami, he served as Chief of Staff to Miami-Dade County Executive Mayor. Previously, he served as Director of the South Florida Super Bowl Host Committee and was the Director of the Miami-Dade County Homeless Trust. Mr. Gonzalez has served on a number of community and corporate boards including The Miami Foundation, Make-A-Wish Foundation, TotalBank, Orange Bowl Committee, Arsht Center for the Performing Arts, Breakthrough Miami, Buoniconti Fund, and the Greater Miami Chamber of Commerce. He is a member of the Board of Trustees for the Council for Advancement and Support of Education (CASE). He is a Henry Crown Fellow at the Aspen Institute. Mr. Gonzalez received his Bachelor of Science in Foreign Service from Georgetown University in 1985 and his Juris Doctor Degree from Columbia University in 1988. During his tenure, the University broke a number of fundraising records and received numerous national fundraising awards. On February 16, 2012, Mr. Gonzalez and President Shalala launched capital campaign—*Momentum2: The Breakthrough Campaign for the University of Miami*. Momentum2 is projected to raise \$1.6 billion by the year 2016.

JOHN R. SHIPLEY, Vice President of Finance and Treasurer, joined the University in February 2010 after more than 25 years of financial, operational, and managerial experience with Purdue University, where he last served as its comptroller. Mr. Shipley oversees investments, accounting, and treasury functions, as well as research administration, student accounts, payroll, accounts payable, and business services. He is responsible for University relationships with lending institutions and the external financial community. He holds a Bachelor of Science in business administration from Miami University and a Master of Science in Management from Purdue University. He is a board member of the Council on Governmental Relations.

STEVE CAWLEY, Vice President for Information Technology and Chief Information Officer (CIO), joined the University in June 2011. He provides the leadership and vision for advancing all aspects of enterprise information technology strategies, including the establishment of appropriate policies and the strategic deployment of hardware and software. Previously, he was the vice president and CIO for the University of Minnesota and CIO of the University of Minnesota System. His experience includes the development of long-term strategic plans and a governance system for information technology; implementation of PeopleSoft financial and administrative systems; outsourcing email, calendar, and contact applications; and development of a coordinated management structure that leveraged collegiate and campus IT leadership. In his role as CIO at the University of Minnesota, he worked closely with the Academic Health Center, which includes the University's Medical School, Dentistry, Public Health, Pharmacy, Nursing, and Veterinary Medicine, supporting many aspects of technology strategy, service, and policy. He holds a Bachelor of Arts in Organizational Management and Communication and a Master of Arts in Organizational Management from Concordia University in St. Paul, Minnesota.

JONATHAN LORD, M.D., Chief Operating Officer (COO) of the University of Miami Miller School of Medicine and U-Health-University of Miami Health System. Dr. Lord became the University of Miami's Chief Innovation Officer in September 2011 when he returned to his alma mater after three decades in leadership roles that spanned the healthcare spectrum. In March 2012, he was named Chief Operating Officer of the Miller School of Medicine and UHealth-University of Miami Health System. A board-certified forensic pathologist who began his medical career in the U.S. Navy and later served as chief operating officer of the American Hospital Association and several biotech companies, Lord was the former chief innovation officer and senior vice president of Humana. Lord also serves or has served as a member of a number of prestigious boards and organizations, including the Centers for Disease Control and Prevention's Advisory Committee to the Director; the National Advisory Council for Healthcare Research and Quality, which advises the U.S. Secretary of Health and Human Services; and the Joint Commission on Accreditation of Health Care Organizations. He was a member of the President's Council at UM, an advisory group of some of the University's most prominent alumni. His previous academic appointments include Dartmouth Medical School, George Washington University and the Eastern Virginia School of Medicine.

MARK DIAZ, Vice President for Budget and Planning is responsible for the strategic development of the University's budget and capital plans as well as the organizational development and functional oversight of the business operations within the academic units and centers. He serves as a key advisor in the Office of the Provost, leading the implementation of initiatives and supporting long-range planning and resource allocation consistent with established priorities and effective fiscal and operational management. He also collaborates with Finance and Treasury on the strategic operating and capital plans. He joined the University in 1999, spending six years as executive director of medical finance operations and budget at the Miller School of Medicine. He became associate vice president for budget and planning in 2005. Before joining the University, he worked in audit and consulting for the national public accounting firm of KPMG Peat Marwick LLP. Mr. Diaz graduated from the University of Miami with a bachelor's degree in accounting and later earned a master's degree in professional accounting.

RUDY FERNANDEZ was appointed Vice President of Government Affairs in February of 2007 and assumed the added responsibility of Community Relations in June of 2010. He serves as the principal liaison between the University and federal, state, and local government officials and community organizations. Prior to joining the University, Mr. Fernandez served as Special Assistant to President George W. Bush in the White House Office of Intergovernmental Affairs. Previously, Mr. Fernandez served as Deputy Assistant Secretary for Governmental Affairs at the U.S. Department of Transportation. He also served as the Southwest Regional Political Director for the Bush-Cheney campaign in 2004. Earlier in his career, he was Director of Grassroots Development at the Republican National Committee and Press Secretary for Florida Congresswoman Ileana Ros-Lehtinen. He has a Bachelor of Arts degree in Government from Harvard University and a Master's in Business Administration from the University of Miami.

RUDOLPH "RUDY" GREEN was appointed to the newly created position of Vice President and Chief Compliance Officer in November 2012. He is expected to start in January 2013 and will report directly to the President and the Audit and Compliance Committee of the Board of Trustees. Mr. Green previously served as Director of University Compliance Services at the University of Texas at Austin where he successfully led the institutional effort for compliance and ethics to become an integral part of the university's structure and culture. Mr. Green earned an M.B.A. and a J.D. from the University of Texas at Austin and a bachelor's degree in administrative sciences from Yale University, where he was captain of the football team. He previously worked as an attorney at the law firm of Graves Dougherty, Hearon & Moody, handling business and real estate for its clients, and as general counsel for Prime Cable/Prime Management Group, working in the heavily regulated cable television industry. He is an active member of his community, serving on the boards of Waller Creek Conservancy, St. Stephen's Episcopal School, and the Austin Museum of Art, and as an adviser to numerous local civic and charitable organizations.

LARRY MARBERT, Vice President of Real Estate and Facilities joined the University in 2007. He is responsible for developing and maximizing the value of University-owned and operated real estate. Mr. Marbert is responsible for seven departments: Real Estate, Campus Planning and Development, Facilities Design and Construction, Facilities Administration, UM Police, Parking/Transportation and Office of Emergency Management. Mr. Marbert has contract administration responsibilities for a number of subcontracted University services. Overall, he has responsibility for approximately 800 UM and contract service employees. He was formerly Assistant Vice President for Construction Management at Baptist Health South Florida and spent 30 years in the publishing business holding positions that included Senior Vice President of Operations for The Philadelphia Newspapers, Vice President of Technology and Vice President for Production & Facilities at Knight Ridder, Inc. He holds a master's degree in Management Science from Auburn University.

JACQUELINE MENENDEZ, Vice President for University Communications was appointed in June 2007. She serves as the University's chief media liaison; acts as senior counselor to the President, the Senior Vice President for University Advancement, and other University leaders. Previously Ms. Menendez served as senior administrator in municipal and county government including Key Biscayne Village Manager. Also for Miami-Dade County, she served as Executive Assistant to the County Manager, Assistant Director and Manager of Media Relations and Communications, and Assistant Director for Administration for Miami-Dade County Fire Rescue. Ms. Menendez was a television news reporter in both English and Spanish language for WCIX, Channel 6 and WLTV Channel 23. She received her Bachelor of Arts in Broadcast Journalism from the University of Miami in 1983.

NERISSA E. MORRIS joined the University of Miami in October 2009 as Vice President for Human Resources. She oversees university-wide human resources operations including benefits and compensation, workforce compliance, learning and development, performance management, employee relations and diversity efforts. Morris has more than 20 years of human resources experience with the Ford Motor Company. During that time she held senior human resources positions with Ford in the U.S., Sweden, and Brazil. She holds a Bachelor of Science in Business Administration and Master of Business Administration from Xavier University in Cincinnati, Ohio. She is an active member of the Greater Miami Chapter for the Society for Human Resources Management, the Miami Children's Initiative Board of Trustees and a volunteer mentor in the Honey Shine Organization.

AILEEN M. UGALDE was appointed Vice President, General Counsel and Secretary of the University in 2006. Ms. Ugalde was previously Assistant to the President and Vice President for Government Affairs. She received an A.B., in Latin American Studies and International Relations, Magna Cum Laude, from Harvard University in 1988, and a Juris Doctorate, Cum Laude, in 1991 from the University of Miami, where she was the Reid Scholar in her class. Ms. Ugalde was admitted to the Florida Bar in 1991 and joined Akerman, Senterfitt & Eidson, P.A., where she practiced in the commercial litigation division. She served on the Board of Directors for City National Bank, from 2006 through 2008, and she serves on the Board of Directors for the Jay Weiss Center for Social Medicine & Health Equality at the Miller School of Medicine. She has been recognized nationally in the "Top 20 Elite Women" by Hispanic Business Magazine in 2008, the "20 Leading Latinas in Business" by Hispanic Enterprise Magazine in 2007, and "100 Most Influential Hispanics" in Hispanic Business Magazine in 2006. She serves as a member of the Cuban American Bar Association, the Florida Association of Women Lawyers and the National Association of College and University Attorneys.

PATRICIA A. WHITELEY has been the University's Vice President for Student Affairs since 1997, and she also teaches in the School of Education. She served as chair of the Coral Gables Community Relations Committee from 2002-2004, is a member of the National Vice President's Group, and a member of the National Association of Student Personnel Administrators ("NASPA") Foundation Board. She is the 2012 recipient of the John Jones Award given by NASPA Region III for Outstanding Performance as a Senior Student Affairs Officer. She is also a recipient of the 2009 NASPA Pillar of the Profession and has received numerous awards and honors from University of Miami students for her outstanding contributions enhancing student life. Ms. Whiteley received her bachelor's degree from St. John's University, her master's degree from the University of South Carolina, and her doctorate in higher education from the University of Miami.

THERESA L. ASHMAN, CPA, Associate Vice President and Controller, joined the University in 2011. Previously, she was controller for the University of Utah (2007-2011) and held various positions at Purdue University including associate controller (1992-2006). She's licensed as a CPA in the State of Utah and Indiana. She received her Masters in Business Administration from Indiana Wesleyan University and holds bachelor degrees in accounting and in biology from Purdue University. She is a member of the National Association of College and University Business Officers Accounting Principles Council and has been an instructor for the Western Association of College and University Business Officers.

FACULTY AND STAFF

Academic and professional programs offered by the University are presently staffed by 2,601 full-time faculty and 449 part-time faculty. The number of full-time faculty has grown by 3% since 2008. Of the full-time regular faculty, 97% hold doctorates or terminal degrees in their profession. Of the full-time tenure track faculty, 78% are tenured.

The student/faculty ratio for the 2012 Fall Term was 11 to 1. Nearly all of the Medical School faculty clinicians are board certified or board eligible.

Administrative, professional, research training and clerical staff includes 10,140 full-time and 259 part-time employees, including 1,666 full-time and 54 part-time and per diem employees at UMH. Neither the faculty nor staff is currently unionized, except certain employees based at UMH. (See "Matters Relating To UMH".)

ENROLLMENT STATISTICS

The University's total full and part time enrollment statistics, based upon actual registrations from fall 2008 through 2012, are shown in the following table. Approximately 93% of all undergraduate students are enrolled full-time.

ENROLLMENT STATISTICS – TOTAL NUMBER OF STUDENTS					
	Under-Graduate	Graduate	Law	Medicine	Totals
FALL SEMESTERS					
Fall 2008	10,422	2,823	1,353	725	15,323
Fall 2009	10,370	3,002	1,520	737	15,629
Fall 2010	10,368	3,057	1,505	727	15,657
Fall 2011	10,509	3,327	1,474	758	16,068
Fall 2012	10,590	3,355	1,461	766	16,172

Summer session enrollment in 2012 was 3,551 for the first session and 2,910 for the second session.

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

FRESHMEN ENROLLMENT STATISTICS					
FALL SEMESTER	2008	2009	2010	2011	2012
Applications	21,774	21,845	25,899	27,747	27,757
Admits	8,411	9,700	10,157	10,635	11,020
Enrolled	2,010	2,006	2,132	2,172	2,012
Percent of Applicants Admitted	39%	44%	39%	38%	40%
Percent of Admitted Enrolled	24%	21%	21%	20%	18%
Freshmen Class discount Rate	32.7%	31.0%	37.5%	36.0%	34.9%

In fall 2012, the middle 50% range SAT scores of enrolled new freshmen was 1240-1400, and 86% of the enrolled new freshmen ranked in the top 20% of their high school graduating class. For the undergraduate students, 42% were Florida residents and 13% were international students. The undergraduate student body was drawn from many geographical locations, including all 50 states (including Florida), the District of Columbia, 3 territories, and 99 countries.

For the fall 2012 semester, 4,738 students applied for admission to the Law School, of which 2,604 were admitted and 570 were enrolled. The Medical School received 6,074 applications for admission, of which 316 were admitted and 198 were enrolled for the 2012-2013 academic year.

FINANCIAL STATEMENTS

The financial statements for the year ended May 31, 2012, and the report of independent certified public accountants in regard to the financial statements are included in Appendix B. The University's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

SUMMARY OF CHANGES IN UNRESTRICTED NET ASSETS

The following Summary of Changes in Unrestricted Net Assets for each of the five years ended May 31, 2012 has been prepared by the University from its audited financial statements. Certain reclassifications have been made to prior year information to conform to the presentation for the year ended May 31, 2012.

The following is a Summary of Changes in Unrestricted Net Assets for each of the five years ended May 31.

SUMMARY OF CHANGES IN UNRESTRICTED NET ASSETS					
(In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
OPERATING REVENUES					
Tuition and fees, net	\$357.7	\$369.5	\$383.3	\$401.2	\$432.6
Grants and contracts	462.6	467.0	473.8	518.8	492.2
Gifts and trusts	67.9	69.2	58.5	52.6	60.7
Net assets released from restrictions	18.0	17.3	33.0	31.9	19.6
Endowment spending distribution	31.9	34.7	32.7	31.1	30.1
Investment return*	24.1	7.3	6.1	9.2	3.6
Auxiliary enterprises, net	92.3	99.5	96.8	99.2	105.5
Patient care	766.3	995.9	1,096.6	1,170.2	1,230.0
Other sources	30.4	31.2	26.6	26.8	29.2
Total operating revenues	1,851.2	2,091.6	2,207.4	2,341.0	2,403.5
OPERATING EXPENSES					
Instruction	415.6	448.7	437.0	461.8	459.5
Research	195.5	202.5	208.8	229.5	233.1
Public service	145.9	154.2	167.8	157.5	154.2
Academic support	127.8	130.3	132.9	146.5	154.6
Student services	42.5	44.4	43.8	38.5	39.4
Institutional support	94.2	92.2	101.2	108.1	123.8
Auxiliary enterprises	128.8	141.3	138.4	145.0	143.1
Patient care	695.9	927.9	965.0	1,040.1	1,123.8
Total operating expenses	1,846.2	2,141.5	2,194.9	2,327.0	2,431.5
Net operating income (loss)	5.0	(49.9)	12.5	14.0	(28.0)
NON-OPERATING					
Revenues and other additions (deductions)					
Gifts and trusts	7.0	6.1	8.3	3.5	4.7
Endowment, annuity and other investment return*	(56.0)	(306.4)	66.8	101.3	(70.4)
Other sources	(.2)	(.3)	-	-	-
Net assets released from restrictions	4.4	16.3	9.2	6.7	16.5
Transfer to permanently restricted net assets	-	(1.1)	(.4)	(.2)	(2.3)
Total non-operating income (loss)	(44.8)	(285.4)	83.9	111.3	(51.5)
Net gain (loss) on sale, disposal and exchange of property and equipment	(2.2)	(1.1)	(1.7)	(1.6)	1.8
Change in unrestricted net assets from non-operating activities	(47.0)	(286.5)	82.2	109.7	(49.7)
Minimum pension liability	14.9	-	-	-	-
Cumulative effect of change in accounting principle	(38.9)	-	-	-	-
Postretirement benefits related changes other than net periodic benefit cost	-	(111.8)	(53.3)	78.0	(167.0)
Net non-operating income (loss)	(71.0)	(398.3)	28.9	187.7	(216.7)
Increase (decrease) in unrestricted net assets	\$(66.0)	\$(448.2)	\$ 41.4	\$ 201.7	\$ (244.7)

*Includes net unrealized gains (losses) on investments.

Note: Certain amounts in the prior year's statements have been reclassified to conform with the current year's presentation.

COMPARISON OF FINANCIAL RESULTS IN FISCAL 2012 TO FISCAL 2011

The Summary of Changes in Unrestricted Net Assets reflects changes in resources in support of the University's missions of teaching, research, patient care, and public service for the five years ended May 31, 2012.

The discussion below compares the results for fiscal 2012 to fiscal 2011. See the sections which follow for further information on Net Tuition and Fees, Gifts, Grants and Contracts, Endowment Funds, Plant Assets, Patient Care Operations, and Outstanding Obligations of the University. It should be noted that operations and maintenance of facilities, depreciation, and interest are allocated to the different functional expense categories based on space usage.

Net operating loss and decrease in net assets

There was a 2.7% increase in the University's total operating revenues principally due to increases in tuition and fees, and patient care revenue (primarily from hospitals and clinics revenue), offset by decreases in grants and contracts, investment returns and assets released from restrictions. Total operating expenses increased 4.5% primarily due to patient care operations. The total decrease in Unrestricted Net Assets was \$244.7 million in fiscal 2012 compared to an increase of \$201.7 million in fiscal 2011. The decrease in total Unrestricted Net Assets was principally the result of postretirement benefits related changes other than normal periodic benefit costs and a decrease in endowment, annuity and other investment return.

Tuition and fees, net

Net tuition and fees in fiscal 2012 increased by 7.8% over fiscal 2011, primarily due to the University's 4.0% increase in undergraduate and graduate tuition rates and a 6.4% increase in total graduate enrollment. Scholarships and fellowships increased 4.8% over fiscal 2011 due to growth in enrollment.

Patient care

Patient care revenues from the UMH, UMHC/SCCC, ABLEH and UMMG increased \$59.8 million or 5.1%. Hospital and clinics revenue increased \$62.9 million or 8.4% and was offset by a slight decrease in professional practice revenue of \$3.1 million or 0.7%. Total unrestricted revenues, gains and other support for UMH, UMHC/SCCC and ABLEH increased 10%, 6% and 8%, respectively. Increases overall were primarily due to growth in chemotherapy services, radiation procedures, surgery cases and outpatient visits.

Grants and contracts

Revenues derived from grants and contracts, including facilities and administrative cost (formerly known as indirect cost) recovery and revenues from the affiliation with JMH and other service agreements, decreased \$26.6 million or 5.1% over fiscal 2011. Non-sponsored agreements, including JMH and other service agreements, decreased \$19.0 million, which included a \$6.7 million decrease in State appropriations for the School of Medicine and \$12.6 million decrease in JMH related service revenue. Excluding financial aid, sponsored agreements funding decreased \$7.6 million or 2.1%.

Sponsored grants and contracts consist of governmental and private support for research, research training, and public service activities. Sponsored grants and contracts, excluding financial aid, are primarily with the federal (76%), and state and local (8%) governments. In addition, grants from private sources, foundations and corporations, account for 16% of sponsored revenues. In fiscal 2012, excluding financial aid, federal funds increased \$2.1 million or .8%, and private grants increased \$0.7 million or 1%. These increases were offset by a decrease in state funds of \$10.4 million or 26% which was primarily related to a grant from the Office of Tourism, Trade, and Economic Development) ("OTTED"). Indirect cost recovery, which reimburses the University for facility and administrative costs, totaled \$72.3 million; a \$0.2 million or 0.3% decrease from the previous year.

By campus, significant changes in sponsored funding are attributable to the Miller School of Medicine (\$4.5 million decrease), colleges and schools on the Coral Gables campus (\$2.3 million decrease), and the

Rosenstiel School of Marine and Atmospheric Sciences (\$0.8 million decrease). At the Miller School of Medicine, the largest funding decrease was related to the State OTTED grant.

Auxiliary enterprises

Auxiliary enterprises consist of self-supporting entities within the University. Included in this category are Student's Residence Halls, Dining Services, the operations of the BankUnited Center (the on-campus convocation center) and Athletics. Auxiliary enterprises revenue increased \$6.3 million or 6.4%, primarily due to University Athletic Department's share of the Atlantic Coast Conference revenue, housing and food service operations.

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

Endowment spending distribution

The University's policy is to distribute 5% of a trailing three-year moving average of the market value of the assets in the endowment. The formula resulted in a decrease of \$1.0 million in the endowment spending distribution in fiscal 2012 compared with fiscal 2011, or 3.2% as the average market value of the endowment decreased.

Non-operating net income

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

Unrestricted net non-operating activity resulted in a loss of \$49.7 million in fiscal 2012 compared to income of \$109.7 million in fiscal 2011. The primary component of this decline was a decrease of \$171.7 million in endowment, annuity and other investment return. This decrease reflects a negative 4.4% investment return on the University's primary long-term investment portfolio (the "Growth Pool"), in fiscal 2012 compared to a positive 19.9% in fiscal 2011. The Growth Pool's results over the last ten years have been relatively strong and the Growth Pool is approximately 90 basis points per year ahead of the S&P 500. These returns have been earned with less volatility/exposure to losses than the benchmark, which has proved to be particularly valuable during the challenging markets of the last few years. The fiscal 2012 return compares slightly favorably to the Growth Pool's market benchmark of negative 5.9%.

Postretirement benefits related changes other than net periodic benefit cost

The University has a defined benefit pension plan (the "Employee Retirement Plan") for administrators and staff hired before June 1, 2007. This plan was closed to employees hired after May 31, 2007 when a new defined contribution retirement plan (the "Retirement Savings Plan") was established. UMH employees participate in a separate defined contribution plan (the "Retirement Savings Plan II"). Assets of the Employee Retirement Plan, which are used for pension payments to retired employees, are held in a separate trust and totaled \$532.7 million as of May 31, 2012.

The total unfunded liability of the Employee Retirement Plan and the postretirement health plan increased to \$398.1 million as of May 31, 2012 as a result of weak investment performance coupled with a 100 basis point decrease in the discount rate during the fiscal year. The actuarial increase in the unfunded pension and postretirement health benefits liabilities (net of current year amortization of the cumulative prior service cost and actuarial loss) totaled \$167.0 million.

The University permits early retirees to continue under the group health plan coverage if they qualify for early retirement (age 55 with 10 years of service or Rule of 70). Retirees pay 100 percent of the premium for the medical coverage. Registration is required within 30 days of retirement or the entitlement is forfeited. The postretirement health plan liability is an actuarial calculation of the expected benefit less the actual premiums paid. As of May 31, 2012 the postretirement health plan liability was \$3.3 million.

NET TUITION AND FEES

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

NET TUITION REVENUE					
(In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Tuition and Fee Revenue	\$490.0	\$509.6	\$535.5	\$567.3	\$606.7
Institutional Scholarships and Fellowships*	(122.7)	(130.1)	(141.7)	(154.2)	(163.9)
Sponsored Scholarships and Fellowships	<u>(9.6)</u>	<u>(10.0)</u>	<u>(10.5)</u>	<u>(11.9)</u>	<u>(10.2)</u>
Net Tuition and Fee Revenue	<u>\$357.7</u>	<u>\$369.5</u>	<u>\$383.3</u>	<u>\$401.2</u>	<u>\$432.6</u>
* Excludes scholarships and fellowships associated with auxiliary enterprise revenues.					

TUITION RATES

Annual tuition rates for the colleges and schools for full-time study are shown in the next table. When an undergraduate student at the University's colleges and schools carries less than the normal load of credit hours in the 2013 academic year, tuition is charged on a per credit hour basis. The current rate is \$1,660 per credit hour. In addition to tuition, the University charges other fees including room and board fees. The University has the authority to revise its tuition and fees from time to time as the Executive Committee of the Board of Trustees may determine.

TUITION RATES					
ACADEMIC YEAR	2008-09	2009-10	2010-11	2011-12	2012-13
Undergraduate Tuition Colleges & Schools	\$34,206	\$35,540	\$36,962	\$38,440	\$39,980
Undergraduate part-time (per credit)	1,424	1,480	1,538	1,600	1,660
School of Law Tuition	36,014	37,418	37,418	37,418	42,000
Graduate School Tuition (per credit)	1,424	1,480	1,538	1,600	1,660
School of Medicine M.D. Program (in state)	29,298	29,298	29,298	29,298	31,686
School of Medicine M.D. Program (out of state)	38,504	38,504	38,504	38,504	41,168

FINANCIAL AID

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

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

During 2011-2012, the University awarded \$432.0 million in total financial aid. Awards for all graduate and undergraduates included \$163.9 million of University's funds, of which \$41.0 million was funded from tuition remission, athletics, and departmental budgets. Federal, state, and outside sources provided over half of the financial aid for undergraduates. During the 2011-12 academic year, 74% of the new freshmen received financial aid.

GIFTS

Gifts (including pledges and trusts) received by the University during the last five years and the purposes for which they were given, were as follows:

GIFTS RECEIVED (4) (In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Unrestricted – Operating	\$67.9	\$69.2	\$58.5	\$52.6	\$60.7
Unrestricted – Non Operating (1)	7.0	6.1	8.3	3.5	4.7
Temporarily Restricted (2)	22.6	13.4	26.6	37.7	32.2
Permanently Restricted (3)	<u>19.8</u>	<u>14.0</u>	<u>12.1</u>	<u>11.4</u>	<u>11.7</u>
Total	<u>\$117.3</u>	<u>\$102.7</u>	<u>\$105.5</u>	<u>\$105.2</u>	<u>\$109.3</u>
1. Primarily gifts, trusts, and pledges for facilities expansion and endowment. 2. Gifts, trusts, and pledges with donor-imposed use stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. 3. Gifts, trusts, and pledges with donor-imposed use stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the University. 4. Presented on a GAAP basis					

Momentum2: The Breakthrough Campaign for the University of Miami

On February 16, 2012, the University publicly launched a \$1.6 billion comprehensive fund raising campaign; known as Momentum2. As of October 31, 2012, the Momentum2 Campaign raised \$1.0 billion in gifts and pledges, 62% of the campaign's total goal. The University's Advancement Office reports total gifts, pledge and planned gifts based generally on the Management Reporting Standards issued by the Council for Advancement and Support of Education (CASE). Gifts, trusts and pledges reported for financial statement purposes are recorded on the accrual basis. See note 14 of the University's financial statements for a reconciliation of the two reporting methods (attached as Appendix B).

GRANTS AND CONTRACTS

The University has long been a center for programs of sponsored research and training, particularly in the areas of medical and oceanographic research. It ranked 61st nationally in the FY 2010 National Science Foundation study of federally funded research universities and 24th among private universities. The University was also awarded \$113.7 million in grants under the American Recovery and Reinvestment Act of 2009. Grant and contract revenues received by the University during the five years ended May 31 were as follows:

GRANT AND CONTRACT REVENUES (In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Total*	\$453.1	\$459.0	\$466.4	\$502.2	\$482.3
Medical School	359.3	370.9	371.1	398.0	383.9
Medical School Percentage	79.3%	80.8%	79.6%	79.3%	79.6%
* Excludes federal financial aid					

The amounts shown in the above table include sponsored grants and contracts from private and governmental agencies for research, training, and public service. They exclude the State appropriation for the School of Medicine of \$9.5, \$8.0, \$7.4, \$16.6, and \$9.9 (in millions) for the fiscal years ended May 31, 2008, 2009, 2010, 2011 and 2012, respectively. The amounts reimbursed to the University under such sponsored grants and contracts for the five years ended May 31 were as follows:

GRANTS AND CONTRACTS					
(DIRECT AND INDIRECT)					
(In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Direct Costs	\$335.5	\$294.1	\$318.3	\$486.9	\$474.6
Facilities and Administrative Costs	<u>56.5</u>	<u>60.1</u>	<u>65.7</u>	<u>72.5</u>	<u>72.3</u>
Total*	<u>\$392.0</u>	<u>\$354.2</u>	<u>\$384.0</u>	<u>\$559.4</u>	<u>\$546.9</u>

* Includes Federal Financial Aid. Excludes private contracts not subject to indirect cost recovery.

GRANTS AND CONTRACTS					
(by MAJOR SPONSOR)					
(In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Dept. of Education*	\$16.7	\$18.1	\$33.6	\$190.0	\$185.4
Dept. of Health & Human Services	139.7	150.9	161.4	181.4	181.8
Dept. of Defense	16.0	16.8	23.7	23.3	24.5
NSF	18.7	16.4	18.5	19.4	18.2
Dept. Commerce	10.7	11.9	13.9	16.5	20.7
NASA	2.3	3.2	4.1	4.2	3.8
Other Governmental	123.4	68.2	67.0	68.2	55.0
Other Non-Governmental	<u>64.5</u>	<u>68.7</u>	<u>61.8</u>	<u>56.4</u>	<u>57.5</u>
Total	<u>\$392.0</u>	<u>\$354.2</u>	<u>\$384.0</u>	<u>\$559.4</u>	<u>\$546.9</u>

* Includes federal financial aid. The University entered the federal direct lending program in fall 2010.

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

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

ENDOWMENT FUNDS

As of August 31, 2012, the unaudited market value of the University's Endowment was \$700.3 million. Investment return was 5.1% fiscal year-to-date and 6.8% calendar year-to-date as of August 31, 2012. The market value of the University's Endowment, from its audited financial statements as of May 31 for the past five fiscal years were as follows:

ENDOWMENT AND ENDOWMENT INCOME					
(In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Market Value	\$736.2	\$538.6	\$618.2	\$719.9	\$678.7
Donor Restricted Endowment	565.0	414.2	470.6	552.3	525.8
Quasi Endowment	171.2	124.4	147.6	167.6	152.9
Endowment Spending Distribution.	\$31.9	\$34.7	\$32.7	\$31.1	\$30.1

The Endowment is invested as part of the University's Growth Pool, which is a pool of funds comprising the Endowment, gift annuities, and other long term investments. The Endowment represents approximately 90% of the assets in the Growth Pool. The Endowment and Growth Pool assets are overseen by the Investments Committee of the Board of Trustees. Substantially all of the Endowment assets are managed externally by registered investment advisors in accordance with the University's investment policy as adopted by the Executive Committee of the Board of Trustees. Investments consist principally of publicly traded debt and equity securities, including government securities, and cash equivalents. Except when an endowment has specific spending distribution restrictions, the University's policy is to distribute annually for spending 5% of the trailing three-year moving average of the market value of the Endowment's assets. Additional amounts over the 5% spending policy may be distributed with authorization from the Executive Committee of the Board of Trustees. The Growth Pool actual asset allocation as of May 31, 2012 compared with the Growth Pool policy allocation is shown in the following table:

GROWTH POOL STRATEGIC ASSET ALLOCATION		
As of May 31, 2012		
ASSET CLASS	TARGETS	
	POLICY	ACTUAL
U.S. Large/Mid Cap Equity	16%	19.5%
U.S. Small Cap Equity	4%	5.4%
International Equity	17.5%	15.1%
Emerging Markets Equity	7.5%	6.9%
Global Fixed Income	5%	5.6%
US TIPs	5%	3.7%
Hedge Funds	30%	29.1%
Private Equity	5%	5.6%
Hard Assets (Including real estate)	10%	9.1%

Note: The policy target allocations are reviewed and adjusted by the Investments Committee on a regular basis, to reflect the committee's strategic view of investment markets.

Due to volatile market conditions in fiscal 2012, the Growth Pool had a negative 4.4% return as compared to its benchmark of negative 5.9%. In fiscal 2011, the pool returned a positive 19.9% as compared to a positive 23.2% for its benchmark. Market values may be negatively impacted by adverse market conditions.

The State of Florida adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in the summer of 2012. Compliance with the act will affect the classification of temporarily restricted net assets on the University's financial statements as of and for the year ending May 31, 2013. The University estimates that approximately \$150.0 million of unrestricted net assets (as shown on the fiscal year 2012 financial statements) will be reclassified to temporarily restricted net assets for fiscal year 2013.

PLANT ASSETS

The University's Finance Committee of the Board oversees development of capital projects, including project design, budget, and funding plans. Prior to approving capital improvements, the Finance Committee and the Board require that the funding sources (i.e. debt financing, contributions, grants, or endowment income) be identified for construction and for ongoing building maintenance.

Beginning in fiscal 2009, new construction projects that were not fully funded were placed on hold while priority was given to completing previously approved and funded projects, the majority of which were in construction. Since 2008, construction projects completed included additions to Alex Rodriguez Park (baseball stadium), the Newman Alumni Center, Wellness Center expansion, Memorial Classroom renovations, a basketball practice facility, Cox Science Building infrastructure, UMHC/SCCC Deerfield clinic build-out, Modular Research Lab facility, Medical Parking garage, chiller plant loop, Biomedical Research Building, and a build-out of the fourth and sixth floors of the Clinical Research Building.

Significant new construction projects started in fiscal 2011 and fiscal 2012 currently in construction include the Student Activity Center, Cox Science Building neuroscience expansion, Schwartz Center for Athletics, internal road and parking lot improvements, Pavia Garage addition, a historical restoration of the one of the first buildings on the Coral Gables campus, and a marine technology and seawater research facility.

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

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

CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT					
(In Millions)					
	2008	2009	2010	2011	2012
Land & Land Improvements	\$143.6	\$165.8	\$168.3	\$182.5	\$182.0
Buildings & Building Improvements	1,168.2	1,359.0	1,477.0	1,506.2	1,544.1
Moveable Equipment	423.1	457.7	498.3	528.9	557.0
Library Materials	101.3	105.1	108.6	110.8	113.4
Leasehold Improvements	22.5	35.1	32.6	32.5	38.6
Art Objects	<u>46.1</u>	<u>49.1</u>	<u>49.7</u>	<u>51.8</u>	<u>52.4</u>
Sub Total	1,904.8	2,171.8	2,334.5	2,412.7	2,487.5
Construction in Progress	<u>164.5</u>	<u>93.6</u>	<u>27.5</u>	<u>47.7</u>	<u>94.0</u>
Total	2,069.3	2,265.4	2,362.0	2,460.4	2,581.5
Less: Accumulated Depreciation	<u>757.1</u>	<u>833.8</u>	<u>927.6</u>	<u>1,017.5</u>	<u>1,116.3</u>
Net Plant Assets	<u>\$1,312.2</u>	<u>\$1,431.6</u>	<u>\$1,434.4</u>	<u>\$1,442.9</u>	<u>\$1,465.2</u>

PATIENT CARE OPERATIONS

A summary of revenues and expenses for the University's hospitals, clinics and physicians professional practice (UMMG), included in the Changes in Unrestricted Net Assets noted above, is as follows:

PATIENT CARE OPERATIONS (In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Revenues	\$766.3	\$995.9	\$1,096.6	\$1,170.2	\$1,230.0
Expenses	<u>695.9</u>	<u>927.9</u>	<u>965.0</u>	<u>1,040.1</u>	<u>1,123.8</u>
Excess of Revenues over Expenses	<u>\$ 70.4</u>	<u>\$ 68.0</u>	<u>\$131.6</u>	<u>\$ 130.1</u>	<u>\$ 106.2</u>

MATTERS RELATING TO UMH

Financial and Operating

Select financial and operating results for UMH are provided below. Financial highlights relating to UMH for the five years ended May 31 are shown in the following table.

UMH FINANCIAL HIGHLIGHTS (In Millions)					
YEAR ENDED MAY 31	2008 ⁽¹⁾	2009	2010	2011	2012
Total unrestricted revenues, gains and other support	\$119.0	\$285.8	\$325.8	\$317.7	\$348.4
Total expenses	<u>130.4</u>	<u>293.8</u>	<u>331.9</u>	<u>318.2</u>	<u>359.5</u>
Excess of revenues, gains, support over expenses	<u>(\$11.4)</u>	<u>(\$ 8.0)</u>	<u>(\$ 6.1)</u>	<u>(\$ 0.5)</u>	<u>(\$11.1)</u>
<p>(1) The University acquired UMH on December 1, 2007. Amounts presented for 2008 represent results for the six months ended May 31, 2008 (University's fiscal year end).</p> <p>Note: Financial data for UMH is shown as a standalone entity. Various adjustments are made when this information is consolidated into the University's financial statements.</p>					

The following table presents key operating statistics for UMH for the year ended May 31.

UMH KEY OPERATING STATISTICS				
YEAR ENDED MAY 31	2009	2010	2011	2012
Licensed Beds (All Private)	560	560	560	560
Critical Care	46	46	46	46
Psychiatry	104	104	104	104
Beds in Service ⁽¹⁾	560	525	525	525
Percent Occupancy	55%	62%	63%	65%
Admissions	18,655	19,358	19,667	20,546
Patient Days	112,918	117,683	121,235	123,192
Medicare Case Mix Index	1.62	1.73	1.75	1.78
Total Case Mix Index	1.47	1.55	1.57	1.58
Average Length of Stay	6.05	6.08	6.16	6.00
Average Daily Census	309	322	332	337
Outpatient Visits	27,836	39,570	53,475	70,924
Operating Rooms	18	18	19	19
Surgeries	8,663	9,470	9,020	10,665
(1) In fiscal 2009, Beds in Service was reported as the # of beds available.				

For the year ended May 31, UMH's net patient service revenue as measured by payer classification was as follows.

UMH NET PATIENT SERVICE REVENUE BY PAYER CLASSIFICATION				
YEAR ENDED MAY 31	2009	2010	2011	2012
Medicare	37%	42%	39%	37%
Medicaid	4%	6%	8%	9%
Managed care and other	59%	52%	53%	54%

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

UMH HOSPITAL ADMISSIONS								
By Major Service Lines								
YEAR ENDED MAY 31	2009		2010		2011		2012	
	#	%	#	%	#	%	#	%
Medicine	7387	39.5%	7204	37.4%	7156	36.0%	4222	33.3%
Psychiatry	2869	15.4%	3453	17.8%	3673	18.7%	2551	20.6%
Family Medicine	2030	10.9%	2079	10.7%	2395	12.2%	874	12.4%
Cardiology	1146	6.1%	1299	6.7%	1384	7.0%	1243	4.3%
Pulmonary	1576	8.5%	1120	5.8%	1119	5.7%	675	6.1%
Urology	842	4.5%	862	4.5%	708	3.6%	901	3.3%
General Surgery	582	3.1%	711	3.7%	793	4.0%	572	4.4%
Orthopaedic/Podiatry	583	3.1%	624	3.2%	483	2.5%	474	2.8%
Gynecology	333	1.8%	449	2.3%	267	1.4%	764	2.3%
Neurosurgery	268	1.4%	389	2.0%	510	2.6%	6859	3.7%
Otolaryngology	321	1.7%	331	1.7%	366	1.9%	460	2.2%
Dermatology	178	1.0%	169	0.9%	151	0.8%	121	0.6%
Hematology/Oncology	117	0.6%	169	0.9%	140	0.7%	124	0.6%
Colon/Rectal Surgery	67	0.4%	102	0.5%	117	0.6%	118	0.6%
Oral Surgery	50	0.3%	62	0.3%	50	0.3%	27	0.1%
Cardiovascular Surg.	54	0.3%	61	0.3%	51	0.3%	38	0.2%
Nephrology	22	0.1%	59	0.3%	69	0.4%	67	0.3%
Vascular Surgery	49	0.3%	44	0.2%	45	0.2%	109	0.5%
Plastic Surgery	69	0.4%	45	0.2%	90	0.5%	82	0.4%
Thoracic Surgery	41	0.2%	40	0.2%	34	0.2%	93	0.5%
Gastroenterology	20	0.1%	24	0.1%	32	0.2%	123	0.6%
Other	<u>51</u>	<u>0.3%</u>	<u>62</u>	<u>0.3%</u>	<u>34</u>	<u>0.2%</u>	<u>49</u>	<u>0.2%</u>
Total	18,655	100.0%	19,358	100.0%	19,667	100.0	20,546	100.0%

UMH has approximately 2,000 direct employees, of which approximately 1,800 are in classifications covered by a Collective Bargaining Agreement (“CBA”) with the Service Employees International Union (“SEIU”) 1199. Supervisors, professionals, and other exempt employees are not covered by the CBA. UMH’s rights under the current CBA (which expires May 31, 2014) include the right to alter, rearrange, change, extend, limit, curtail, or suspend cases or close any or all of its services or operation, excluding Dietary and Environmental Services until after May 31, 2013. UMH generally can contract out and/or subcontract bargaining unit work or services, but may be obligated to bargain with the SEIU over its decision or the effects of its decision to subcontract work. UMH may also amend or terminate benefit plans and that action is not subject to the CBA’s grievance and/or arbitration provisions, although a 60 day notice to SEIU is required for any plan changes. UMH also retains the right to change personnel policies, keeping in mind that any changes that would materially impact the working conditions of employees, UMH has to give the SEIU at least thirty days’ notice of the change. SEIU could request to bargain over the effects of personnel policy changes with such bargaining subject to arbitration. There is a no strike/lockout clause including no sympathy strikes, work stoppage, sit-downs, or slow-downs in the CBA.

ABLEH AND UMHC/SCCC

Select financial and operating results for ABLEH and UMHC/SCCC are provided below. Financial highlights relating to ABLEH for the five years ended May 31 are shown in the following table.

ABLEH FINANCIAL HIGHLIGHTS					
(In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Total unrestricted revenues, gains and other support	\$92.1	\$96.4	\$103.2	\$99.7	\$107.8
Total expenses	<u>86.2</u>	<u>89.5</u>	<u>91.8</u>	<u>91.4</u>	<u>100.0</u>
Excess of revenues, gains, support over expenses	<u>\$ 5.9</u>	<u>\$ 6.9</u>	<u>\$11.4</u>	<u>\$ 8.3</u>	<u>\$ 7.8</u>
Note: Financial data for ABLEH is shown as a standalone entity. Various adjustments are made when this information is consolidated into the University's financial statements.					

ABLEH KEY OPERATING STATISTICS					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Hospital Admissions	154	164	132	127	115
Hospital Patient Days (excluding observation)	601	656	512	523	450
Observation Days	155	184	161	234	337
Average Daily Census	2	2	2	2	2
Average Length of Stay	3.9	4.0	3.9	4.1	3.9
Outpatient Clinic Visits	208,583	214,050	221,892	223,103	231,520
Emergency Room Visits	12,664	13,443	14,891	16,095	16,673
Outpatient Visits (excluding ER)	195,919	200,607	207,001	207,008	214,847
Outpatient Ancillary					
Photography Procedures	68,229	54,846	61,039	63,226	68,279
Visual Field Procedures	12,558	12,787	14,037	14,248	15,701
Total Outpatient Ancillary	80,787	67,633	75,076	77,474	83,980

Financial highlights relating to UMHC/SCCC for the five years ended May 31 are shown in the following table.

UMHC/SCCC FINANCIAL HIGHLIGHTS					
(In Millions)					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Total unrestricted revenues, gains and other support	\$256.3	\$286.6	\$315.6	\$339.0	\$360.8
Total expenses	<u>220.3</u>	<u>246.6</u>	<u>241.7</u>	<u>259.2</u>	<u>274.2</u>
Excess of revenues, gains, support over expenses	<u>\$36.0</u>	<u>\$40.0</u>	<u>\$73.9</u>	<u>\$ 79.8</u>	<u>\$ 86.6</u>
Note: Financial data for UMHC/SCCC is shown as a standalone entity. Various adjustments are made when this information is consolidated into the University's financial statements.					

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

UMHC/SCCC KEY OPERATING STATISTICS					
YEAR ENDED MAY 31	2008	2009	2010	2011	2012
Hospital Admissions	1,519	1,317	1,329	1,143	1,362
Hospital Patient Days (excluding observations)	8,125	7,988	7,673	6,148	8,163
Observation Days	1,357	1,819	1,934	1,288	1,504
Average Daily Census	26	27	26	20	27
Average Length of Stay	5.3	6.1	5.8	5.4	6.0
Outpatient Clinic Visits	223,389	258,621	288,145	305,656	324,148
Emergency Room Visits	n/a	n/a	n/a	n/a	n/a
Outpatient Ancillary					
Chemo Therapy Agents	1,214,011	1,148,607	1,302,379	1,691,756	1,644,542
Chemo Therapy Procedures (1)	52,893	23,798	28,192	32,383	33,349
Total Outpatient Ancillary	1,266,904	1,172,405	1,330,571	1,724,139	1,677,891
1. Beginning in FY2009, Chemo Therapy is measured by the number of patients rather than the number of procedures as in previous years. Therefore the number reported for FY2009 is the total Chemo Infusion Patients. One patient could have multiple procedures.					

PATIENT CARE OPERATIONS (PHYSICIAN PRACTICE AND HOSPITALS)

Patient care revenues include revenues generated at the three hospitals owned by the University and revenues generated by the University's faculty physicians' group practice. As of May 31, 2012, the physician practice revenues collected by the UMMG accounted for \$415.3 million, or 34%, of patient care revenues and the three University-owned hospitals accounted for \$814.7 million, or 66%, of patient care revenues. The three University-owned hospitals accounted for approximately 623,000 procedures or 10% of the total ambulatory procedures performed in the healthcare market comprising Palm Beach, Broward, Miami-Dade, and Monroe Counties. According to information available from the Florida Agency for Health Care Administration's ("ACHA") database for the period of April 2011 – March 2012 for the contiguous zip codes where UMH draws over 75% of its inpatients, UMH holds 13% of total market share in Psychiatry, 6% in Cardiology and General Surgery, and 5% in Pulmonary, Gastroenterology, Orthopedics and Nephrology. Within this service area, UMH ranked fifth with 5% share of the overall market. JMH ranked first with a 12% share of the total market followed by the Baptist Hospital System with 9%, Palmetto General with 8% and Mount Sinai Medical Center with 6% market share.

Physician practice revenues in fiscal 2012 were generated as follows; 57% from outpatient services and 43% from inpatient services. Outpatient revenues accounted for 55% of total patient service revenues at the three University-owned hospitals. Approximately 67% of physician practice revenues from inpatient services were earned at JMH facilities. Outpatient volume at the three University-owned hospitals continues to rise at a higher rate than the inpatient volume. This is viewed as a positive trend at the three hospitals given the nature of the facilities, historical referral patterns, and the more competitive cost structure associated with outpatient, rather than inpatient, services.

Medicare payments for the physician practice and hospitals represented approximately 43% of total patient care revenues in fiscal 2012. Approximately 12% of fiscal 2012 patient care revenue was derived from Medicaid, a program subject to public policy at the state level. Medicare and Medicaid are the commonly used names for reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Medicare is an exclusively federal program and Medicaid is a combined federal and state program. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, disabled or qualify for the End Stage Renal Disease Program. Medicaid is designed to pay providers for care given to the medically indigent, funded by federal and state appropriations, and administered by the various states. Patient care revenues from managed care organizations (“MCOs”) and private medical insurance comprised 45% of total patient care revenue in fiscal 2012. Most of the University’s contracts with MCOs provide for discounted fees for service and are not capitation contracts. MCOs continue to exert pressure on payment rates to providers and often have the ability to constrain the utilization of provider capabilities. MCOs are capable of selectively “redirecting” patient flows from one provider to another, leaving proportionately more of the costly, severely ill and injured patients to be cared for by academic medical centers. Despite payer pressures, UMMG has been able to negotiate better than average reimbursement from the payers and has been able to insist that undue steerage away from the practice and its facilities not occur. Approximately 4% of total patient care revenue was received directly from patients.

In fiscal 2012, approximately 7% of all revenues generated by the University Medical Center were derived from JMH payments to the University. The University has been advised by JMH that JMH derives approximately 29% of its gross patient service revenue from Medicare and Medicaid. In addition, JMH receives approximately 19% of its total revenue from the taxpayers of Miami-Dade County in the form of a dedicated 0.5% sales surtax and an annual appropriation. Further, as a teaching hospital, JMH receives certain medical education reimbursement under the Medicare program. The amount and structure of such reimbursement to teaching hospitals continues to be a subject of public policy debate in both the Administration and Congress. Any shifts in public policy affecting JMH may impact JMH’s ability to support its relationship with the University. The University and Public Health entered into a new one year operating agreement for fiscal year 2013. This agreement included a baseline annual payment amount of \$99.5 million plus transition payments of \$21.6 million to maintain fiscal year 2012 service levels until November 30th 2012. In November 2011, legislation was enacted by the State of Florida giving the School of Medicine immunity for treating patients at JMH entities.

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

The following table summarizes the University's indebtedness outstanding as of May 31, 2012.

INDEBTEDNESS OUTSTANDING				
As of May 31, 2012				
(In Millions)				
	SERIES	FINAL MATURITY	INTEREST RATE	PRINCIPAL
MDCEFA Revenue Bonds	2007A	2037	4.00%-5.00%	\$156.5
MDCEFA Revenue Bonds	2007B	2034	5.00%-5.25%	253.6
MDCEFA Revenue Bonds	2008A	2038	5.05%-5.75%	292.8
MDCEFA Revenue Bonds (taxable)	2007C	2016	5.34%-5.48%	12.5
MDCEFA Revenue Bonds (taxable)	2008B	2015	6.10%	18.5
Notes (1)		2013-2035	Variable	87.2
Notes		2013-2030	2.38%-6.50%	<u>38.2</u>
Par amount of bonds and notes payable				859.3
Net unamortized premium				<u>19.3</u>
Total Bonds and Notes				<u>\$878.6</u>
<p>(1) The University has a line of credit capacity with Bank of America totaling \$150.0 million, which is expected to be renewed in December 2012 and a line of credit capacity with JPMorgan Chase totaling \$100.0 million renewable in June 2013.</p>				

Notes outstanding with variable interest rates as of May 31, 2012 included \$68.5 million on a line of credit with Bank of America and \$18.7 million for property financing due to Bank of America. Of the \$68.5 million outstanding on the Bank of America line of credit, \$14.0 million was repaid in September 2012 and \$50.1 million represents bridge financing for projects that will be repaid from the proceeds of the Series 2012A and 2012B Bond Issue.

Notes outstanding with fixed interest rates as of May 31, 2012 included \$18.6 million on two four year term loans with Bank of America to fund the Employees' Retirement Plan, \$0.7 million on two notes for medical acquisitions and \$18.9 million due to the City of Coral Gables. The Coral Gables note payable is part of a long term development agreement with the City that will enable the University to further develop land on its Coral Gables campus.

In November 2009 and 2011, the University borrowed \$10.0 million at fixed interest rates with four year terms from Bank of America to fund the Employees' Retirement Plan. The outstanding balances as of May 31, 2012 were \$8.6 million and \$10.0 million, respectively. The University plans to borrow an additional \$11.0 million with similar terms during fiscal 2013 to fund the Employees' Retirement Plan.

The University entered into an interest rate swap agreement on October 25, 2004 to manage the market risk associated with the outstanding variable-rate note due to Bank of America for property acquired in Coral Gables. The swap agreement provides that the University receive a variable rate based on 3-month LIBOR and pay a fixed rate of 4.2%. The notional amount for fiscal 2012 was \$19.0 million. Under certain circumstances, the University may be required to post collateral or make a termination payment. The swap is periodically valued at market interest rates and the estimated cumulative fair value loss for the year ended May 31, 2012 was \$6.0 million. (See Note 5 to the University's financial statements)

Upon the issuance of the Series 2012 bonds, total bonds and notes payable are estimated at \$915.2 million in principal, reflecting the expected pay down of \$50.1 million currently included in notes payable.

PENSION PLANS

The University has a defined benefit plan primarily for full-time, administrators and staff that was closed to new employees hired on or after June 1, 2007. The University also has a defined contribution plan for eligible faculty that was closed to new faculty hired on or after June 1, 2007. The University introduced a new retirement plan, the Retirement Savings Plan that replaced the closed defined benefit plan and defined contribution plans. The Retirement Savings Plan was established for all faculty and staff hired on or after June 1, 2007. Faculty and staff participating in the closed plans had the option to stay with their existing retirement plan or move to the Retirement Savings Plan. The Retirement Savings Plan is a defined contribution plan with a University funded core contribution equal to 5.0% of pay with a dollar for dollar matching contribution from the University on the first 5.0% of pay that faculty and staff contribute to the plan. (See "Postretirement benefits related changes other than net periodic benefit cost" and Note 11 to the University's financial statement)

UMH employees participate in a separate defined contribution plan, the Retirement Savings Plan II. The Retirement Savings Plan and Retirement Savings Plan II are defined contribution plans and do not give rise to any funding liability by the University.

INSURANCE COVERAGE

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

The University employs risk managers who assess risks against the cost of coverage. In many instances, additional coverage may be available but the University has made a business judgment that the cost of that coverage is not commensurate with risk. The coverage described in the following paragraphs is accurate only with respect to coverage currently in effect. While the University does not currently anticipate material changes for fiscal 2013, the University may reduce or eliminate coverage for particular risks if in the view of the University's risk management personnel and Executive Committee the costs of coverage for particular risks are excessive or unavailable. Windstorm coverage in particular has become increasingly difficult to obtain in South Florida; therefore, the University assumes a substantial portion of this risk.

Property coverage for fiscal 2013 is based upon a replacement value of its buildings and their contents, excluding land and building foundations. There are two policies the first has a limit of \$5.0 million for windstorm and \$15.0 million for flood and \$300.0 million for all other perils such as fire and theft. The second policy has a limit of \$25.0 million for windstorm, \$25.0 million for flood and \$85.0 million for all other perils. Both policy deductibles are: five-percent (5%) of the total value per building and contents at the time of loss, for losses resulting from wind and/or flood damages for storms named by the National Oceanic and Atmospheric Administration (NOAA), with a minimum deductible of \$1.0 million for any one occurrence and a deductible of \$500,000 for all other perils. The main property policy includes coverage for loss of tuition with a \$57.0 million sub limit. In addition, the University carries Fine Arts coverage with limits of \$70.0 million.

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

Primary coverage with maximum limits of \$500,000 per building and \$500,000 contents. The deductibles per policy are either \$500 or \$1,000, depending on the values, and apply separately to each building and to its contents. Valuation is on an actual cash value basis.

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

The University is self-insured for medical liability, but maintains commercial excess coverage within specified limits. Provisions for medical liability claims are based on several factors, including an annual actuarial study and are recorded as a liability on the University's Statement of Financial Position. See note 2 to the University's Financial Statements attached as Appendix B.

LITIGATION AND OTHER LEGAL MATTERS

While there is no litigation involving the University's creation, organization or existence, or in any manner questioning the right of the University to enter into the documents relating to the Series 2012 Bonds, the University is involved in litigation as either plaintiff or defendant concerning various matters including claims by and against the University for monetary damages, matters in probate, and personnel matters. There are also other legal matters such as claims pending before the Equal Employment Opportunity Commission. There are several claims, which could involve substantial legal fees and expenses, even if the University is able to defend its actions successfully. In addition, the University is subject to regulation by various governmental authorities.

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

The University was notified in 2011 that the NCAA was investigating alleged violations by the athletic department. That investigation is ongoing and is expected to result in the imposition of sanctions against the University. The University imposed a bowl ban on itself last year and this year. The pending investigation has not materially affected applications, enrollment or revenues.

**FINANCIAL STATEMENTS OF THE UNIVERSITY
FOR THE YEAR ENDED MAY 31, 2012
AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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**UNIVERSITY
OF MIAMI**



FINANCIAL STATEMENTS

Fiscal years ended MAY 31, 2012 and 2011



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
University of Miami

We have audited the accompanying statements of financial position of the University of Miami (the University) as of May 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Miami as of May 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Fort Lauderdale, Florida
August 29, 2012

UNIVERSITY OF MIAMI
STATEMENTS OF FINANCIAL POSITION
As of May 31, 2012 and 2011
(in millions)

Assets	May 2012	May 2011
Cash and cash equivalents	\$ 215.6	\$ 162.3
Accounts and loans receivable	345.1	359.3
Contributions receivable	102.5	96.4
Other assets	91.0	103.3
Investments	817.0	869.2
Property and equipment	1,465.2	1,442.9
Trusts held by others	43.6	52.0
Intangible assets	100.3	100.3
Total Assets	\$ 3,180.3	\$ 3,185.7
Liabilities		
Accounts payable and accrued expenses	\$ 190.3	\$ 175.0
Deferred revenues and other deposits	82.7	72.4
Accrued pension and postretirement benefit costs	398.1	247.9
Other liabilities	161.9	133.8
Actuarial liability of annuities payable	8.2	8.5
Reserves for medical self-insurance	104.8	106.5
Government advances for student loans	22.6	22.7
Bonds and notes payable	878.6	845.3
Total Liabilities	1,847.2	1,612.1
Net Assets		
Unrestricted	787.0	1,031.7
Temporarily restricted	146.5	156.5
Permanently restricted	399.6	385.4
Total Net Assets	1,333.1	1,573.6
Total Liabilities and Net Assets	\$ 3,180.3	\$ 3,185.7

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

UNIVERSITY OF MIAMI
STATEMENTS OF ACTIVITIES
For the years ended May 31, 2012 and 2011
(in millions)

	May 2012	May 2011
Changes in unrestricted net assets		
Operating activities		
Operating revenues		
Tuition and fees, net	\$ 432.6	\$ 401.2
Grants and contracts	492.2	518.8
Medical professional practice	415.3	418.4
Hospitals and clinics	814.7	751.8
Gifts and trusts	60.7	52.6
Net assets released from restrictions	19.6	31.9
Endowment spending distribution	30.1	31.1
Investment return	3.6	9.2
Auxiliary enterprises, net	105.5	99.2
Other sources	29.2	26.8
Total operating revenues	2,403.5	2,341.0
Operating expenses		
Compensation and benefits	1,468.7	1,407.5
Supplies and services	540.2	505.3
Depreciation and amortization	124.8	125.6
Utilities and maintenance	60.4	54.3
Interest	38.0	39.1
Other	199.4	195.2
Total operating expenses	2,431.5	2,327.0
Change in unrestricted net assets from operating activities	(28.0)	14.0
Non-Operating activities		
Endowment, annuity and other investment return	(70.4)	101.3
Gifts and trusts	4.7	3.5
Net gain (loss) on sale, disposal, and exchange of property and equipment	1.8	(1.6)
Net assets released from restrictions	16.5	6.7
Transfer to permanently restricted net assets	(2.3)	(2)
Change in unrestricted net assets from non-operating activities	(49.7)	109.7
Postretirement benefits related changes other than net periodic benefit cost	(167.0)	78.0
(Decrease) increase in unrestricted net assets	(244.7)	201.7
Changes in temporarily restricted net assets		
Endowment, annuity and other investment return	(5)	1.8
Gifts and trusts	32.2	37.7
Changes in value of annuities payable and trusts held by others	(1.3)	1.2
Net assets released from restrictions	(36.1)	(38.6)
Transfer to permanently restricted net assets	(4.3)	-
(Decrease) increase in temporarily restricted net assets	(10.0)	2.1
Changes in permanently restricted net assets		
Endowment, annuity and other investment return	(4.1)	.1
Gifts and trusts	11.7	11.4
Transfer from unrestricted and temporarily restricted net assets	6.6	.2
Increase in permanently restricted net assets	14.2	11.7
(Decrease) increase in total net assets	(240.5)	215.5
Net Assets		
Beginning of year	1,573.6	1,358.1
End of year	\$ 1,333.1	\$ 1,573.6

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

UNIVERSITY OF MIAMI
STATEMENTS OF CASH FLOWS
For the years ended May 31, 2012 and 2011

(in millions)

	May 2012	May 2011
Cash flows from operating activities		
(Decrease) increase in total net assets	\$ (240.5)	\$ 215.5
Adjustments to reconcile (decrease) increase in total net assets to net cash provided by operating activities		
Net realized and unrealized losses (gains) on investments and other assets	54.6	(125.2)
Gifts and trusts	(36.3)	(43.9)
Depreciation and amortization	124.8	125.6
Provision for doubtful accounts	108.3	97.7
Net (gain) loss on sale, disposal, and exchange of property and equipment	(1.8)	1.6
Present value adjustment on annuities payable and trusts held by others	1.3	(1.2)
Amortization of debt premiums and discounts	(1.6)	(1.8)
Change in operating assets and liabilities		
Decrease (increase) in		
Accounts and loans receivable	(96.1)	(145.4)
Contributions receivable, net	13.2	25.5
Other assets	11.9	16.4
Increase (decrease) in		
Accounts payable and accrued expenses	15.3	14.3
Deferred revenues, annuities payable and other liabilities	37.5	10.0
Accrued pension and postretirement benefit costs	150.2	(63.0)
Reserves for medical self-insurance	(1.7)	2.8
Government advances for student loans	(.1)	(.3)
Net cash provided by operating activities	139.0	128.6
Cash flows from investing activities		
Purchases of investments	(153.2)	(149.5)
Proceeds from the sales and maturities of investments and sales of property and equipment	165.4	182.6
Capital expenditures for property and equipment	(152.9)	(123.1)
Student and shared appreciation mortgage loans:		
New loans made	(3.9)	(5.1)
Principal collected	5.9	5.5
Net cash used in investing activities	(138.7)	(89.6)
Cash flows from financing activities		
Gifts for plant expansion and endowment	18.1	14.4
Proceeds from the issuance of debt	62.5	15.9
Payments to retire bonds and notes payable	(27.6)	(26.0)
Net cash provided by financing activities	53.0	4.3
Cash and cash equivalents		
Net increase	53.3	43.3
Beginning of year	162.3	119.0
End of year	\$ 215.6	\$ 162.3
Supplemental data for noncash investing and financing activities:		
Conversion of accounts receivable to other assets	\$ -	\$ 73.9
Conveyance of property in exchange for debt	\$ -	\$ 12.9

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

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

1. ORGANIZATION

The University of Miami (the University) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. Its mission is to educate and nurture students, to create knowledge through innovative research programs, to provide service to our community and beyond, and to pursue excellence in health care.

These financial statements include the accounts of all entities in which the University has a significant financial interest, and over which the University has control, including its hospitals and clinics. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

Basis of Presentation

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

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

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

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

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

Use of Estimates

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

Income Taxes

The University is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements. At May 31, 2012, there were no uncertain tax positions. The University files tax returns with U.S. federal and other tax authorities for which the statute of limitations may go back to the year ended May 31, 2009.

Cash Equivalents

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

**UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011**

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

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for fair value measurements.

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

Revenue Recognition

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

	<u>2012</u>	<u>2011</u>
Scholarships and fellowships:		
Institutionally funded	\$ 163.9	\$ 154.2
Externally funded - gifts and grants	10.2	11.9
Total amount netted against tuition and fees revenue	<u>\$ 174.1</u>	<u>\$ 166.1</u>
Amount netted against auxiliary enterprises revenue	<u>\$ 11.7</u>	<u>\$ 11.2</u>

Gifts of cash, property and marketable securities are recorded as revenue when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category. Conditional pledges are recorded as revenue only when donor stipulations are substantially met.

Grants and contracts revenue is recognized as expenses are incurred.

Medical professional practice, and hospitals and clinics revenue (patient care revenue) are recorded based upon established billing rates less allowances for contractual adjustments. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements. Third party payors' contractual payment terms are generally based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments that may result from such reviews and audits have been made through May 31, 2012, in the accompanying financial statements. The impact of such adjustments to operating revenues for the year ended May 31, 2012 was a decrease of \$11.5 million.

Revenue received before it is earned is deferred.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

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

Annuities Payable and Trusts Held by Others

Certain gift annuities, charitable lead and remainder annuity trust agreements have been entered into with donors. Assets held under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets. These assets are included in trusts held by others on the statements of financial position, except for gift annuities which are included in investments. Gift annuities included in investments totaled \$18.4 and \$19.2 million at May 31, 2012 and 2011, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

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

Medical School

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

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

Insurance

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

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study using a discount rate of 3% at May 31, 2012 and 2011.

Property and Equipment

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

**UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011**

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

Intangible Assets

The University's goodwill relates to the excess of the purchase price over the fair value of the identifiable net assets of the University of Miami Hospital. The University is required to assess goodwill for impairment annually at March 31, or more frequently if circumstances indicate impairment may have occurred. The University assesses goodwill for such impairment by comparing the carrying value of the hospital to its estimated fair value. The fair value of the hospital is determined utilizing discounted cash flows, comparative market multiples and other factors. In its determination of fair value, the University incorporates assumptions that it believes marketplace participants would utilize (note 9).

Facilities and Administrative Cost Recovery

The Federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on provisional rates through 2012. Facilities and administrative cost recovery from government and private sources included in grant and contract revenues totaled \$72.3 and \$72.5 million during the years ended May 31, 2012 and 2011, respectively.

Accounting Change due to New Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Update No. 2010-06 to Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures-Improving Disclosures About Fair Value Measurements*, which requires new disclosures and reasons for transfers between Level 1 and Level 2 measurements under the fair value hierarchy. The amendment clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances and settlements instead of netting these changes. This portion of the amendment is effective for years beginning on or after December 15, 2010. The University adopted this portion of the amendment for the fiscal year ended May 31, 2012.

In December 2010, the FASB issued Update No. 2010-28—Intangibles—Goodwill and Other to ASC 350: *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*. The amendments in this Update modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The University adopted this amendment for the fiscal year ended May 31, 2012.

Impairment of Long-Lived Assets

ASC 360 (formerly SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*) requires that long-lived assets to be held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No asset impairments were recorded by the University in fiscal years 2012 or 2011.

Subsequent events

The University evaluated events and transactions occurring subsequent to May 31, 2012, through August 29, 2012, the date of issuance of the financial statements. During this period, there were no subsequent events requiring recognition in the financial statements.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

**UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011**

3. ACCOUNTS AND LOANS RECEIVABLE

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

	2012	2011
Accounts and loans receivable, net:		
Patient care	\$ 200.6	\$ 210.4
Grants, contracts and other	61.1	64.6
Shared appreciation mortgages	47.6	49.6
Student	6.9	5.1
Student loans, net	28.9	29.6
Total	<u>\$ 345.1</u>	<u>\$ 359.3</u>

Accounts and loans receivable, and student loans receivable are net of allowances for doubtful accounts of \$128.8 and \$.9 million, respectively, for 2012 and \$123.9 and \$1.0 million, respectively, for 2011.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$50.1 and \$52.1 million (net of \$2.5 million allowance for doubtful accounts) at May 31, 2012 and 2011, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008 with limited exceptions.

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

4. CONTRIBUTIONS RECEIVABLE (PLEDGES)

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

	2012	2011
In one year or less	\$ 31.7	\$ 29.0
Between one year and five years	59.4	53.5
More than five years	39.1	41.0
	<u>130.2</u>	<u>123.5</u>
Discount of \$17.3 and allowance of \$10.4 for 2012 and \$17.5 and \$9.6 for 2011, respectively	(27.7)	(27.1)
Total	<u>\$ 102.5</u>	<u>\$ 96.4</u>

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The valuation methodologies used for other investment instruments measured at fair value consisted of:

Variable Rate Swap Agreement

The University entered into an interest rate swap agreement on October 25, 2004 to manage the market risk associated with outstanding variable-rate debt. The swap agreement provides that the University receive a variable rate based on 3-month LIBOR and pay a fixed rate of 4.2%. Parties to the interest rate swap agreement are subject to market risk for changes in interest rates as well as risk of credit loss in the event of nonperformance by the counterparty. The University deals only with high quality counterparties that meet rating criteria for financial stability and creditworthiness. The estimated cumulative fair value loss of the swap agreement was \$6.0 and \$3.7 million for the years ended May 31, 2012 and 2011, respectively, and is included in other investments in the tables that follow. Changes in the fair value, which for fiscal 2012 and 2011 amounted to an unrealized loss of \$2.3 and \$.9 million, respectively, are recorded as non-operating activities in the statements of activities. The notional amount was \$19.0 and \$19.5 million for fiscal 2012 and 2011, respectively.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements

Investments

The fair market value of investments at May 31, 2012 and 2011 amounted to \$817.0 and \$869.2 million, with a cost basis of \$767.0 and \$742.9 million, respectively. Short term investments consist primarily of commercial paper with maturities in excess of three months. Amounts included in limited partnerships and limited liability companies - other, represent alternative investments which are valued at the net asset value of the entities as determined by the fund. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2012 and 2011, the fair value of the University's primary investment pool (the Growth Pool) amounted to \$770.6 and \$816.3 million, with a cost basis of \$723.5 and \$695.1 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy. The total net unrealized (loss) gain on investments for the year ended May 31, 2012 and 2011 was \$(75.7) and \$97.8 million, respectively.

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

Level 1 — Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 — Valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Valuations for assets that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer, or broker traded transactions. Inputs to the valuation methodologies incorporate certain assumptions and projections in determining the fair value assigned to such assets.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2012.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements (continued)

Investments

The following tables set forth by level, within the fair value hierarchy, the University's assets at fair value (in millions):

	At May 31, 2012			
	Total	Level 1	Level 2	Level 3
Assets:				
Short term investments	\$ 15.7	\$ -	\$ 15.7	\$ -
Corporate bonds	.6	-	.6	-
Debt securities:				
US Treasury & other government agencies	5.3	5.3	-	-
Publicly traded stocks:				
Large-mid cap	70.2	70.2	-	-
Small cap	20.6	20.6	-	-
Mutual funds:				
Equities:				
Emerging markets	23.2	-	23.2	-
International	3.4	-	3.4	-
Large-mid cap	10.7	-	10.7	-
Small cap	21.6	-	21.6	-
Fixed Income	36.5	-	36.5	-
Balanced	9.3	-	1.6	7.7
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	29.7	-	29.7	-
International	116.6	-	116.6	-
Large-mid cap	76.5	-	76.5	-
Fixed income	86.5	-	43.2	43.3
Private equity	43.4	-	-	43.4
Other:				
Event arbitrage	73.2	-	-	73.2
Long-short composite	107.8	-	85.8	22.0
Real assets related securities	42.3	-	41.4	.9
Real estate	26.8	-	-	26.8
Other investments	(2.9)	1.4	(4.3)	-
Total investments	<u>817.0</u>	<u>97.5</u>	<u>502.2</u>	<u>217.3</u>
Trusts held by others	43.6	-	-	43.6
Total assets	<u>\$ 860.6</u>	<u>\$ 97.5</u>	<u>\$ 502.2</u>	<u>\$ 260.9</u>

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements (continued)

	At May 31, 2011			
	Total	Level 1	Level 2	Level 3
Assets:				
Short term investments	\$ 16.4	\$ -	\$ 16.4	\$ -
Corporate bonds	.8	-	.8	-
Debt securities:				
US Treasury & other government agencies	5.4	5.4	-	-
Publicly traded stocks:				
Large-mid cap	87.7	87.7	-	-
Small cap	24.1	24.1	-	-
Mutual funds:				
Equities:				
Emerging markets	8.1	-	8.1	-
International	3.9	-	3.9	-
Large-mid cap	11.2	-	11.2	-
Small cap	24.0	-	24.0	-
Fixed Income	50.4	-	50.4	-
Balanced	8.9	-	.6	8.3
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	23.6	-	23.6	-
International	163.0	-	163.0	-
Large-mid cap	73.7	-	73.7	-
Fixed income	83.3	-	41.2	42.1
Private equity	50.0	-	-	50.0
Other:				
Event arbitrage	72.7	-	-	72.7
Long-short composite	97.4	-	74.0	23.4
Real assets related securities	34.9	-	33.3	1.6
Real estate	23.8	-	-	23.8
Other investments	5.9	7.7	(1.8)	-
Total investments	869.2	124.9	522.4	221.9
Trusts held by others	52.0	-	-	52.0
Total assets	<u>\$ 921.2</u>	<u>\$ 124.9</u>	<u>\$ 522.4</u>	<u>\$ 273.9</u>

**UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011**

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements (continued)

The following tables set forth a summary of changes in the fair value of the University's level 3 assets:

For the year ended May 31, 2012 (in millions):

	May 31, 2011	Purchases	Sales	Net Income Reinvested	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3	May 31, 2012
					Realized	Unrealized		
Mutual funds - balanced Limited partnerships and limited liability companies:	\$ 8.3	-	(.3)	.1	.2	(.6)	-	\$ 7.7
Fixed income	42.1	-	-	1.5	-	(.3)	-	43.3
Private equity	50.0	4.9	(14.4)	.7	5.1	(2.9)	-	43.4
Other:								
Event arbitrage	72.7	-	-	2.1	(.7)	(.9)	-	73.2
Long-short composite	23.4	-	-	(.4)	1.1	(2.1)	-	22.0
Real assets related securities	1.6		(.6)	-	-	(.1)	-	.9
Real estate	23.8	3.6	(3.5)	.7	.7	1.5	-	26.8
Total investments	221.9	8.5	(18.8)	4.7	6.4	(5.4)	-	217.3
Trusts held by others	52.0	-	(4.3)	-	-	(4.1)	-	43.6
Total assets	\$ 273.9	\$ 8.5	\$ (23.1)	\$ 4.7	\$ 6.4	\$ (9.5)	\$ -	\$ 260.9

For the year ended May 31, 2011 (in millions):

	May 31, 2010	Purchases, sales, issuances, settlements, net	Net Income Reinvested	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3	May 31, 2011
				Realized	Unrealized		
Mutual funds - balanced Limited partnerships and limited liability companies:	\$ 7.4	(.4)	.4	-	.9	-	\$ 8.3
Fixed income	49.6	(12.0)	1.7	(1.0)	3.8	-	42.1
Private equity	45.6	(4.2)	1.1	3.6	3.9	-	50.0
Other:							
Event arbitrage	66.3	-	4.6	(4.4)	6.2	-	72.7
Long-short composite	33.5	(13.3)	(.7)	1.9	2.0	-	23.4
Real assets related securities	1.7	(.1)	-	-	-	-	1.6
Real estate	16.9	3.5	(.1)	.4	3.1	-	23.8
Total investments	221.0	(26.5)	7.0	.5	19.9	-	221.9
Trusts held by others	52.0	(1.1)	-	-	1.1	-	52.0
Total assets	\$ 273.0	\$ (27.6)	\$ 7.0	\$.5	\$ 21.0	\$ -	\$ 273.9

Sales amounts presented above for the years ended May 31, 2012 and 2011 for trusts held by others represent settlement transactions. There were no other issuances and settlements for the years ended May 31, 2012 and 2011.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements (continued)

The total level 3 change in net unrealized (losses) gains for the years relating to those investments still held at May 31, 2012 and 2011 total \$(5.4) and \$19.9 million, respectively, and are reflected as part of investment return in the statements of activities. The total level 3 change in value related to trusts held by others at May 31, 2012 and 2011 total \$(4.1) and \$1.1 million, respectively, and are reflected as part of investment return and changes in value of annuities payable and trusts held by others in the statements of activities.

The following tables summarize the University's assets whose fair value is estimated using net asset value per share (in millions):

Assets:	At May 31, 2012			
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	\$ 29.7	\$ -	(M)	30 days
International	116.6	-	(M)	5-15 days
Large-mid cap	76.5	-	(Q)	60 days
Fixed income	86.5	-	(M), (A)	10-90 days
Private equity	43.4	17.8	*	N/A
Other:				
Event arbitrage	73.2	-	(Q)	65-90 days
Long-short composite	107.8	-	(M), (Q), (A)	45-90 days
Real assets related securities	42.3	-	(M), (Q)	10-60 days
Real estate	26.8	8.0	*	N/A
Other investments	(2.9)	-	N/A	N/A
Total investments	<u>599.9</u>	<u>25.8</u>		
Trusts held by others	43.6	-	N/A	N/A
Total assets	<u>\$ 643.5</u>	<u>\$ 25.8</u>		

Assets:	At May 31, 2011			
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	\$ 23.6	\$ -	(M)	30 days
International	163.0	-	(M), (Q)	5-15 days
Large-mid cap	73.7	-	(M), (Q)	60 days
Fixed income	83.3	-	(M), (A)	10-90 days
Private equity	50.0	22.7	*	N/A
Other:				
Event arbitrage	72.7	-	(Q)	65-90 days
Long-short composite	97.4	-	(Q), (A)	45 days
Real assets related securities	34.9	-	(M), (S)	10 days, 6 months
Real estate	23.8	11.4	*	N/A
Other investments	5.9	-	N/A	N/A
Total investments	<u>628.3</u>	<u>34.1</u>		
Trusts held by others	52.0	-	N/A	N/A
Total assets	<u>\$ 680.3</u>	<u>\$ 34.1</u>		

Redemption Frequency: (A) Annually, (S) Semi-annually, (Q) Quarterly, (M) Monthly

(*) The expected liquidation date for these assets range from 2015 to 2025 and are based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.

**UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011**

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements (continued)

The University's investment policy and strategy for its investments, as established by the Investment Committee (the Committee) of the Board of Trustees (the Board) and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets is 45% equity securities, 10% fixed income, and 45% other investments. The Committee rebalances its investments periodically to meet established target allocations. In addition, the Committee reviews its investment policy and target allocations periodically and effects changes when required, to ensure that strategic objectives are achieved. Equity securities include investments in large-mid cap and small-cap companies primarily located in the United States, as well as international companies. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries. Other investments include private equity funds, real estate funds, and hedge funds that pursue multiple strategies to diversify risks and reduce volatility. These investments, which at May 31, 2012 consist of investments similar to those of the HFRI Fund of Funds, S&P 500, Russell 2000, DJ/UBS Commodity, NCREIF Property and MSCI Indexes, are made with the intention of raising portfolio return and lowering total volatility.

Investment Return

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

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

	2012	2011
Operating:		
Endowment spending distribution	\$ 30.1	\$ 31.1
Investment return	3.6	9.2
Total operating investment return	<u>33.7</u>	<u>40.3</u>
Non-Operating:		
Unrestricted		
Endowment interest and dividend income, realized and unrealized (losses) gains, net of endowment spending distribution	(62.4)	85.7
Other net realized and unrealized (losses) gains	(8.0)	15.6
Total unrestricted non-operating investment return	<u>(70.4)</u>	<u>101.3</u>
Temporarily restricted investment return	(.5)	1.8
Permanently restricted investment return	(4.1)	.1
Total non-operating investment return	<u>(75.0)</u>	<u>103.2</u>
Total investment return	<u>\$ (41.3)</u>	<u>\$ 143.5</u>

6. FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, patient, student and other receivables, accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments. The carrying amounts of notes payable with variable interest rates approximate their fair value since the variable rates reflect current market rates for notes with similar maturities and credit quality. The fair value of bonds payable with fixed interest rates is based on rates assumed to be currently available for bond issues with similar terms and average maturities. The estimated fair value of these bonds payable at May 31, 2012 and 2011 approximated \$804.1 and \$756.8 million, respectively. The carrying amounts of these bonds payable at May 31, 2012 and 2011 approximated \$761.1 and \$781.3 million, respectively.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

7. OTHER ASSETS

Other assets primarily represent prepaid expenses and inventories. During September 2010, the University entered into a tri-party agreement with the Public Health Trust (PHT) and Miami-Dade County wherein the receivable associated with the annual operating agreement was converted to a prepaid asset. The value of the receivable at September 30, 2010 was \$73.9 million, and included a long-term land lease with a discounted value of \$14.1 million. The University will receive goods, rentals, and services in the normal course of business with the PHT until the prepaid asset is exhausted. At May 31, 2012 and 2011, the remaining prepaid asset under this agreement, after application of purchased services for the twelve months ended 2012 and for the months of October 2010 through May 2011 for the year ended 2011 was \$42.6 and \$60.2 million, respectively. Based on the repayment terms of the agreement, the balance of the prepaid asset should be exhausted by March 1, 2014, with the exception of the long-term land lease which extends through 2080.

8. PROPERTY AND EQUIPMENT

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

	Useful Lives	2012	2011
Land	-	\$ 93.9	\$ 94.9
Land improvements	20 years	88.1	87.6
Buildings and building improvements	8 to 50 years	1,544.1	1,506.2
Leasehold improvements	1 to 50 years	38.6	32.5
Construction in progress	-	94.0	47.7
Moveable equipment	3 to 20 years	557.0	528.9
Library materials	12 years	113.4	110.8
Art objects	-	52.4	51.8
		<u>2,581.5</u>	<u>2,460.4</u>
Accumulated depreciation and amortization		<u>(1,116.3)</u>	<u>(1,017.5)</u>
Total		<u>\$ 1,465.2</u>	<u>\$ 1,442.9</u>

Interest on borrowings to finance facilities is capitalized during construction, net of any investment income earned through the temporary investment of project borrowings. Net interest expense of \$2.1 and \$2 million was capitalized for the years ended May 31, 2012 and 2011, respectively.

9. INTANGIBLE ASSETS

On December 1, 2007, the University acquired certain assets and liabilities of a general acute care hospital. As part of the transaction, intangible assets were recorded amounting to \$105.2 million. In addition, the University acquired a physician practice and recorded \$1.7 million as an intangible asset for the year ended May 31, 2010. In accordance with ASC 350 (formerly SFAS No. 142, *Intangibles – Goodwill and Other*), amortization of intangible assets ceased at May 31, 2010.

Intangible assets recorded are as follows (in millions):

	2012	2011
Amortized intangible assets		
Goodwill at gross carrying value	\$ 105.8	\$ 105.8
Accumulated amortization through May 31, 2010	(6.6)	(6.6)
Indefinite lived intangible assets	1.1	1.1
Total	<u>\$ 100.3</u>	<u>\$ 100.3</u>

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

10. ENDOWMENT

In August 2008, the FASB issued ASC 958-205-50 (formerly FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*). This standard provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This standard also requires additional disclosures about an organization's endowment funds, whether or not the organization is subject to UPMIFA. The disclosure requirements of this standard are reflected below. On June 17, 2011, the State of Florida enacted a version of UPMIFA which is effective July 1, 2012. Generally, the law governs conduct in the management and investment of institutional funds, the expenditure or accumulation of endowment funds, and the release or modification of restrictions on the management or investment of institutional funds. The new law will result in the reclassification of amounts currently classified as unrestricted net assets to temporarily restricted net assets.

Application of Relevant Law

As discussed above, the State of Florida has now enacted UPMIFA which is effective July 1, 2012. The current law, known as the Uniform Management of Institutional Funds Act (UMIFA) requires preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary. Therefore, the University classifies as permanently restricted net assets (a) the original value of gifts donated where the donor has stipulated that the principal is to be maintained in perpetuity with only the income from the gift to be expended, (b) the original value of subsequent similar type gifts, and (c) accumulations to the fund made in accordance with the direction of the applicable donor gift instrument. Endowments are classified as temporarily restricted where the donor has stipulated that the principal of the gift may be released from inviolability to permit all or part of the principal to be expended, and as unrestricted endowments where the Board, rather than a donor, decides to retain and invest the principal with only the income available to be expended. The Board has the right at any time to expend the principal of unrestricted endowments.

Spending Policy

The University's endowment spending distribution policy in support of its programs is to distribute five percent of the three-year moving average fair market value of the endowment investment pool. New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy. Further, endowments to establish Chairs and Professorships have an additional delay of one year before distributions are made.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for its primary investment pool (the Growth Pool), as approved by the Board, is to achieve a rate of return equal to or greater than the respective benchmark, while assuming a moderate level of risk. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long-term return objectives within prudent risk constraints. The current long-term return objective is to earn a return of at least the Consumer Price Index plus 5%, net of fees. Actual returns in any given year may vary from this amount.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

10. ENDOWMENT (Continued)

Endowment net assets consist of the following (in millions):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
At May 31, 2011:				
Donor restricted endowment funds	\$ 196.4	\$ 29.4	\$ 326.5	\$ 552.3
Quasi endowment funds	167.6	-	-	167.6
Total	<u>\$ 364.0</u>	<u>\$ 29.4</u>	<u>\$ 326.5</u>	<u>\$ 719.9</u>
At May 31, 2012:				
Donor restricted endowment funds	\$ 150.9	\$ 29.2	\$ 345.7	\$ 525.8
Quasi endowment funds	152.9	-	-	152.9
Total	<u>\$ 303.8</u>	<u>\$ 29.2</u>	<u>\$ 345.7</u>	<u>\$ 678.7</u>

Donor restricted endowment funds included in unrestricted endowment net assets represent the unappropriated appreciation of endowment funds, net of deficiencies in the market value of certain endowment related assets which fell below the donor required level to retain funds in perpetuity. At May 31, 2012 and 2011, this deficiency amounted to \$9.9 and \$2.9 million, respectively, and resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions, as well as continued appropriations for certain programs deemed prudent by the University.

Quasi endowment funds are resources segregated for long term investment and include gains and losses on unrestricted investments, and other resources designated by the Board for future programs and operations.

Changes in endowment net assets for the fiscal years ended May 31, 2012 and 2011 consist of (in millions):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, May 31, 2010	\$ 276.2	\$ 29.3	\$ 312.7	\$ 618.2
Investment return				
Investment income	11.3	-	(.1)	11.2
Net appreciation (realized and unrealized)	105.5	-	-	105.5
Total investment return	116.8	-	(.1)	116.7
Gifts and Trusts	1.4	.3	13.7	15.4
Endowment spending distribution for programs	(31.1)	-	-	(31.1)
Net transfers from quasi endowment funds	(2.0)	-	-	(2.0)
Other	2.7	(.2)	.2	2.7
Balance, May 31, 2011	<u>364.0</u>	<u>29.4</u>	<u>326.5</u>	<u>719.9</u>
Investment return				
Investment income	10.0	-	(.1)	9.9
Net depreciation (realized and unrealized)	(42.3)	-	-	(42.3)
Total investment return	(32.3)	-	(.1)	(32.4)
Gifts and Trusts	.1	.2	17.0	17.3
Endowment spending distribution for programs	(30.1)	-	-	(30.1)
Net transfers from quasi endowment funds	(.6)	-	-	(.6)
Other	2.7	(.4)	2.3	4.6
Balance, May 31, 2012	<u>\$ 303.8</u>	<u>\$ 29.2</u>	<u>\$ 345.7</u>	<u>\$ 678.7</u>

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The University has two non-contributory retirement plans, the Faculty Retirement Plan and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007 a new retirement plan was established, the Retirement Savings Plan.

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

The Retirement Savings Plan (Savings Plan) is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2012 and 2011 were \$33.4 and \$29.0 million, respectively.

The Retirement Savings Plan II (Savings Plan II) is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of the University of Miami Hospital (UMH). The plan is available to employees who meet certain eligibility requirements and requires that UMH match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$5.6 and \$4.9 million for the years ended May 31, 2012 and 2011, respectively.

Faculty Retirement Plan (Faculty Plan) is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$24.1 million for the years ended May 31, 2012 and 2011. In addition to the above noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

The Employee Retirement Plan (Employee Plan) is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee's compensation for the consecutive five year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

At May 31, 2009, a proposed Employee Plan amendment was approved by the Internal Revenue Service which enables the plan to offer lump sum distribution options to participants who retired on or after January 1, 2001 and met the Rule of 70 (combination of age and service).

The measurement date for the Employee Plan and postretirement health plan is May 31 for fiscal years 2012 and 2011.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

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

	Pension Benefits	Postretirement Benefits
2013	\$ 36.0	\$.2
2014	37.2	.2
2015	38.1	.2
2016	40.8	.2
2017	41.7	.2
2018-2022	235.4	1.1

The University expects to contribute \$57.9 million to the Employee Plan and \$.2 million to its postretirement health plan during the fiscal year ending May 31, 2013.

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

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Change in Benefit Obligation				
Benefit obligation at beginning of year	\$ 772.3	\$ 755.9	\$ 2.0	\$ 3.4
Service cost – benefits attributed to employee service during period and administrative expenses	20.0	20.6	.2	.2
Interest costs accrued to measure benefit obligation at present value	42.9	42.0	.2	.1
Plan participant contributions	-	-	.7	.7
Actuarial loss (gain)	124.6	(13.9)	.8	(1.4)
Benefits paid and administrative expenses	(32.3)	(32.3)	(.6)	(1.0)
Benefit obligation at end of year	<u>927.5</u>	<u>772.3</u>	<u>3.3</u>	<u>2.0</u>
Change in Plan Assets				
Employee Plan assets at fair value at beginning of year	526.4	448.4	-	-
Investment return on Employee Plan assets	(9.8)	79.4	-	-
Benefits paid and Employee Plan expenses	(32.3)	(32.3)	(.6)	(1.0)
Employer contributions	48.4	30.9	-	.3
Plan participant contributions	-	-	.6	.7
Employee Plan assets at fair value at end of year	<u>532.7</u>	<u>526.4</u>	<u>-</u>	<u>-</u>
Funded status				
Accrued pension and postretirement benefit costs recognized on the statements of financial position	<u>\$ (394.8)</u>	<u>\$ (245.9)</u>	<u>\$ (3.3)</u>	<u>\$ (2.0)</u>
Amounts recognized in unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 381.5	\$ 215.9	\$ (1.4)	\$ (2.2)
Prior service credit	(4.5)	(5.1)	(.7)	(.8)
Transition obligation	-	-	.1	.2
	<u>\$ 377.0</u>	<u>\$ 210.8</u>	<u>\$ (2.0)</u>	<u>\$ (2.8)</u>

At May 31, 2012 and 2011, the accumulated benefit obligation of the Employee Plan was \$876.0 and \$731.9 million, respectively, \$343.3 and \$205.5 million, respectively, in excess of Employee Plan assets.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

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

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Service cost:				
Benefits attributed to employee service during periods and administrative expenses	\$ 20.0	\$ 20.6	\$.2	\$.2
Total	20.0	20.6	.2	.2
Interest costs accrued to measure benefit obligation at present value	42.9	42.0	.2	.1
Expected return on Employee Plan assets	(43.8)	(36.4)	-	-
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of Employee Plan amendments	(.6)	(.6)	(.1)	(.1)
Amortization of transition obligation	-	-	.1	.1
Recognized net actuarial loss (gain)	12.7	20.3	(.1)	(.1)
Net periodic benefit cost	<u>\$ 31.2</u>	<u>\$ 45.9</u>	<u>\$.3</u>	<u>\$.2</u>

The net actuarial loss (gain), prior service cost (credit), and transition amount expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	Pension Benefits	Postretirement Benefits
Net actuarial loss (gain)	\$ 27.1	\$ (.1)
Prior service credit	(.6)	(.1)
Transition obligation	-	.1

A 10% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2012. The rate is assumed to decrease 1% per year until reaching the ultimate 5.5% in 2018. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A 1% change in assumed health care cost trend rates would have the following effect (in millions):

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$.1	\$ (.1)
Effect on the health care component of the accumulated postretirement benefit obligation	.5	(.4)

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

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Discount rate for benefit obligation	4.55%	5.55%	4.65%	5.55%
Discount rate for net periodic benefit cost	5.55%	5.65%	5.55%	5.65%
Expected return on Employee Plan assets	8.25%	8.25%	N/A	N/A
Rate of compensation increase	3.70%/4.20%	4.20%	N/A	N/A

The rate of compensation increase assumption related to the net periodic benefit cost is 3.70% for fiscal 2012 to 2016, and 4.20% thereafter. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Employee Plan Assets

The investment policy and strategy, as established by the University, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for plan assets of the Employee Plan is 34.0% equity securities, 35.0% fixed income, and 31.0% other investments. The University rebalances its investments periodically to meet the target allocations. The University also reviews its investment policy periodically to determine if the policy or allocations require change. Equity securities include investments in large-mid cap and small-cap companies primarily located in the United States, as well as international companies. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries. Other types of investments include investments in hedge funds and private equity funds that follow several different strategies. These investments, which at May 31, 2012 consist of investments similar to those of the HFRI Fund of Funds, S&P 500, Dow Jones, AIG Commodity, MCSI and NCREIF Property Indexes, are made with the intention of raising portfolio return and lowering total volatility. See note 5 for fair value measurement narrative disclosures.

The Employee Plan's investments, by level, within the fair value hierarchy are as follows (in millions):

	At May 31, 2012			
	Total	Level 1	Level 2	Level 3
Common stocks:				
Large-mid cap	\$ 35.7	\$ 35.7	\$ -	\$ -
Small cap	16.7	16.7	-	-
Registered mutual funds:				
Equities - emerging markets	3.0	-	3.0	-
Fixed Income	94.0	-	94.0	-
Unregistered limited partnerships and limited liability companies:				
Equities:				
Emerging markets	9.9	-	9.9	-
International	7.1	-	7.1	-
Large-mid cap	49.2	-	49.2	-
Private equity	17.6	-	-	17.6
Other:				
Event arbitrage	31.2	-	-	31.2
Long-short composite	26.9	-	16.7	10.2
Real estate	15.9	-	-	15.9
Real assets related securities	9.6	-	9.6	-
Money market accounts	3.2	3.2	-	-
Common collective trusts:				
Equities - international	10.5	-	10.5	-
Real assets related securities	12.9	-	12.9	-
103-12 Investment entities:				
Equities:				
International	40.8	-	40.8	-
Small cap	17.5	-	17.5	-
Fixed income	100.8	-	92.9	7.9
Other investments:				
Private equity	3.4	-	-	3.4
Long-short composite	15.7	-	15.6	.1
Fixed income	10.6	-	-	10.6
Real assets related securities	.6	-	-	.6
Total	\$ 532.8	\$ 55.6	\$ 379.7	\$ 97.5

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Employee Plan Assets (continued)

	At May 31, 2011			
	Total	Level 1	Level 2	Level 3
Common stocks:				
Large-mid cap	\$ 36.8	\$ 36.8	\$ -	\$ -
Small cap	19.4	19.4	-	-
Registered mutual funds:				
Equities - emerging markets	4.1	-	4.1	-
Fixed Income	71.9	-	71.9	-
Unregistered limited partnerships and limited liability companies:				
Equities:				
Emerging markets	11.8	-	11.8	-
International	9.5	-	9.5	-
Large-mid cap	47.3	-	47.3	-
Private equity	20.4	-	-	20.4
Other				
Event arbitrage	31.1	-	-	31.1
Long-short composite	23.1	-	12.2	10.9
Real estate	14.3	-	-	14.3
Money market accounts	6.0	6.0	-	-
Common collective trusts:				
Equities - international	12.5	-	12.5	-
Real assets related securities	27.6	-	27.6	-
103-12 Investment entities:				
Equities:				
International	50.5	-	50.5	-
Small cap	19.3	-	19.3	-
Fixed income	91.0	-	80.5	10.5
Other investments:				
Private equity	18.0	-	13.7	4.3
Long-short composite	.1	-	-	.1
Fixed income	10.5	-	-	10.5
Real assets related securities	1.0	-	-	1.0
Total	\$ 526.2	\$ 62.2	\$ 360.9	\$ 103.1

The tables on the following page set forth a summary of changes in the fair value of the Employee Plan's Level 3 investments.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Employee Plan Assets (continued)

	For the year ended May 31, 2012 (in millions)						May 31, 2012
	May 31, 2011	Purchases	Sales	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3	
				Realized	Unrealized		
Unregistered limited partnerships and limited liability companies:							
Private equity	\$ 20.4	3.2	(6.8)	1.9	(1.1)	-	\$ 17.6
Other:							
Event arbitrage	31.1	.9	-	1.2	(2.0)	-	31.2
Long-short composite	10.9	(.1)	-	.6	(1.2)	-	10.2
Real estate	14.3	2.7	(2.2)	.4	.7	-	15.9
103-12 Investment entities:							
Fixed income	10.5	.9	(3.0)	(.5)	-	-	7.9
Other investments:							
Private equity	4.3	.1	(.8)	-	(.2)	-	3.4
Long-short composite	.1	-	-	-	-	-	.1
Fixed income	10.5	-	-	-	.1	-	10.6
Real assets related securities	1.0	.2	(.6)	-	-	-	.6
Total	\$ 103.1	\$ 7.9	\$ (13.4)	\$ 3.6	\$ (3.7)	\$ -	\$ 97.5

	For the year ended May 31, 2011 (in millions)						May 31, 2011
	May 31, 2010	Purchases, sales, issuances and settlements, net	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3		
			Realized	Unrealized			
Unregistered limited partnerships and limited liability companies:							
Private equity	\$ 18.1	(1.0)	1.5	1.8	-	\$ 20.4	
Other:							
Event arbitrage	28.3	1.0	(.3)	2.1	-	31.1	
Long-short composite	9.3	(.4)	.9	1.1	-	10.9	
Real estate	10.3	1.7	.1	2.2	-	14.3	
103-12 Investment entities:							
Fixed income	9.1	.9	-	.5	-	10.5	
Other investments:							
Private equity	3.8	.1	-	.4	-	4.3	
Long-short composite	9.4	(9.1)	(.2)	-	-	.1	
Fixed income	9.9	-	-	.6	-	10.5	
Real assets related securities	1.1	(.1)	-	-	-	1.0	
Total	\$ 99.3	\$ (6.9)	\$ 2.0	\$ 8.7	\$ -	\$ 103.1	

There were no issuances and settlements for the years ended May 31, 2012 and 2011.

The total level 3 change in net unrealized (losses) gains for the years relating to those investments still held at May 31, 2012 and 2011 total \$(3.7) and \$8.7 million, respectively, and are included in net (depreciation) appreciation in fair value of investments in the Employee Plan's statement of changes in net assets available for benefits.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

12. BONDS AND NOTES PAYABLE

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

	Series	Final Maturity	2012 Interest Rate	2012	2011
Miami-Dade County, Florida	2007A to				
Educational Facilities Authority	2008B	2015 to 2038	4.0% to 6.1%	\$ 733.9	\$ 751.8
Notes payable to banks and others	-	2013 to 2030	2.38% to 6.5%	38.2	37.0
Notes payable to banks and others	-	2013 to 2035	Variable	87.2	35.5
Par amount of bonds and notes payable				<u>859.3</u>	<u>824.3</u>
Net unamortized premium				19.3	21.0
Total				<u>\$ 878.6</u>	<u>\$ 845.3</u>

The annual maturities for bonds and notes payable at May 31, 2012 are as follows (in millions):

2013	\$ 99.1
2014	27.8
2015	26.0
2016	24.6
2017	25.0
Thereafter	656.8
Total	<u>\$ 859.3</u>

Effective December 31, 2010, the University renewed its line of credit arrangement which carries a maximum possible balance of \$150.0 million. This line of credit has a variable interest rate equal to the LIBOR Daily Floating Rate plus 0.65% per annum, and has a maturity date of December 31, 2012. The outstanding balance under this line of credit at May 31, 2012 was \$68.5 million.

In November 2011, the University borrowed \$10.0 million from a bank to fund the Employees' Retirement Plan. The loan has a fixed interest rate of 2.38% per annum, and has a maturity date of August 5, 2015. The outstanding balance at May 31, 2012 was \$10.0 million.

In July 2011, the University entered into a second line of credit arrangement for \$100.0 million, which was renewed in June 2012. This line of credit has a variable interest equal to the LIBOR rate for dollar deposits with a one-month maturity plus 0.75% per annum, and has a maturity date of June 29, 2013. There was no outstanding balance under this line of credit at May 31, 2012.

Total interest paid on all bonds and notes was \$41.7 and \$42.0 million for the years ended May 31, 2012 and 2011, respectively.

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

13. NET ASSETS

Unrestricted net assets consist of the following at May 31 (in millions):	2012	2011
Designated for operations, programs, facilities expansion and student loans	\$ 73.4	\$ 126.4
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(375.0)	(208.0)
Invested in plant facilities	784.8	749.3
Endowment and similar funds	303.8	364.0
Total unrestricted net assets	<u>\$ 787.0</u>	<u>\$ 1,031.7</u>

Temporarily restricted net assets consist of the following at May 31 (in millions):	2012	2011
Gifts for programs and facilities expansion	\$ 14.9	\$ 26.9
Contributions (pledges) and trusts	92.2	89.5
Life income and annuity funds	10.2	10.7
Endowment and similar funds	29.2	29.4
Total temporarily restricted net assets	<u>\$ 146.5</u>	<u>\$ 156.5</u>

Permanently restricted net assets consist of the following at May 31 (in millions):	2012	2011
Contributions (pledges) and trusts	\$ 53.9	\$ 58.9
Endowment and similar funds	345.7	326.5
Total permanently restricted net assets	<u>\$ 399.6</u>	<u>\$ 385.4</u>

14. GIFTS AND TRUSTS

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

The table below summarizes gifts and trusts received for the years ended May 31, 2012 and 2011, reported in the statements of activities as well as the CASE standards as reported by Advancement (in millions):

	2012	2011
Unrestricted gifts and trusts in support of programs	\$ 60.7	\$ 52.6
Unrestricted gifts and trusts for plant expansion	4.7	3.5
Temporarily restricted gifts and trusts for programs and plant expansion	32.2	37.7
Permanently restricted endowment gifts and trusts	11.7	11.4
Total gifts and trusts, per statements of activities	<u>109.3</u>	<u>105.2</u>
Increases (decreases) to reflect gifts and trusts per CASE standards:		
Pledges, net	(6.1)	2.6
Non-government grants, included in grants and contracts revenue	49.9	40.3
Differences in valuation/recording:		
Funds held in trust by others	(5.4)	4.5
Annuity	.3	.2
Timing	8.5	4.2
Gift-in-kind recorded under CASE standards only	7.4	6.4
Donations to supporting organizations recorded under CASE standards only	.6	8.7
Total gifts and trusts as reported by Advancement	<u>\$ 164.5</u>	<u>\$ 172.1</u>

UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

15. FUNCTIONAL EXPENSES

Operating expenses are reported in the statements of activities in natural categories. Functional expenses for fiscal 2012 and 2011 are shown below (in millions):

	2012	2011
Instruction	\$ 459.5	\$ 461.8
Research	233.1	229.5
Public service	154.2	157.5
Patient care	1,123.8	1,040.1
Auxiliary enterprises	143.1	145.0
Academic support	154.6	146.5
Student services	39.4	38.5
Institutional support	123.8	108.1
Total	<u>\$ 2,431.5</u>	<u>\$ 2,327.0</u>

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

	2012	2011
Depreciation and amortization	\$ 124.8	\$ 125.6
Interest	38.0	39.1
Operations and maintenance	120.2	120.2
Total	<u>\$ 283.0</u>	<u>\$ 284.9</u>

16. COMMITMENTS AND CONTINGENCIES

The University had contractual obligations of approximately \$121.9 million at May 31, 2012 for various construction projects and purchases of equipment. The University has also entered into professional service agreements with Hospital Corporation of America, Inc. (HCA, Inc) and various HCA, Inc. affiliates. Future minimum commitments under these agreements range from \$3.1 to \$24.3 million per year over the next six years, totaling \$91.2 million.

In February 2008, the University entered into a five year Innovation Incentive Funding Agreement with the State of Florida (the State), Office of Tourism, Trade and Economic Development. The agreement created the Miami Institute for Human Genomics, now known as the John P. Hussman Institute for Human Genomics (the Institute) and a program and infrastructure that supports and benefits its operations. The agreement calls for the State to fund \$80.0 million with a University pledge for \$100.0 million towards the financial support of the Institute. At May 31, 2012, the University has received \$59.6 million from the State and has spent \$70.2 million in matching funds.

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

In March 2010, President Obama signed the Patient Protection and Affordable Care Act (PPACA) into law. PPACA will result in sweeping changes across the health care industry, including how care is provided and paid for. Given that the final regulations and interpretive guidelines have yet to be published, the University is unable to fully predict the impact of PPACA on its operations and financial results. Management of the University is studying and evaluating the anticipated impacts and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other constituents to optimize available reimbursement.

**UNIVERSITY OF MIAMI
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011**

16. COMMITMENTS AND CONTINGENCIES (Continued)

The University leases certain real property. These leases are classified as operating leases and have lease terms ranging up to seventy five years. Total lease expense for the years ended May 31, 2012 and 2011 was \$28.7 and \$24.1 million, respectively. Future minimum lease payments under noncancelable operating leases at May 31, 2012 are as follows (in millions):

2013	\$	9.9
2014		9.1
2015		7.2
2016		7.0
2017		5.4
Thereafter		170.1
Total	\$	<u>208.7</u>

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INVESTMENT CONSIDERATIONS

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INVESTMENT CONSIDERATIONS

The following information describes certain risks relating to the ability of the University to make payments sufficient to pay the principal of and interest on the Series 2012 Bonds. This information is not intended to be a complete enumeration of all of the risks associated with ownership of the Series 2012 Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

The Series 2012 Bonds constitute limited obligations of the Authority payable and secured solely by the Authority's rights in the Loan Agreement including its rights to receive payments pursuant to the Loan Agreement. The University is obligated to make payments under the Loan Agreement sufficient for the payment of the Series 2012 Bonds, and the rights of the Authority to receive payments under the Loan Agreement are assigned to the Trustee. The ability of the University to meet its payment obligations under the Loan Agreement will depend upon the continued availability to the University of revenues from a variety of sources sufficient to meet such obligations, the University's operating expenses, debt service on other indebtedness, extraordinary costs or expenses which may occur and other costs and expenses.

The Loan Agreement and the Indenture do not contain any limitations on the right of the University to dispose of its assets (other than certain limitations relating to a merger, consolidation, conveyance, transfer or lease of its assets substantially as an entirety) or to have or to incur other indebtedness or to grant and allow to exist liens and encumbrances. To the extent that any future indebtedness is secured by a pledge, mortgage, lien or security interest, holders thereof will have priority in payment from the property subject thereto over holders of the Series 2012 Bonds.

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

Timely payment of principal of, premium, if any, and interest on the Series 2012 Bonds will be dependent upon the University's ability to make such payments and the availability of other assets. Payments on the Series 2012 Bonds from amounts on deposit under the Indenture will depend solely on the amount and timing of payments from the University under the Loan Agreement and interest paid or earnings on the various funds and accounts held pursuant to the Indenture that are pledged to the payment of the Series 2012 Bonds.

General Risks

Revenues and expenses of the University will be affected by future events and conditions relating generally to, among other things, the ability of the University to provide educational programs to meet the needs and wishes of students during the time that the Series 2012 Bonds remain outstanding, competition for students from other universities and colleges and for patients from other hospitals and medical practitioners, the capabilities of the University's Board of Trustees and administration, the University's ability to control expenses during inflationary periods, the University's ability to maintain or increase rates for tuition and other fees, the investment experience of the University's endowment and other funds, future gifts and bequests, reductions in and elimination of programs with respect to governmental assistance for student financial aid, and grants and contracts (including research grants) from governmental bodies and agencies and others, changing demographics and efforts by the federal and state governments, private insurance companies and business coalitions to reduce health care costs, including but not limited to, the cost of in-patient and out-patient care, physicians' fees, capital expenditures and the cost of graduate medical education. The University competes for students generally with colleges and universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition rates than the University. In addition, future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time.

Impact of Market Turmoil

The domestic and international financial crisis that began in 2007 has had and will continue to have negative repercussions upon the national and global economies, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, increase in interest rates, reduced business activity, increased consumer bankruptcies and increased business failures and bankruptcies. The United States and other world governments and their agencies have taken various actions that are ostensibly designed to enhance liquidity, improve the performance and efficiency of credit markets and generally stabilize securities markets. The financial crisis has had a particularly acute impact upon the financial sector, and has caused many banks and other financial institutions to seek additional capital, to merge, and in some cases, to fail. The weakening of the economy in the global recession, and the slow economic recovery following it, may have a material adverse effect on the higher education sector and the University.

Among other considerations, the University maintains a broad range of investments, which may be materially affected by market fluctuation. The current conditions in credit markets may also limit the ability of the University to borrow to fund future capital expenditures, if otherwise determined to be necessary or desirable, or increase the costs of future borrowings.

In 2008, 2009, and 2010, federal legislation was enacted, and regulatory and other initiatives were implemented by agencies of the Federal government and the Federal Reserve Board, with the objective of stabilizing the financial markets by enhancing liquidity, providing additional capital to the financial sector, and improving the performance and efficiency of credit markets. Other legislation is pending or under active consideration by Congress, additional regulatory action is being considered by various Federal agencies and the Federal Reserve Board, and foreign governments are implementing actions, all of which are intended to continue and strengthen efforts to restore the domestic and global credit markets. It is unclear whether these legislative, regulatory, and other governmental actions will have the positive effect that is intended.

Remedies and Bankruptcy

The Series 2012 Bonds are payable from the sources and are secured as described in this Official Statement. The practical realization of value from the Loan Payments for the Series 2012 Bonds described therein upon any default will depend upon the exercise of various remedies specified by the Indenture. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

The remedies granted to the Trustee and to the owners of the Series 2012 Bonds upon an event of default under the Loan Agreement and Indenture could be dependent upon judicial actions, which are often subject to discretion and delay. Under existing law, the remedies specified in the Loan Agreement and Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 2012 Bonds were qualified as to the enforceability of the provisions of the Loan Agreement and of the Indenture by limitations imposed by state and federal laws, by rulings and decisions affecting equitable remedies regardless of whether enforceability is sought in a proceeding at law or in equity and by bankruptcy, reorganization, insolvency, receivership and other similar laws affecting the rights of creditors generally.

The rights and remedies of the holders of the Series 2012 Bonds are subject to various provisions of Title 11 of the United States Code (the "Bankruptcy Code"). If the University were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay the commencement or continuation of any judicial or other proceedings against the University and its property. The University would not be permitted or required to make payments of principal or interest under the Indenture, unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court, the automatic stay may serve to prevent the Trustee from applying amounts on deposit in certain funds and accounts held under the Indenture from being applied in accordance with the provisions of the Indenture, including the transfer of amounts on deposit in the funds held thereunder, and the application of such amounts to the payment of principal and Amortization Installments of, and interest on, the Series 2012 Bonds. Moreover, any motion for an order canceling the automatic stay and permitting such funds and accounts to be applied in accordance with the provisions of the Indenture would be subject to the discretion of the United States Bankruptcy Court, and may be subject to objection

and/or comment by other creditors of the University, which could affect the likelihood or timing of obtaining such relief.

The University could file a plan for the adjustment of its debts in a proceeding under the Bankruptcy Code, which plan could include provisions modifying or altering the rights of creditors generally, or any class of them, whether secured or unsecured. The plan, when confirmed by the United States Bankruptcy Court, would bind all creditors who have notice or knowledge of the plan and would discharge all claims against the University provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Risks Relating to Institutions of Higher Education

Revenue Adequacy; Reliance on Tuition; Enrollment

Tuition and fees revenues represent 17.5% of unrestricted revenue for fiscal year 2012 and represent a substantial source of income for the University. The University's ability to timely make payments under the Loan Agreement depends on, among other things, a relatively steady level of enrollment and income from tuition and fees paid by students. A number of factors including, without limitation, levels of tuition rates and other fees, competition from other higher education institutions, a change in the number of college age students, general economic conditions and employment opportunities in fields related to students' areas of study will influence the number of applicants to the University.

The University, in the past, has been able to raise tuition and related fees without adversely affecting enrollment, however, there can be no assurance that it will continue to be able to do so in the future or that employment opportunities will not adversely impact enrollment. Future tuition increases could adversely affect enrollment, which could adversely affect the University's financial position and results of operations. Additionally, increased tuition may not necessarily result in increased net revenues for the University if the increased scholarships and grants given to attract and retain qualified students offset the increase in tuition.

Competition

As described above, a key factor in maintaining its revenues is the University's ability to attract a sufficient number of qualified students. The University competes with state-supported and private colleges and universities located in Florida and other regions from which the University draws its students, many of which have lower tuition and fees than the University. In addition, attracting and retaining qualified faculty is essential to attracting qualified students and is dependent on the University's ability to offer competitive compensation and facilities. No assurances can be given that the University will continue to attract sufficient numbers of qualified students and faculty at current levels of tuition and fees and compensation, respectively.

Dependence on Financial Aid

A substantial portion of the University's revenues from tuition and fees is funded by student loans and federal government programs, as well as the University's own funds. Financial assistance in the form of scholarships, grants, loans and employment is a significant factor in the decision of many students to attend a particular college or university. During the 2011-2012 academic year, approximately 77% of the University's enrolled students received some form of financial assistance through the University. The level of financial assistance is directly affected by funding levels of federal and State financial aid programs, the level of private giving to the University and income derived from the investment of endowment and other funds.

There is no assurance that these programs will continue to be available to the students of the University. Any significant reduction in the level of financial assistance offered to prospective students could reduce the number

of students enrolling at the University, adversely affecting the University's ability to generate tuition revenues and make payments under the Loan Agreement.

Fundraising

The University raises funds from a variety of sources to finance its operating and capital needs and to build its endowment. While the University plans to continue these efforts, there can be no assurance that it will be able to continue to raise funds at current levels. Fundraising may be adversely affected by a number of factors, including changes in general economic conditions and changes in tax law affecting the deductibility of charitable contributions.

Government Funding

The federal and state governments provide funding to support education, including tuition assistance. These sources of funding and the governmental programs that support them have been and will continue to be subject to modification and revision due to state and federal policy decisions, legislative action and government funding limitations. The financial condition of the University could be adversely affected by these actions and the ability of the University to maintain its creditworthiness will be based on its ability to successfully manage the outcome of any such actions. Approximately 18% of the University's revenues are derived from federal and state grants and contracts.

In particular, the National Institute of Health ("NIH") estimates an 8.2% cut to its budget because of the Budget Control Act of 2011 (the "Budget Control Act"), which would result in an estimated spending reduction of \$2.4 billion and 2,300 fewer grants in 2013 absent further Congressional action prior to January 1, 2013.

No Feasibility Study

No formal feasibility study has been performed in connection with the issuance of the Series 2012 Bonds. The University's discussion and analysis of financial information pertaining to, and of the business operations of, the University, as set forth in APPENDIX A – "GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI," are based on financial information and other information regarding operations of the University as of the date of this Official Statement only. The operations of the University are subject to changes in economic and other conditions.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the financial position of the University or results of operations of the University:

- (1) changes by management personnel;
- (2) adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the University;
- (3) a decline in the population, a change in the age composition of the population or a decline in the economic condition of the University's market;
- (4) changes in demand for higher education in general or for the programs offered by the University;
- (5) reduced availability of qualified faculty to teach the programs offered by the University;
- (6) loss of accreditation of any of the programs offered by the University;

(7) inability to control increases in operating costs, including salaries, wages and fringe benefits and other benefits offered to employees of the University, technology, equipment, energy costs, supplies and other expenses, or to obtain corresponding increases in revenues; and

(8) the occurrence of natural disasters, including floods, hurricanes, tornadoes and earthquakes, or the occurrence of criminal or terrorist acts, epidemics or other calamities, which could damage the facilities of the University, interrupt utility service to its facilities or otherwise impair the operations of the University and the generation of revenues from its facilities, and any failure of the insurance carried by the University to cover any losses resulting from the occurrence of any such event.

Health Care Matters

General

The University receives approximately 51% of its revenues from patient care provided at the UHealth System by its physicians and health care professionals. The healthcare industry has been in the process of rapid and fundamental change driven in part by increasing pressures from federal and state governments, employers and other purchasers that are seeking to control or manage their healthcare costs. Future changes in healthcare reimbursement could have a material adverse affect on University revenues and costs. At present, the UHealth System is subject to regulatory actions and contractual restraints by those governmental authorities that administer Medicare, Medicaid and other federal and state healthcare programs and by nongovernmental organizations who are sources of payment. Actions of these organizations could adversely affect future operations of the UHealth System and the revenues derived by the University.

Future revenues and expenses of the University from the operation of the UHealth System may be affected by events and economic conditions, which may include an inability to control expenses in periods of inflation, as well as other conditions such as demand for health care services; the capability of the management of the UHealth System; the receipt of grants and contributions; referring physicians' and self-referred patients' confidence in the UHealth System; and increased use of contracted discounted payment schedules with managed care organizations. Other factors which may affect revenues and expenses include the ability of the UHealth System to provide services required by patients; the relationship of the UHealth System with physicians; the success of the UHealth System's strategic plans; the degree of cooperation among and competition with other hospitals in the UHealth System's area; changes in levels of private philanthropy; malpractice claims and other litigation; economic and demographic developments in the United States and in the service areas in which the UHealth System is located; changes in investment results; and changes in rates, costs, third-party payments (including, without limitation, Medicare and Medicaid program reimbursement) and governmental regulations concerning payment. All of the above referenced factors could affect the revenues received by the UHealth System and thus the University's ability to make Loan Payments. See the consolidated financial statements, related notes and other financial information included in Appendix B of the Official Statement.

Legislative, Regulatory and Contractual Matters Affecting Revenue

The health care industry is heavily regulated by federal and state governments. A substantial portion of the University's revenue from the operation of the UHealth System is derived from governmental sources. Governmental revenue sources are subject to legislative and policy changes by the governmental and private agencies that administer Medicare, Medicaid, other third-party payors, and governmental payors and actions by, among others, The Joint Commission (the "Joint Commission"), Centers for Medicare & Medicaid Services ("CMS"), and other federal, state and local government agencies. These agencies have broad discretion to alter or eliminate programs that contribute significantly to revenues of the University earned from the operation of the UHealth System. In the past, there have been frequent and significant changes in the methods and standards used by government agencies to reimburse and regulate the operation of hospitals. No assurances can be given that further substantial changes will not occur in the future or that payments made under such programs will remain at levels comparable to the present levels or that they will be sufficient to cover all existing costs. While changes are anticipated, the impact of such changes on the University cannot be predicted.

The University has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and the hospital-specific data. The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. Medicare cost reports, which serve as the basis for final settlement with government payors, are still open for multiple years. Recorded estimates may change by a material amount when open years are settled and additional information is obtained. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs.

Budget Control Act.

The Budget Control Act mandates significant reductions and spending caps on the federal budget for fiscal years 2012-2021. The Budget Control Act created a Joint Select Committee on Deficit Reduction (the "Super Committee") to develop a plan to further reduce the federal deficit by \$1.5 trillion on or before November 23, 2011. As the Super Committee failed to act on or before November 23, 2011, a 2% reduction in Medicare spending, among other reductions, could be triggered to take effect on January 2, 2013. Because Congress may make changes to the budget in the future, it is impossible to predict the impact any spending cuts that are approved may have upon the University. Similarly, it is impossible to predict whether any automatic reductions to Medicare may be triggered in lieu of other spending cuts that may be proposed by Congress. The reduction in Medicare spending may have a material adverse effect on the financial condition or results of operations of the UHealth System.

National Health Reform

As a result of the Patient Protection and Affordable Care Act, enacted in March 2010, as amended by the Health Care and Education Reconciliation Act (the "ACA"), substantial changes have occurred and are anticipated to occur in the United States healthcare system. The ACA will affect the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers and the legal obligations of health insurers, providers, employers and consumers. These provisions are slated to take effect at specified times over approximately the next decade, and, therefore, the full consequences of the ACA on the healthcare industry will not be immediately realized. The ramifications of the ACA may also become apparent only following implementation or through later regulatory and judicial interpretations. Portions of the ACA may also be limited or nullified as a result of legislative amendments. In addition, the uncertainties regarding the implementation of the ACA create unpredictability for the strategic and business planning efforts of healthcare providers, which in itself constitutes a risk.

The changes in the health care industry brought about by the ACA will likely have both positive and negative effects, directly and indirectly, on the nation's hospitals and other health care providers, including the UHealth System. For example, the number of individuals with health care insurance is expected to increase as a result of Medicaid expansion, creation of health insurance exchanges, subsidies for insurance purchase and the federal mandate for individuals to purchase health insurance. These developments could result in lower levels of bad debt and charity care and increased utilization or profitable shifts in utilization patterns for hospitals. Conversely, the legislation's cost-cutting provisions to the Medicare program, which include reductions in Medicare market basket updates to hospital reimbursement rates under the inpatient prospective payment system ("PPS") over the next ten years, as well as reductions to or elimination of Medicare reimbursement for certain patient readmissions and hospital-acquired conditions, will likely result in a significant negative impact to the hospital industry overall.

Health care providers likely will be subject to further decreased reimbursement as a result of implementation of recommendations of the Independent Payment Advisory Board ("IPAB"), whose directive is to reduce Medicare cost growth. There are numerous bills calling for the repeal of the IPAB's mandate, including legislation that has recently been passed in the U.S. House of Representatives. If the IPAB survives these attacks, the ACA directs it to propose recommendations to Congress for reducing the rate of growth of Medicare expenditures beneath a prescribed inflation rate beginning in 2014. The ACA provides for the IPAB's recommended cost reductions to be automatically implemented if Congress does not adopt alternative legislation that meets equivalent savings targets. Hospitals are not subject to cost reductions proposed by the IPAB until after

2019. Industry experts also expect that government cost reduction actions may be followed by private insurers and payors.

The ACA likely will affect some health care organizations differently than others, depending, in part, on how each organization adapts to the legislation's emphasis on directing more federal health care dollars to integrated provider organizations and providers with demonstrable achievements in quality care. The ACA proposes a value-based purchasing system for hospitals under which a percentage of payments will be contingent on satisfaction of specified performance measures related to common and high-cost medical conditions, such as cardiac, surgical and pneumonia care. The legislation also funds various demonstration programs and pilot projects and other voluntary programs to evaluate and encourage new provider delivery models and payment structures, including "accountable care organizations" and bundled provider payments. The outcomes of these projects and programs, including the likelihood of their being made permanent or expanded, or their effect on health care organizations' revenues or financial performance, cannot be predicted.

The ACA also contemplates the formation of state "health insurance exchanges" which are intended to provide consumers with improved access to health insurance. These may have positive impact by increasing the availability of insurance. Conversely, the exchanges could alter the health insurance markets in ways that cannot be predicted, and exchanges might, directly or indirectly, take on a rate-setting function that could negatively impact providers.

The ACA contains amendments to existing criminal, civil and administrative anti-fraud statutes and increases funding for enforcement and efforts to recoup prior federal health care payments to providers. Under the ACA, a broad range of providers, suppliers and physicians are required to adopt compliance and ethics programs. While the government has already increased its enforcement efforts, failure to implement certain core compliance program features provide new opportunities for regulatory and enforcement scrutiny, as well as potential liability if an organization fails to prevent or identify improper federal health care program claims and payments.

Some of the specific provisions of the ACA that may affect the UHealth System's operations, financial performance or financial condition are described below. This listing is not intended to be, nor should it be considered by the reader as, comprehensive. The ACA is complex and comprehensive, and includes myriad new programs and initiatives and changes to existing programs, policies, practices and laws. Prospective purchasers of the Series 2012 Bonds are encouraged to review the ACA itself and/or more comprehensive summaries and analyses of the ACA available in the public media.

The ACA is highly politicized. Initiatives to repeal it in whole or in part, to delay elements of implementation or funding, and to offer amendments or supplements to modify its provisions have been proposed. Lawsuits were filed in federal courts challenging, among other things, the constitutionality of the mandate under the ACA requiring individuals to purchase health care insurance. Two of the cases were decided by the United States Supreme Court on June 28, 2012, in which the Court concluded, among other things, that the mandate and the other parts of the ACA are constitutional, except that the states have the option as to whether or not to expand coverage under their respective Medicaid programs with substantial financial assistance from the federal government. At this time it is unclear what further action, if any, Congress, any future presidential administration or the federal courts may take with respect to the ACA. In this volatile context, no projections can be made as to the future implementation or content of the ACA. Based upon all of the above, it is more difficult for management of the University to project future performance than it has been in the past.

Patient Service Reimbursement and Revenues

FEDERAL PROGRAM

The Medicare Program: General. Medicare is the federal health insurance system under which hospitals are paid for services provided to eligible elderly and disabled persons. Medicare is administered by CMS, which delegates to the states the process for certifying hospitals to which CMS will make payment. In order to achieve and maintain Medicare certification, hospitals must meet CMS's "Conditions of Participation" on an ongoing basis, as determined by each state and the Joint Commission. The requirements for Medicare certification are subject to change, and, therefore, it may be necessary for hospitals to effect changes from time to time in their facilities,

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

As the population ages, more people will become eligible for the Medicare program. Current projections indicate that demographic changes and continuation of current cost trends will exert significant and negative forces on the overall federal budget. The ACA institutes multiple mechanisms for reducing the costs of the Medicare program, including the following:

Market Basket Reductions. Generally, Medicare payment rates to hospitals are adjusted annually based on a “market basket” of estimated cost increases, which have averaged approximately 2-4% annually in recent years. The ACA provides for two types of annual reductions in the market basket. The first is a required automatic 0.25% reduction in the “market basket” for federal fiscal years 2010 and 2011, and calls for reductions ranging from 0.10% to 0.75 % each year through federal fiscal year 2019. The second type of reduction is a “productivity adjustment” based on national economic productivity statistics. For federal fiscal year 2012, this productivity adjustment reduced the “market basket” update for inpatient hospital PPS from 3.0% to 2.0% and is anticipated to result in similar reductions in future years.

The CMS actuary projects that the market basket reductions and productivity adjustments to the market basket update will result in Medicare savings of approximately \$112 billion over the FY2010 through FY2019 period.

Medicare’s Value-Based Purchasing Program. Beginning in federal fiscal year 2013, Medicare inpatient payments to hospitals will be reduced by 1%, progressing to 2% by federal fiscal year 2017. For each federal fiscal year, the total amount collected from these reductions will be pooled and used to fund payments to hospitals that meet “value-based purchasing” standards for treatment of certain conditions. While the reductions may be offset or recovered in full if a hospital satisfies the specified quality metrics, the recovery amounts may be delayed.

Hospital Acquired Conditions Penalty. Beginning in federal fiscal year 2015, Medicare inpatient payments to hospitals that are in the top quartile nationally for frequency of certain “hospital-acquired conditions” will be reduced by 1% for all discharges for the applicable federal fiscal year. In addition, the ACA provides that, as of July 1, 2011, CMS will no longer provide federal funding to states for any amounts expended by providers in treating so-called provider-preventable conditions. CMS has also directed states to submit amendments to their Medicaid state plans to require payment denials for the cost of treating such conditions, consistent with the prohibition on federal reimbursement.

Readmission Rate Penalty. Beginning in federal fiscal year 2013, Medicare inpatient payments to each hospital will be reduced based on the dollar value of that hospital’s percentage of preventable Medicare readmissions for certain medical conditions. For federal fiscal year 2013, a hospital’s payments can be reduced by a maximum of 1%, increasing to 3% by federal fiscal year 2015. In addition, the ACA allows for expansion of the conditions measured for readmission rate penalties beginning in federal fiscal year 2015.

DSH Funding. Beginning in federal fiscal year 2014, hospitals receiving supplemental “DSH” payments from Medicare (i.e., those hospitals that care for a disproportionate share of Medicare beneficiaries) are slated to have their DSH payments reduced by 75%. This reduction will be adjusted to add-back payments based on the volume of uninsured and uncompensated care provided by each such hospital, and is anticipated to be offset by a higher proportion of patients with other types of coverage as other provisions of the ACA go into effect. Separately, beginning in federal fiscal year 2014, Medicaid DSH allotments to each state will also be reduced based on a methodology to be determined by the Secretary for the Department of Health and Human Services (“DHHS”) that accounts for statewide reductions in uninsured and uncompensated care.

Payments to Medicare Advantage Plans. Hospitals also receive payments from health plans under the Medicare Advantage program. The ACA includes significant changes to federal payments to Medicare Advantage plans. Payments to plans were frozen for fiscal year 2011. Beginning in fiscal year 2012, federal payments to Medicare Advantage plans are tied to the level of fee-for-service spending in the applicable county, resulting in a reduction below the fiscal year 2011 level for certain Medicare Advantage plans. These reduced federal payments

could in turn affect the scope of coverage of these plans or cause plan sponsors to negotiate lower payments to providers.

Hospital Inpatient Reimbursement. Approximately 48.1% of the University's revenues from the operation of the UHealth System is derived from the federal Medicare program currently available to individuals age 65 or over and to certain other classes of individuals. The Medicare program provides, among other things, healthcare benefits that cover, within prescribed limits, the major costs of most medically necessary physician care for such individuals, subject to certain deductibles and co-payments. There are primarily two (2) types of reimbursement methodologies under the Medicare Program, Prospective Payment System ("PPS") and Tax Equity and Fiscal Responsibility Act ("TEFRA"). The UHealth System receives payment under both. UMH, the acute care inpatient provider, is reimbursed under PPS. Under PPS, the federal government determines prospectively a payment amount for each hospital inpatient discharge. Nationally determined base rates are adjusted for certain facility characteristics, such as graduate medical education, and a disproportionate share of low income patients to determine payment for a particular discharge. Efficiency of care and outlier cases notwithstanding, it is generally understood that gains on some cases will offset losses on others. Discharges are classified into Diagnosis Related Groups ("DRGs") and the payments for various DRGs are derived from historical Medicare cost data. With certain exceptions, such payments are not adjusted for actual costs, varying services or length of stay. If a hospital treats a patient and incurs less than the applicable DRG-based payment, the hospital will be entitled to retain the difference. Conversely, if a hospital's cost for treating the patient exceeds the DRG-based applicable payment amount, the hospital will not be entitled to any additional amount, except for outlier payments for extremely costly procedures. Rates for PPS payments are adjusted annually by use of an update factor based upon the projected increase in a market basket inflation index, which measures changes in the cost of goods and services purchased by hospitals. Historically, these adjustments have not kept pace with inflation and, in fact, have often been reductions from earlier levels. Reimbursement for inpatient capital costs is also paid per case on a prospective basis that is adjusted annually for inflation. The federal rate for capital costs is adjusted for the area's wage index and for the severity of the case as indicated by the DRG relative weight. UMHC/SCCC, the specialty cancer provider, is reimbursed under the TEFRA, commonly known as cost-based reimbursement. Under TEFRA, the Federal government determines retrospectively the operating cost by the imposition of facility-specific cost limits. This limit is a provider's Medicare-allowable cost per discharge in a designated base year, inflated to the current year by an annual update factor.

Hospital Outpatient Reimbursement. Hospitals are generally paid for outpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as ambulatory payment classifications ("APC"). The actual cost of care, including capital costs, may be more or less than the reimbursements. There is no guarantee that APC rates, as they change from time to time, will cover actual costs of providing services to Medicare patients.

Health care providers have been and will likely continue to be affected significantly by changes in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "MMA") contained many significant changes to the Medicare program, including the availability of prescription drug coverage. The Deficit Reduction Act of 2005 (the "DRA") also contained significant changes including, among other things, various provisions to decrease spending growth in the Medicare program while increasing health care providers' focus on quality and efficient delivery of health care services. The ACA has continued this trend toward greater cost containment and performance-based payments. See "Healthcare Matters—National Health Reform" herein. Diverse and complex statutory and regulatory mechanisms, the effect of which is to limit the amount of money paid to health care providers under both the Medicare and Medicaid programs, have been enacted and approved in recent years. It is impossible to predict what effect, if any, current and future legislative initiatives related to Medicare and Medicaid may have on the operations of the UHealth System and the University's ability to make payments under the Loan Agreement.

Physician Payments. Certain physician services are reimbursed on a national fee schedule called the "resource-based-relative-value scale" ("RB-RVS"). The RB-RVS fee schedule establishes payment amounts for all physician services, including services of provider-based physicians, and is subject to annual updates. The Sustainable Growth Rate ("SGR"), which is a limit on the growth of Medicare payments for physician services, is linked to changes in the U.S. Gross Domestic Product over a ten-year period. SGR targets are compared to actual

expenditures in order to determine subsequent physician fee schedule updates. Since 2003, Congress has passed legislation to delay application of the SGR. The latest legislative act postponing the implementation of SGR cuts, which averted an approximate twenty-seven percent (27%) reduction to all physician payments reimbursed under fee schedules, is effective only until December 31, 2012. There can be no assurance that Congress again will intervene to prevent the SGR payment reduction or, if delayed again, when the SGR formula will take effect, if ever.

The cost of delaying the SGR cut for another year is estimated at \$20 billion with a significantly higher number required for repeal. In order to fund a delay of the SGR as well as other expiring programs, the federal government may cut healthcare providers in other areas, such as in Medicare graduate medical education payments or by equalizing Medicare evaluation and management payment levels between physician offices and hospital outpatient departments. Additional alternative proposals for cuts and moratoriums, potentially far more damaging, have also been circulating.

Capital Costs. Hospitals are reimbursed on a fully prospective basis for capital costs (including depreciation and interest) related to the provision of inpatient services to Medicare beneficiaries. Thus, capital costs are paid exclusively on the basis of a standard federal rate (based on average national costs), subject to certain adjustments (such as for disproportionate share, indirect medical education and outlier cases) specific to the hospital. There can be no assurance that the prospective payments for capital costs will be sufficient to cover the actual capital-related costs of the UHealth System allocable to Medicare patient stays or to provide adequate flexibility in meeting the UHealth System's future capital needs.

STATE PROGRAMS

Florida Medicaid. Medicaid is a federally assisted, state administered program that provides reimbursement for a portion of the cost of caring for indigent persons who are aged, blind, or disabled, or members of families who are eligible for Aid To Families with Dependent Children. The Florida Medicaid Program is administered by the Agency for Health Care Administration ("AHCA") for Florida and is funded by federal and state appropriations. Medicaid benefits are available, within prescribed limits, to persons meeting certain minimum income or other need requirements. Medicaid reimburses hospitals for inpatient services on a prospective per diem rate that is determined for each hospital on the basis of a hospital's allowable costs in accordance with Medicare cost reimbursement principles. Significant changes have been and may be made in the Medicaid program which could have a material adverse impact on the revenues of the UHealth System and have a corresponding impact on the financial condition of the University. Healthcare providers, including the UHealth System, have been affected significantly by changes in the last several years in federal and state healthcare laws and regulations, particularly those pertaining to Medicaid. The purpose of much of this statutory and regulatory activity has been to contain the rate of increase in healthcare costs, particularly costs paid under the Medicaid program. Diverse and complex mechanisms to limit the amount of money paid to healthcare providers under the Medicaid program have been enacted.

Impact of Medicaid Payment Reductions. The ACA makes changes to Medicaid funding and substantially increases the potential number of Medicaid beneficiaries. While management of the University cannot predict the effect of these changes to the Medicaid program on operations, results from operations or financial condition of the UHealth System, historically Medicaid has reimbursed at rates below the cost of care. Therefore, increases in the overall proportion of Medicaid patients poses a financial risk to the UHealth System. It is uncertain to what extent this risk may be mitigated if the increased Medicaid utilization replaces previously uncompensated patients. In addition, in June 2012, the Supreme Court ruled that states could decline to expand Medicaid coverage without losing their existing federal funding for the program. Certain outcomes, such as a state refusing to expand Medicaid coverage, which brings more patients to most hospital providers, while Medicaid payment cuts are implemented, could put providers at greater financial risk.

Florida Indigent Assistance. Florida's Public Medical Assistance Act (the "Assistance Act") provides a mechanism for the funding of healthcare services to indigent persons. The Assistance Act imposes upon each hospital in Florida an assessment in an amount equal to 1.5 percent of each hospital's annual net operating revenue for inpatient services and 1 percent of the annual net operating revenue for outpatient services each fiscal year, with the exception of outpatient radiation therapy services. AHCA determines such revenues based on a hospital's actual experience reported to AHCA and certifies the amount of the assessment for each hospital within six (6) months

after the end of each hospital fiscal year. The assessment is payable to and collected by AHCA in equal quarterly amounts, on or before the first day of each calendar quarter beginning with the first full calendar quarter that occurs after AHCA certifies the amount of assessment for each hospital. All moneys collected pursuant to the Assistance Act are to be deposited into the Public Medical Assistance Trust Fund. AHCA may impose administrative fines for the failure of any hospital to timely pay its quarterly assessment. Purchasers, successors or assignees of a facility, which are subject to AHCA's jurisdiction, are liable for any assessments, fines or penalties incurred by a facility or its employees, regardless of when it was identified.

EXCLUSIONS FROM MEDICARE OR MEDICAID PARTICIPATION

DHHS is required to exclude from governmental program participation (including Medicare and Medicaid) for not less than five years any individual or entity who has been convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, felony fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription or dispensing of a controlled substance. The Secretary of DHHS also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, theft, embezzlement, breach of fiduciary duty or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. The ACA authorizes the Secretary of DHHS to exclude a provider from participation in Medicare and Medicaid, as well as to suspend payments to a provider pending an investigation or prosecution of a credible allegation of fraud against the provider.

COMPLIANCE AND REIMBURSEMENT

Hospitals must comply with standards called "Conditions of Participation" to be eligible for Medicare and Medicaid reimbursement. CMS is responsible for ensuring that hospitals meet these regulatory Conditions of Participation. Under applicable Medicare rules, hospitals accredited by the Joint Commission are deemed to meet the Conditions of Participation. Failure to maintain the Joint Commission accreditation or to otherwise comply with the Conditions of Participation or other applicable state licensing requirements could have a material adverse effect on the revenues of the University from the operation of the UHealth System. There can be no assurance that the UHealth System will continue to receive the Joint Commission accreditation in the future.

CMS also has announced an initiative to require all Medicare-certified providers, including hospitals, to revalidate their Medicare enrollment records by March 2015 in order for CMS to implement new screening criteria mandated by the ACA. Under this initiative, Medicare contractors will send mandatory revalidation requests to providers, who will have a limited time to respond to the requests. Failure to timely revalidate Medicare enrollment records for any hospital facility could result in deactivation or termination of a hospital's provider agreement, which could adversely affect the hospital's patient services revenues and financial performance.

Future actions by the federal and state governments are expected to continue the trend toward more restrictive limits on reimbursement for hospital services. Management of the University cannot assess or predict the ultimate effect of any such legislation or regulation, if enacted or adopted, on its operations.

HEALTH PLANS AND MANAGED CARE

Most private health insurance coverage is provided by various types of "managed care" plans, including health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that generally use discounts and other economic incentives to reduce or limit the cost and utilization of healthcare services. Medicare and Medicaid also purchase health care using managed care options. Payments to healthcare organizations from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

Many HMOs and PPOs currently pay providers on a negotiated fee-for-service basis or, for institutional care, on a fixed rate per day of care, which, in each case, usually is discounted from the usual and customary charges for the care provided. As a result, the discounts offered to HMOs and PPOs may result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a provider may vary significantly from

projections, and changes in the utilization may be dramatic and unexpected, thus jeopardizing the provider's ability to manage this component of revenue and cost.

Some HMOs employ a "capitation" payment method under which healthcare organizations are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" or otherwise directed to receive care from a particular organization. The healthcare organization may assume financial risk for the cost and scope of institutional care given. If payment is insufficient to meet the healthcare organization's actual costs of care, or if utilization by such enrollees materially exceeds projections, the financial condition of the healthcare organization could erode rapidly and significantly.

Often, HMO contracts are enforceable for a stated term, regardless of losses and may require healthcare organizations to care for enrollees for a certain time period, regardless of whether the HMO is able to pay the healthcare organization. Health care organizations from time to time have disputes with HMOs, PPOs and other managed care payors concerning payment and contract interpretation issues. Such disputes may result in mediation, arbitration or litigation.

Failure to maintain contracts could have the effect of reducing a healthcare organization's market share and net patient services revenues. Conversely, participation may result in lower net income if participating healthcare organizations are unable to adequately contain their costs. In part to reduce costs, health plans are increasingly implementing, and offering to purchasing employers, tiered provider networks, which involve classification of a plan's network providers into different tiers based on care quality and cost. With tiered benefit designs, plan enrollees are generally encouraged, through incentives or reductions in copayments or deductibles, to seek care from providers in the top tier. Classification of a hospital in a non-preferred or lower tier by a significant payor may result in a material loss of volume. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue. Thus, managed care poses a significant business risk for healthcare organizations.

NEGATIVE RANKINGS BASED ON CLINICAL OUTCOMES, COST, QUALITY, PATIENT SATISFACTION AND OTHER PERFORMANCE MEASURES

Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of healthcare services provided by hospitals and providers. The ACA shifts payments from paying for volume to paying for value, based on various health outcome measures. Published rankings such as "score cards," "pay for performance" and other financial and non-financial incentive programs are being introduced to affect the reputation and revenue of hospitals, the members of their medical staffs and other providers and to influence the behavior of consumers and providers such as the UHealth System. Currently prevalent are measures of quality based on clinical outcomes of patient care, reduction in costs, patient satisfaction and investment in health information technology. Measures of performance set by others that characterize a hospital or a provider negatively may adversely affect its reputation and financial condition.

Regulatory Environment

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

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

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

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

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

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

Under the Civil Monetary Penalties Law of the Social Security Act (the “CMP Law”), civil monetary penalties may be imposed against any person who knowingly presents or causes to be presented a claim (i) for items or services not provided as claimed (including upcoding), (ii) that is false or fraudulent, (iii) for services provided by an unlicensed or uncertified physician, (iv) for items or services provided by an excluded person, or (v) for items or services that are not medically necessary. Penalties include up to \$10,000 for each item or service claimed plus an assessment of up to three times the amount claimed for each such item of service. The CMP Law applies to all federal healthcare programs. The Balanced Budget Act of 1997 provided for the imposition of civil monetary penalties under the CMP Law when a person commits an act described in the Anti-Kickback Law.

Florida also has a false claims act known as the “Florida False Claims Act.” Under that Act, the Medicaid Fraud Control Unit of the Department of Legal Affairs of the Office of the Attorney General may bring an action against any person who knowingly presents a false claim for payment or approval. No proof of specific intent to defraud is required. Actions also may be brought by the Florida Department of Banking and Finance and by a private person. If found liable under this statute, the individual or facility may be liable for a civil penalty of \$5,500 to \$11,000 for each violation, as well as for treble the government’s damages.

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

Limitations on Certain Arrangements Imposed by Federal Ethics in Patient Referrals Act. The Federal Ethics In Patient Referrals Act of 1989 (the “Stark Law”) generally prohibits a physician who has a financial relationship with an entity such as a hospital from making referrals to that entity for “designated health services” if payment may be made under the Medicare or Medicaid program. If such a financial relationship exists, referrals are prohibited unless a statutory or regulatory exception is met. Violations of the Stark Law can result in denial of payment, substantial civil money penalties and exclusion from the Medicare and Medicaid programs. “Designated health services” include inpatient and outpatient hospital services, physical therapy, occupational therapy and outpatient speech-language pathology services, radiology or other diagnostic services, radiation therapy services, durable medical equipment, parenteral and enteral nutrients, prosthetics, home health services and outpatient prescription drugs.

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

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

Patient Records and Patient Confidentiality. The Health Insurance Portability and Accountability Act (“HIPAA”) requires certain entities and providers (such as the hospitals in the UHealth System) to protect the privacy and security of individuals’ health information. Disclosure of certain broadly defined protected health information is prohibited unless expressly permitted under the provisions of the HIPAA statute and regulations or authorized by the patient, and a variety of safeguards must be used to protect against privacy or security breaches. HIPAA’s confidentiality provisions extend not only to patient medical records, but also to a wide variety of health care clinical and financial settings where patient privacy restrictions often impose new communication, operational, accounting and billing restrictions. These requirements add costs and potentially create unanticipated sources of legal liability.

HIPAA rules require the implementation of policies and procedures by health care providers for coding, maintaining, storing and transmitting medical information, as well as policies and procedures designed to protect the security, data integrity and confidentiality of patient medical information and to permit patients to exercise their specific rights under HIPAA. Hospitals were required to comply with HIPAA’s privacy standards by April 14, 2003. Compliance with the security standards was required by April 20, 2005, and required health care providers to implement administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of electronic protected health information. Additionally, hospitals were required to comply with the National Provider Identifier standards by May 23, 2007.

The Secretary of DHHS and the Secretary’s designees have the authority to conduct compliance reviews to determine whether any covered entity is complying with HIPAA requirements, and to investigate complaints filed by any person who believes a covered entity is not complying with those requirements. HIPAA requires the Secretary of DHHS, however, to the extent practicable, to seek cooperation in obtaining compliance prior to formal action for civil monetary or criminal penalties. The standards promulgated pursuant to HIPAA’s administrative simplification provisions are enforced by the Office for Civil Rights of DHHS (“OCR”). Recently, the OCR began a nationwide audit initiative to monitor compliance with the HIPAA security standards, to include audits to be conducted by KPMG LLP, with which OCR has partnered for the purpose of conducting these audits.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information. Such penalties range from \$100 to a maximum \$250,000 per violation and/or imprisonment, depending on the violator’s degree of intent and the extent of the harm resulting from the violation. Maximum penalties for violations of the same HIPAA provision in a calendar year range from \$25,000 to \$1,500,000.

Further, HIPAA adds additional criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, or other assets of a health care benefit program. A health care provider convicted of health care fraud could be subject to mandatory exclusion from Medicare.

Security Breaches and Unauthorized Releases of Personal Information. Federal and state authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. The Health Information Technology for Economic and Clinical Health Act (the "HITECH Act") requires health care providers and some of their vendors to notify individuals, and in some cases, the media, when their unsecured protected health information is subject to certain breaches of security. In addition, many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently result in material liability and damage to a health care provider's reputation and could materially adversely affect business operations.

Red Flags Rule. On November 9, 2007, six federal agencies, including the Federal Trade Commission ("FTC"), published what has come to be known as the "Red Flags Rule." This rule, promulgated pursuant to the Fair and Accurate Credit Transactions Act of 2003, requires financial institutions and creditors to develop and implement written identity theft prevention programs. The programs must be developed for the identification, detection and response to patterns, practices, or specific activities – known as "red flags" – that could indicate identity theft. The FTC has interpreted the definition of "creditors" to include health care providers. However, The Red Flag Program Clarification Act of 2010, Public Law 111-319, that was signed into law on December 18, 2010, amends the definition of the term "creditor" and may exclude certain service providers, including hospitals, from the requirements of the Red Flags Rule, based on how a service provider uses credit reporting agencies. It is not known whether the UHealth System or University are subject to the Red Flags Rule as amended. Failure to comply with the rule could result in penalties of \$2,500 per violation under the Fair Credit Reporting Act. Enforcement of the rule commenced on December 31, 2010.

The Stimulus Act: the HITECH Act and Electronic Health Records. The American Recovery and Reinvestment Act of 2009 (the "Stimulus Act") Act includes several provisions that are intended to provide financial relief to the health care sector, including \$86.6 billion in federal payments to states to fund the Medicaid program and \$24.7 billion to provide a 65% subsidy to the recently unemployed for health insurance premium costs. Provisions in the HITECH Act, enacted as part of the Stimulus Act, increase the maximum civil monetary penalties for violations of HIPAA and grant enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extends the reach of HIPAA beyond "covered entities," (ii) imposes a breach notification requirement on HIPAA covered entities, (iii) limits certain uses and disclosures of individually identifiable health information, and (iv) restricts covered entities' marketing communications.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments for the "meaningful use" of certified electronic health record ("EHR") technology. Since 2011, the Medicare and Medicaid EHR incentive programs provide incentive payments to eligible professionals and eligible hospitals for demonstrating meaningful use of certified EHR technology. Healthcare providers demonstrate their meaningful use of EHR technology by meeting objectives specified by CMS for using health information technology and by reporting on specified clinical quality measures. Beginning in 2015, hospitals and physicians that have not satisfied the performance and reporting criteria for demonstrating meaningful use will have their Medicare payments significantly reduced. The hospitals in the UHealth System participate in EHR incentive programs; however, the effect of the Stimulus Act and any future regulatory actions on the UHealth System cannot be determined at this time.

In addition, the Stimulus Act provided substantial assistance to Medicaid programs through enhanced federal medical assistance percentages, which determine the federal and state share of the Medicaid program. The recent expiration of the Stimulus Act assistance to Medicaid could have a significant adverse affect on the State's fiscal status and Medicaid funding in the next few years.

Antitrust. Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, certain pricing or salary setting activities, as well as other areas of activity. The application of the federal and state antitrust laws to health care is evolving (especially as the ACA is implemented), and therefore not always clear. Currently, the most common areas of potential liability are joint action among providers with respect to payor contracting and medical staff credentialing disputes.

Violation of the antitrust laws could result in criminal and/or civil enforcement proceedings by federal and state agencies, as well as actions by private litigants. In certain actions, private litigants may be entitled to treble damages, and in others, governmental entities may be able to assess substantial monetary fines.

Certificate of Need. The ability of the UHealth System to make certain capital expenditures, increase their licensed bed capacity or introduce certain clinical health services is restricted by the requirement that hospitals obtain a Certificate of Need ("CON"). Any project that requires a CON and is constructed, undertaken or commenced without a CON is subject to administrative action, including fines not to exceed \$1,000 per violation per day. Further, a health care facility that fails to receive a CON or an exemption where required shall not be issued a license to operate.

The future of Florida's Certificate of Need program is not certain. Nevertheless, any changes to the program may significantly affect the UHealth System's financial condition. Any additional regulation could make it more difficult and costly for the UHealth System to enhance its services and facilities. Any additional deregulation could result in the entrance of new competitors, or the enhancement of services and facilities by existing competitors in the service area in which the UHealth System competes. Such additional competition could affect adversely the ability of the UHealth System to generate revenues sufficient to pay debt service on the Series 2012 Bonds.

Other Governmental Regulation. The University is subject to regulatory actions and policy changes by those governmental and private agencies that administer the Medicare and Medicaid programs and actions by, among others, the National Labor Relations Board, professional and industrial associations of staff and employees, applicable professional review organizations, the Joint Commission, the Environmental Protection Agency, the IRS, and other federal, state and local governmental agencies, and by the various federal, state and local agencies created by the Occupational Safety Health Act and other federal laws.

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

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

such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the University.

Enforcement Activity. Enforcement activity against health care providers has increased, and enforcement authorities are adopting more aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals will be subject to an investigation, audit or inquiry regarding billing practices, financial relationships with health care providers and suppliers, and the privacy and security of protected health information. Due to the complexity of these laws, the instances in which an alleged violation may arise to trigger such investigations, audits or inquiries are increasing and could result in enforcement action against the UHealth System.

Enforcement authorities are sometimes in a position to compel settlements by providers charged with, or being investigated for, false claims violations by withholding or threatening to withhold Medicare, Medicaid or similar payments or by threatening the possibility of a criminal action. In addition, the cost of defending such an action, the time and management attention consumed thereby and the facts of a particular case may dictate settlement. Therefore, regardless of the merits of a particular case or cases, the UHealth System could experience materially adverse settlement costs, as well as materially adverse costs associated with the implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation, business and credit of the University, regardless of the outcome, and could have material adverse consequences on the financial condition of the University.

The ACA provides funding of health care fraud initiatives in the amount of \$10 million per year for fiscal years 2011-2020 and an additional \$250 million over fiscal years 2011-2016.

Increased Enforcement Affecting Academic Research. In addition to increasing enforcement of laws governing payment and reimbursement, the federal government has also increased enforcement of laws and regulations governing the conduct of clinical trials at hospitals. DHHS elevated and strengthened its Office of Human Research Protection, one of the agencies with responsibility for monitoring federally funded research. In addition, the NIH significantly increased the number of facility inspections that these agencies perform. The United States Food and Drug Administration (the “FDA”) also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. Moreover, the OIG, in past “Work Plans” has included several enforcement initiatives related to reimbursement for experimental drugs and devices (including kickback concerns) and has issued compliance program guidance directed at recipients of extramural research awards from the NIH and other agencies of the U.S. Public Health Service. The University receives payments for health care items and services under many of these grants and is subject to complex and ambiguous coverage principles and rules governing billing for items or services it provides to patients participating in clinical trials funded by governmental agencies and private sponsors. These agencies’ enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs, and errors in billing of the Medicare Program for care provided to patients enrolled in clinical trials that is not eligible for Medicare reimbursement can subject the University to sanctions as well as repayment obligations.

Limitations on Contractual and Other Arrangements Imposed by the Code. As a tax-exempt organization, the University is limited with respect to its use of physician practice income guarantees, reduced rent on medical office space, low-interest loans, joint venture programs, and other means of recruiting and retaining physicians. The IRS has intensified its scrutiny of a broad variety of contractual relationships commonly entered into by hospitals. It has issued detailed hospital audit guidelines suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on, or revocation of, their tax-exempt status or assessment of additional tax. The IRS has also engaged in intensive audits of selected teaching hospitals to determine whether the activities of these providers are consistent with their continued tax-exempt status. The IRS has indicated that, in certain circumstances, violation of the fraud and abuse statutes could constitute grounds for revocation of a University’s tax-exempt status. Also see “Tax Exemption for Not-For-Profit Corporations”.

Increased Competition

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

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

Economic Turmoil

Hospitals are required to provide emergency care without regard to a patient's ability to pay. Poor economic conditions and increased unemployment can enlarge the population that does not have health care coverage and thus may have limited ability to pay for care out-of-pocket, which in turn can increase the uncompensated care that the UHealth System provides. Tax-exempt hospitals, in particular, often treat large numbers of indigent patients who are unable to pay in full for their medical care. In addition, poor economic conditions and increased unemployment can lead patients to postpone or forego elective procedures, thereby reducing volume and revenue.

If the current economic turmoil continues and the economy further weakens, health care providers could be materially and adversely impacted in a number of ways, including reduced investment income, reduced philanthropic donations, reduced access to the credit markets, difficulties in obtaining new liquidity facilities or extensions of existing liquidity facilities, significant draws on internal liquidity due to difficulties with remarketing existing variable rate bonds and commercial paper, increased risk of acceleration on variable rate bonds, increase in bad debt expense and charity care write-offs and increased borrowing costs, any of which may negatively affect the operations or financial condition of a provider.

Other Risk Factors

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

- (1) Difficulty in attracting and retaining qualified nurses and other allied health professionals;
- (2) Increased medical malpractice claims that affect the cost and availability of malpractice insurance, and sufficiency of self-insurance reserves;
- (3) Adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs;
- (4) Reduced need for hospitalization or other medical services arising from future medical and scientific advances;
- (5) Increased levels of costs incurred in connection with uncompensated care services for indigent patients or in connection with catastrophic illnesses, AIDS, and other diseases;

(6) Increases in costs and limitations in the availability of any insurance, such as fire, and/or business interruption, automobile and comprehensive general liability, that the University generally carries;

(7) Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, occupational health and safety and outpatient healthcare delivery may reduce utilization and revenues of the facilities;

(8) Technological advances in recent years have accelerated the trend toward the use by hospitals of sophisticated and costly equipment and services for diagnosis and treatment. The acquisition and operation of certain equipment or services may continue to be a significant factor in hospital utilization, but the ability of the UHealth System to offer such equipment or services may be subject to the availability of equipment or specialists, governmental approval or the ability to finance such acquisitions or operations; and

(9) Increased unemployment or other adverse economic conditions that would increase the proportion of patients who are unable to pay fully for the cost of their care.

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

Tax Exemption for Not-For-Profit Corporations

Loss of tax-exempt status by the University could result in loss of tax exemption of the Series 2012A Bonds and of other tax-exempt debt issued for the benefit of the University, and defaults in covenants regarding the Series 2012A Bonds and other related tax-exempt debt would likely be triggered. Loss of tax-exempt status by the University would have material adverse consequences on its financial condition. Management of the University is not aware of any transactions or activities currently contemplated that are likely to result in the revocation of its tax-exempt status.

The maintenance by the University of its status as an organization described in Section 501(c)(3) of the Code is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals. The IRS, or the IRS, has announced that it intends to closely scrutinize transactions between not-for-profit corporations and for-profit entities. In addition, neither Bond Counsel nor Counsel to the University has rendered any opinion relating to whether actions that may be taken upon default by the University under covenants relating to the Series 2012A Bonds or other obligations of the University may adversely affect the status of the University as an organization described in section 501(c)(3) of the Code.

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income. An investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported unrelated business taxable income and in some cases could ultimately affect the tax-exempt status of the University as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Series 2012A Bonds and other tax-exempt debt of the University. In addition, legislation, if any, which may be adopted at the federal, state and local levels with respect to unrelated business income cannot be predicted. Any legislation could have the effect of subjecting a portion of the income of the University to federal or state income taxes.

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

Because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, a CEP audit could result in additional taxes, interest and penalties. A CEP audit could ultimately affect the tax-exempt status of the University as well as the exclusion from gross income for federal income tax purposes of the interest payable with respect to the Series 2012A Bonds and other tax-exempt debt of the University.

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

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

Revision of IRS Form 990 for Not-for-Profit Corporations

The IRS Form 990 is used by 501(c)(3) not-for-profit organizations (including the University) to submit information required by the federal government for tax exemption. The revised Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities, and other areas the IRS deems to be compliance risk areas. The revised form also requires the disclosure of a significantly greater amount of both hard data and anecdotal information on community benefits on Schedule H to the Form 990, and establishes uniform standards for reporting of information relating to tax-exempt bonds, including compliance with the arbitrage rules and rules limiting private use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. The redesigned Form 990 is intended to enhance transparency as to the operations of exempt organizations. It is also likely to result in enhanced enforcement, as the redesigned Form 990 will make a wealth of detailed information on compliance risk areas available to the IRS and other enforcement agencies.

IRS Focus on Compensation, Private Benefit and Private Inurement

In 2004, the IRS began a new compliance program to measure compliance by tax-exempt organizations with requirements that they not pay excessive compensation and benefits to their officers and other insiders. In February 2009, the IRS issued its Hospital Compliance Project Final Report (the "IRS Final Report") that examined tax-exempt hospitals' practices and procedures with regard to compensation and benefits paid to their officers and other defined "insiders." The IRS Final Report indicates that the IRS (1) will continue to heavily scrutinize executive compensation arrangements, practices and procedures of tax-exempt hospitals and other tax-exempt organizations; and (2) in certain circumstances, may conduct further investigations or impose fines on such organizations.

As a tax-exempt organization, the University is limited with respect to the use of physician practice income guarantees, reduced rent on medical office space, below market rate interest loans, joint venture programs, and other means of recruiting and retaining physicians. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals and affiliated entities, including the UHealth System, and has issued detailed hospital audit guidelines suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on, or revocation of, their tax-exempt status or assessment of additional tax. The IRS has also commenced intensive audits of select health care providers to determine whether the activities of these providers are consistent with their continued tax-exempt status. The IRS has indicated that, in certain circumstances, violation of the fraud and abuse statutes could constitute grounds for revocation of a University's tax-exempt status.

Section 501(c)(3) of the Code specifically conditions the continued exemption of all Section 501(c)(3) organizations upon the requirement, among others, that no part of the net earnings of the organization inure to the

benefit of any private individual. Any violation of the prohibition against private inurement may cause the organization to lose its tax-exempt status under Section 501(c)(3) of the Code. The IRS has issued guidance in informal private letter rulings and general counsel memoranda on some situations that give rise to private inurement, but there is no definitive body of law and no regulations or public advisory rulings that address many common arrangements between exempt health care providers and nonexempt individuals or entities. There can be no assurance concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by the UHealth System.

Intermediate sanctions legislation enacted in 1996 imposes penalty excise taxes in cases where an exempt organization is found to have engaged in an “excess benefit transaction” with a “disqualified person.” Such penalty excise taxes may be imposed in lieu of revocation of exemption or in addition to such revocation in cases where the magnitude or nature of the excess benefit calls into question whether the organization functions as a public charity. The tax is imposed both on the disqualified person receiving such excess benefit and on any officer, director, trustee or other person having similar powers or responsibilities who participated in the transaction willfully or without reasonable cause, knowing it will involve “excess benefit.” “Excess benefit transactions” include transactions in which a disqualified person receives compensation for services that exceeds the fair market value of the services provided by the disqualified person. “Disqualified persons” include “insiders” such as board members and officers, senior management, and members of the medical staff, who in each case are in a position to substantially influence the affairs of the organization; their family members; and entities which are more than 35% controlled by a disqualified person.

Any imposition of penalty excise tax in lieu of revocation, based upon a finding that the University engaged in an excess benefit transaction would be likely to result in negative publicity and other consequences that could have a materially adverse effect on the operations, property or assets of the University.

Health Care and Tax Exempt Status

As a non-profit tax-exempt organization, the University is subject to federal, state and local laws, regulations, rulings and court decisions relating to its organization and operation, including its operation for charitable purposes. At the same time, the University conducts large-scale complex business transactions and is a significant employer in its geographic area. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex health care organization.

Recently, an increasing number of the operations or practices of health care providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for non-profit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead in many cases are examinations of core business practices of the health care organizations. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, private use of facilities financed with tax-exempt bonds and others. These challenges and questions have come from a variety of sources, including state attorneys general, the IRS, labor unions, Congress, state legislatures and patients, and in a variety of forums, including hearings, audits and litigation.

Hospitals are permitted to have tax-exempt status under the Code because the provision of health care for the benefit of the community historically has been treated as a “charitable” enterprise. This treatment arose before most Americans had health insurance, and when charitable donations were required to fund the health care provided to the sick and disabled. Some have posited that, with the onset of employer health insurance and government reimbursement programs, there is no longer any justification for special tax treatment for the not-for-profit health care sector, and the availability of tax-exempt status for hospitals should be eliminated. The University management cannot predict the likelihood of such a dramatic change in the law. Any suspension, limitation, or revocation of the tax-exempt status of the University or assessment of significant tax liability could have a material adverse effect on the University. Federal and state tax authorities have increasingly demanded that tax-exempt hospitals justify their tax-exempt status by documenting their charitable care and other community benefits.

The ACA and Tax Exempt Status of Non-Profit Hospitals

The ACA imposes four new requirements on non-profit hospitals in order to maintain their tax-exempt status. First, each hospital must conduct a community health needs assessment at least once every three taxable years and adopt an implementation strategy to meet the needs identified, or be subject to an excise tax penalty of \$50,000. The UHealth System is required to complete its first community health needs assessment for its fiscal year ending May 31, 2013. The law requires a summary of that assessment, implementation strategy and audited financial statements to be disclosed on IRS Form 990. The Secretary of the Treasury must review the community benefit activities of each tax-exempt hospital at least once every three years as well as submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, unreimbursed costs of government programs, and costs incurred by tax-exempt hospitals for community benefit activities. Second, each hospital must adopt, implement and publicize a financial assistance policy. Third, hospitals must limit the charges for emergency or other medically necessary care provided to individuals eligible for assistance under the financial assistance policy to not more than the amounts generally billed to individuals who have insurance that covers such care. Finally, a hospital may not engage in extraordinary collection actions before making reasonable efforts to determine whether an individual is eligible for assistance under the organization's financial assistance policy.

The periodic reviews and reports to Congress regarding the community benefits provided by 501(c)(3) hospitals may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

Proposals have also been made within Congress to codify the requirements for hospitals' tax-exempt status, including requirements to provide minimum levels of charity care.

Bond Audits

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2012A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds of the Series 2012A Bonds and the facilities financed or refinanced with such proceeds, limitations on the investment of amounts deemed to be proceeds of the Series 2012A Bonds prior to expenditure, a requirement that certain investment earnings on amounts deemed to be proceeds of the Series 2012A Bonds be paid periodically to the United States and a requirement that the Authority file an information report with the IRS.

IRS officials have recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. The Series 2012A Bonds may be, from time to time, subject to audits by the IRS. The University believes that the Series 2012A Bonds properly comply with the tax laws. In addition, Co-Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2012A Bonds, as described under the caption, "TAX MATTERS." No ruling with respect to the tax-exempt status of the Series 2012A Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts. There can be no assurance that an audit of the Series 2012A Bonds will not adversely affect the Series 2012A Bonds.

Legal Requirements

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

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

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**DEFINITIONS OF CERTAIN TERMS AND
SUMMARIES OF PRINCIPAL DOCUMENTS****SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain provisions of the Indenture (For Debt Securities) dated as of April 1, 2007 among the Authority, the University and the Trustee, as supplemented by the Third Authority Supplemental Indenture dated as of December 1, 2012, (as it may be further amended or supplemented from time to time, the “Indenture”), which is qualified in its entirety by reference to the Indenture.

Definitions

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

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

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

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

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

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

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

“*Authority Securities*” means Securities issued by the Authority.

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

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

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

be reduced by the aggregate principal amount of such Securities that are to be redeemed from Amortization Installments to be made in prior Securities Years.

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

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

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

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

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

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

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

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

“Credit Enhancement” has the meaning specified in Section 1207 of the Indenture.

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

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

“Defaulted Interest” has the meaning specified in Section 307 of the Indenture.

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

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

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

“Eligible Obligations” means:

- (a) United States Government Obligations;
- (b) direct obligations of, or obligations guaranteed by, any agency or instrumentality of the United States of America, whether or not the full faith and credit of the United States of America is pledged to the full and timely payment of all interest and principal thereof, including, without limitation:
 - (i) participation certificates and direct obligations of the Federal Home Loan Mortgage Corporation and the Federal Housing Administration;
 - (ii) consolidated debt obligations, and obligations secured by a letter of credit, of the Federal Home Loan Banks;
 - (iii) debt obligations and mortgage-backed securities of the Federal National Mortgage Association; and
 - (iv) debt obligations of the Resolution Trust Corporation and Resolution Funding Corporation, including stripped obligations;
- (c) commercial paper which is rated at the time of purchase not lower than the second highest short-term rating category (without regard to gradations within such category) of at least one nationally recognized rating agency and which matures not more than 270 days after the date of purchase;
- (d) obligations of, or obligations fully guaranteed by, any state of the United States of America, or political subdivision, agency, instrumentality or authority thereof, which obligations, at the time of purchase, are rated by at least one nationally recognized rating agency in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by such rating agency to obligations of that nature;
- (e) investment agreements with any financial institution, the long-term debt, the claims paying ability or the financial program strength of which is rated not lower than the second highest category (without regard to gradations within such category) by at least one nationally recognized rating agency. If the investment agreement is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only. In all cases, the above rating requirements will apply only at the time the investment agreement is executed;
- (f) forward agreements with respect to obligations listed in paragraphs (a), (b), (c) or (d) in which a financial institution has a continual obligation to deliver or purchase the obligations at an agreed upon price or yield. The financial institution must have long-term debt, claims paying ability or financial program strength ratings in one of the three highest rating categories (without regard to gradations within such category) by at least one nationally recognized rating agency. If the financial institution’s obligation is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only; and
- (g) money market funds rated Aaa by Moody’s or AAA by S&P.

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

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

“Event of Default” has the meaning specified in Section 801 of the Indenture.

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

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

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

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

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

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

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

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

“*Moody’s*” means Moody’s Investors Service, Inc. or any successor to its rating business.

“*Officer’s Certificate*” means a certificate signed by an Authorized Officer and delivered to the Trustee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Reserve Requirement” means the amount, if any, required, in the case of a particular series of University Securities or a Tranche thereof, by any Supplemental Indenture or a Board Resolution, or an Officer’s Certificate pursuant to a Supplemental Indenture or a Board Resolution relating to such series or Tranche, and, in the case of a particular series of Authority Securities or a Tranche thereof, by any Supplemental Indenture relating to such series or Tranche, to be held in a Reserve Fund Subaccount as additional security for that series or Tranche of Securities.

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

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

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

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

“Securities Service Requirement” means, in any Securities Year, the sum of the amounts, if any, after subtracting any accrued and funded amounts for such year deposited into the Debt Service Fund, required to be deposited in such Securities Year into the Debt Service Fund. For the purpose of calculating the Securities Service Requirement with respect to Variable Rate Securities, the interest rate used to calculate the Securities Service Requirement shall be assumed to be one hundred and ten percent (110%) of the greater of (a) the daily average

interest rate on such Variable Rate Securities during the twelve months ending with the month preceding the date of calculation or (b) the most recent effective interest rate on such Variable Rate Securities prior to the date of calculation. If such Variable Rate Securities were not outstanding for a full twelve months ending with the month immediately preceding the date of calculation, the rate described in clause (b) of the immediately preceding sentence shall be used. If Securities are payable at the option of the holder, the “put” date or dates shall be disregarded and the Maturity and the Stated Maturity dates thereof shall be used for purposes of this calculation.

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

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

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

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

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

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

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

“*Tax Agreement*” means the Tax Regulatory Agreement dated December __, 2012, among the University, the Authority and the Trustee.

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

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

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

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

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

“*United States Government Obligations*” means:

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

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

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

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

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

“*University Securities*” means Securities issued by the University.

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

Amount Unlimited; Issuable in Series

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

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

Limitations on Outstanding Securities; Parity of Securities

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

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

Election to Redeem; Notice to Trustee

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

Selection of Securities to be Redeemed

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

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

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

Securities Payable on Redemption Date

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

Purchase in Lieu of Redemption

Any Securities called for redemption under the Indenture may be purchased by the University or by any other party designated in writing by the University, on the date upon which such Securities were to have been redeemed (the "Purchase in Lieu of Redemption Date"), at a purchase price equal to the redemption price thereof.

The University shall give immediate written notice on or before the designated Purchase in Lieu of Redemption Date to the Trustee, the Credit Provider, if any, and any tender agent and remarketing agent for such Securities, of the aggregate principal amount of Securities, if any, for which an election to purchase is being made. Securities to be purchased pursuant to the Indenture which are not delivered to the Trustee on the Purchase in Lieu of Redemption Date shall be deemed to have been so purchased, and the purchaser of such Securities shall be the Holder of such Securities for all purposes under the Indenture, and interest accruing on such Securities on and after the Purchase in Lieu of Redemption Date shall be payable solely to the purchaser of the Securities or any assignee(s) of its interest in such Securities.

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

Payment of Principal and Interest

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

Inspection of Books

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

Maintenance of Existence

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

Qualification in Florida; Maintenance of Status

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

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

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

pay to any person, association or corporation the value of any service or product performed for or supplied to the University by such person, association or corporation.

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

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

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

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

Common Covenants and Representations

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

Rights and Obligations Under Loan Agreement

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

Covenants Relating to Tax Exempt Securities

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

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

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

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

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

Scope of Agreement

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

Satisfaction and Discharge of Securities

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

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

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof on or prior to Maturity; provided, however, that in the case of the provision for payment or redemption of less than all the Securities of any series or Tranche, such Securities or portions thereof shall have been selected by the Security Registrar as provided herein and, in the case of a redemption, the notice requisite to the validity of such redemption shall have been given or irrevocable authority shall have been given by the Issuer (in the case of the Authority, upon a University Order) to the Trustee to give such notice, under arrangements reasonably satisfactory to the Trustee; and provided, further, that the University shall have delivered to an escrow agent:

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

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

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

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

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

In the event that Securities which shall be deemed to have been paid for purposes of the Indenture, and, if such is the case, in respect of which the University's indebtedness shall have been satisfied and discharged, all as provided in this section do not mature and are not to be redeemed within the sixty (60) day period commencing with the date of the deposit of moneys or United States Government Obligations, as aforesaid, the University shall, as promptly as practicable, give a notice, in the same manner as a notice of redemption with respect to such Securities, to the Holders of such Securities to the effect that such deposit has been made and the effect thereof.

Satisfaction and Discharge of Indenture

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

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

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

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

Events of Default

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

- (a) default in the due and punctual payment of any interest on any Securities; or
- (b) default in the due and punctual payment of the principal of and premium, if any, on any Securities, whether at the Stated Maturity thereof or upon Maturity thereof (whether or not payment is prohibited by the provisions of the Indenture); or
- (c) failure to perform, or breach of, any covenant or warranty of the University in the Indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in this section specifically dealt with or which has expressly been included in the Indenture solely for the benefit of one or more series of Securities other than such series) for a period of 30 days after there has been given, by registered or certified mail, to the University by the Trustee, or to the University and the Trustee by the Holders of at least majority in principal amount of the Outstanding Securities of such series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Indenture, unless the Trustee, or the Trustee and the Holders of a principal amount of Securities of such series not less than the principal amount of Securities the Holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such principal amount of Securities of such series, as the case may be, shall be deemed to have agreed to an extension of such period if such default or breach can be cured and corrective action is initiated by the University within such period and is being diligently pursued. The foregoing provisions of this subsection are subject to the following limitations. If, by reason of *force majeure*, the University fails to perform, or breaches, any covenant or warranty contained in the Indenture, other than the obligations on the part of the University contained in Article Ten thereof, the University shall not be deemed in default during the continuance of such inability. The term “*force majeure*” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Florida or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests;

restraint of government and people; civil disturbances; explosions; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the University. The University agrees, however, to attempt to remedy with all reasonable dispatch the cause or causes preventing the University from carrying out its agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the University, and the University shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the University unfavorable to the University; or

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

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

(f) a default or event of default shall have occurred under the Loan Agreement; or

(g) a breach by the Authority of its covenants made in Section 613 of the Indenture.

Acceleration of Maturity; Rescission and Annulment

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

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

(a) the University shall have paid or deposited with the Trustee a sum sufficient to pay:

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

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

Collection of Indebtedness and Suits for Enforcement by Trustee

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

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

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

Trustee May File Proofs of Claim

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

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

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

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

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

Trustee May Enforce Claims Without Possession of Securities

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

Application of Money Collected

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

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

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

(b) If the principal of all the Securities shall have become due or shall have been declared due and payable, all such monies shall be applied first, to the payment of all amounts due to the Trustee under Section 907 of the Indenture, then to the payment of the principal and interest then due and unpaid upon the Securities, without preference or priority of principal over interest or of interest over principal, or

of any installment of interest over any other installment of interest, or of any Security over any other Security, ratably, according to the amounts due respectively for principal and interest, to the Person entitled thereto without any discrimination or preference.

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

Limitation on Suits

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

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

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

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

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

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

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

Unconditional Right of Holders to Receive Principal, Premium and Interest

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

Restoration of Rights and Remedies

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

Rights and Remedies Cumulative

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

Delay or Omission Not Waiver

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

Control by Holders of Securities

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

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

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

Waiver of Past Defaults

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

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

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

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

Maintenance and Creation of Funds

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

Debt Service Fund

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

Reserve Fund

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

Project Loan Fund

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

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

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

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

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

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

Project Fund

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

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

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

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

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

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

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

Cost of Issuance Fund

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

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

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

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

Rebate Fund

The Trustee shall hold and maintain the Rebate Fund. Deposits and transfers from the Rebate Fund shall be made by the Trustee in accordance with the Tax Agreement and related tax documents dated as of the date of issuance of the Series 2012 Bonds executed by the Authority and the University.

Custody of Proceeds

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

Application of Securities Proceeds

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

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

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

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

(d) The balance of the Securities proceeds shall be deposited (i) into the Project Loan Fund, in the case of Authority Securities, created in the Indenture and used by the University for the project specified in the Supplemental Indenture relating to such Securities, (ii) into the Project Fund, in the case of University Securities, created in the Indenture and used by the University for the project specified in the Supplemental Indenture relating to such securities, (iii) such other funds as may be created with respect to such Securities or a series or Tranche thereof, as contemplated by the Indenture, or (iv) in the event such proceeds are to be used to refund Securities Outstanding or other outstanding obligations of the Authority or University not issued under the Indenture, into one or more bond funds or one or more escrow funds created in connection with the issuance of such Securities Outstanding, to be applied to pay the redemption price of such securities to be so refunded.

Obligation to Make Payment of Securities

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

Deposits to the Reserve Fund

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

and as of the time of any substitution of any securities by the University. So long as it is not in default under a Loan Agreement, the University shall have the absolute right to substitute for securities so deposited other securities eligible in accordance with the Loan Agreement, so long as the value of the securities and moneys in any and all Reserve Fund Subaccount shall equal the aggregate Reserve Requirement established for all such Reserve Fund Subaccounts.

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

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

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

Deposits to the Debt Service Fund

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

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

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

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

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

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

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

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

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

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

Additional Payments into the Debt Service Fund

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

Application of Moneys in the Debt Service Fund

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

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

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

(3) Whenever the amount in the Debt Service Fund and the Reserve Fund from any source whatsoever is sufficient to redeem all of the Securities Outstanding under the Indenture and to pay interest to accrue thereon prior to such redemption, and the redemption premium, if any, the Authority and the University covenant and agree to take and cause to be taken the necessary steps under the Indenture to redeem all of the Securities Outstanding on the next succeeding redemption date for which the required redemption notice may be given and on which the Securities Outstanding are permitted to be redeemed under the Indenture; provided, however, any reserve account for the benefit of a particular series of Securities shall be applied to the redemption of such series only.

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

Application of Moneys in the Reserve Fund

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

Charge

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

Repayment to the University from the Funds

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

Accounts for Accounting Purposes Only; Additional Funds

Except with respect to Reserve Fund Subaccounts which as provided herein may be for the exclusive benefit of the respective series or Tranche of Securities for which each such Subaccount was created, the accounts and subaccounts within each Fund created in Article Ten of the Indenture or in a Supplemental Indenture or Board Resolution, or an Officer's Certificate pursuant to a Supplemental Indenture or Board Resolution, shall be maintained by the Trustee for accounting purposes only (and the Trustee shall maintain a separate accounting of each such account or subaccount), and shall not adversely effect the absolute parity status of all Securities Outstanding.

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

Investment of Fund Moneys

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

University May Consolidate, Etc., Only on Certain Terms

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

- (a) the Corporation formed by such consolidation or into which the University is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the University substantially as an entirety shall be a Person organized and existing as a corporation described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code and qualifies as an institution for higher education within the meaning of the State Act, and shall expressly assume, by a Supplemental Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest, if any, on all Outstanding Securities and the performance of every covenant of the Indenture on the part of the University to be performed or observed;
- (b) immediately after giving effect to such transaction and treating any indebtedness for borrowed money which becomes an obligation of the University as a result of such transaction as having been incurred by the University at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing;
- (c) the University shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, or other transfer or lease and such Supplemental Indenture comply with this Article and that all conditions precedent herein provided for relating to such transactions have been complied with;
- (d) the University shall have delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the merger, consolidation or transfer will not change the federal income taxation status of the Outstanding Tax Exempt Securities;
- (e) if Authority Securities are Outstanding, such merger or consolidation of the University shall have been approved by the Authority, which approval shall not be withheld unreasonably; and

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

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

Successor Corporation Substituted

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

Supplemental Indentures Without Consent of Holders

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

(a) to provide for the issuance of additional Securities of any series or Tranche as contemplated by Article Two or Article Three of the Indenture, as applicable; or

(b) to establish the form or terms of Securities of any series or Tranche as contemplated by Article Two or Article Three of the Indenture; or

(c) to evidence the succession of another Person to the Authority or the University and the assumption by any such successor of the covenants of the Authority or the University herein and in the Securities, all as provided in Article Eleven of the Indenture; or

(d) to add one or more covenants of the Authority or the University or other provisions for the benefit of all Holders or for the benefit of the Holders of, or to remain in effect only so long as there shall be Outstanding, Securities of one or more specified series, or one or more specified Tranches thereof, or to surrender any right or power herein conferred upon the Authority or the University; or

(e) to provide collateral security, including, without limitation, funding a reserve fund subaccount, for any series or Tranche of the Securities, provided, however, that such amendment shall not alter the parity status of all of the Securities issued under the Indenture; or

(f) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts under the Indenture by more than one Trustee, pursuant to the requirements of the Indenture; or

(g) to provide for the procedures required to permit the Authority or the University to utilize, at its option, a non-certificated system of registration for all, or any series or Tranche of, the Securities; or

(h) to change any place or places where (1) the principal of and premium, if any, and interest, if any, on all or any series of Securities, or any Tranche thereof, shall be payable, (2) all or any series of Securities, or any Tranche thereof, may be surrendered for registration of transfer, (3) all or any series of Securities, or any Tranche thereof, may be surrendered for exchange, and (4) notices and demands to or upon the Authority or the University in respect of all or any series of Securities, any Tranche thereof, or the Indenture may be served; or

(i) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be defective or inconsistent with any other provision in the Indenture, or to make any other changes to the provisions of the Indenture or to add other provisions with respect to matters or questions arising under the Indenture, provided that such other changes or additions shall not adversely effect the interests of the Holders of Securities of any series or Tranche in any material respect; or

(j) to qualify the Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal or state laws from time to time in effect; or

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

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

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

Supplemental Indentures With Consent of Holders

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

(a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to the

Indenture, or change the coin or currency (or other property), in which any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity of any Security (or, in the case of redemption, on or after the Redemption Date), without, in any such case, the consent of the Holder of such Security, or

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

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

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

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

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

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

Credit Enhancement

Without the consent of the Holders, the University and the Trustee, with reference to University Securities of any series or Tranche thereof, and the University, the Authority, and the Trustee with respect to Authority Securities of any series or Tranche thereof, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, containing terms required by a third party Credit Provider, not an Affiliate of the University, as a condition of that Credit Provider’s providing credit enhancement, either in the form of insurance, letter of credit, guaranty, reimbursement agreement or other instrument under which a party agrees to assure payment of principal and interest on such Securities or any series of Tranche thereof (“Credit Enhancement”). Such indenture supplemental hereto may include provisions deeming such third party as the Holder

of the Securities benefiting from such Credit Enhancement for the purpose of giving consents and exercising any remedy under the Indenture and may limit the right of the Trustee or the Holders of any Securities benefiting from such Credit Enhancement to exercise any remedy, including, without limitation, the right of acceleration.

Liability Solely Corporate

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

Limited Liability of the Authority

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

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

Any provisions contained in the Indenture to the contrary notwithstanding, the Authority shall not be responsible or liable in any manner whatsoever with respect to any University Security, including without limitation, the payment of the principle or redemption premium, if any, or interest on any University Security, or any part thereof.

SUMMARY OF CERTAIN PROVISIONS OF LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement (Series 2012 Bonds) between the Authority and the University dated as of December 1, 2012 (the "Loan Agreement"), which is qualified in its entirety by reference to the Loan Agreement.

Principal Amount of the Loan

In the Loan Agreement the Authority agrees to make and the University agrees to accept a loan in the principal amount corresponding to the aggregate principal amount of the Series 2012 Bonds. The University shall be obligated to continue making Loan Payments on such loan separate from and independent of the loan with respect to any other series of Securities for as long as any of the Series 2012 Bonds shall be Outstanding.

The loan described in the preceding paragraph shall be evidenced by the Loan Agreement and the University shall make payment in satisfaction thereof and at the times and in the amounts set forth in the Indenture for the payments due in respect of the Series 2012 Bonds.

Total Loan Payment

(a) The aggregate amount of the Loan Payment to be made by the University to the Trustee two Business Days prior to each Security Service Payment Date until all Outstanding Series 2012 Bonds are retired shall be the aggregate of the payment for (i) accrued and unpaid interest on the Series 2012 Bonds for the next ensuing Securities Service Payment Date; (ii) premium, if any, coming due on the Series 2012 Bonds for the next ensuing Securities Service Payment Date; (iii) a sum sufficient to pay the Amortization Installment on, if any, and the principal, if any, coming due on the next ensuing Securities Service Payment Date for the Series 2012 Bonds; and (iv) a sum sufficient to pay the fees, expenses and other obligations described in the Indenture, coming due on the next ensuing Securities Service Payment Date for the Series 2012 Bonds (collectively, the “Securities Service Payment”).

(b) At least seven Business Days prior to each Securities Service Payment Date, the Trustee shall send written notice to the University of the amount of the Loan Payment to be made. The University shall continue to make such Loan Payments until the principal of, premium, if any, and interest on the Series 2012 Bonds and all other amounts due under the Loan Agreement shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. In calculating the Loan Payments as herein provided, credit shall be given for investment income earnings on all funds and accounts created in the Indenture and deposited in the Debt Service Fund, subject to the Indenture. In the event excess moneys remain in the Debt Service Fund after payment of the Trustee’s fee and expenses (to the extent payable from the Trust Estate upon an event of default pursuant to the Indenture) and the Authority Securities Service Payment on any Securities Service Payment Date pursuant to the Loan Agreement, such excess moneys shall be returned to the University as an overpayment for such period.

Payments and Other Amounts Payable

(a) Unless previously paid by the University on the second Business Day prior to each Securities Service Payment Date until the principal of, premium, if any, and interest on the Series 2012 Bonds and any other amounts due under the Loan Agreement shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the University shall transfer to the Trustee for deposit as provided in the Indenture as payment under the Loan Agreement a sum equal to the amount payable on such date as the Authority Securities Service Payment, together with all other amounts payable by the University to the Authority and the Trustee pursuant to any other Loan Agreement (as that term is defined in the Indenture) and the Indenture.

(b) Notwithstanding any other provision of the Loan Agreement, Loan Payments shall be sufficient to pay the total amount of the Authority Securities Service Payment payable on the next succeeding Securities Service Payment Date; provided that the Excess Amount (as hereinafter defined) held by the Trustee in the Authority Securities Debt Service Account on the payment date set forth in (a) above shall be credited against the payment due on such date; and provided further, that, subject to the provisions of the next succeeding sentence, if at any time the amount held by the Trustee in the Authority Securities Debt Service Account should be sufficient to pay at the times required the principal of, interest and redemption premium, if any, on the Series 2012 Bonds then remaining unpaid and to pay any other amounts payable under the Loan Agreement the University shall not be obligated to make any further Loan Payments. Furthermore, any Excess Amount, if insufficient to pay principal, redemption premium, if any, and interest on all Outstanding Series 2012 Bonds and to pay any other amounts payable under the Loan Agreement, shall be returned to the University as an overpayment under the Loan Agreement for such period. Notwithstanding the provisions of the preceding sentence, if on any date the amount held by the Trustee in the Authority Securities Debt Service Account is insufficient to make the then required payments the University shall forthwith pay such deficiency. The term “Excess Amount” as of any date shall mean the amount in the Authority Securities Debt Service Account on such date in excess of the amount required for the then due payment of the Securities Service Requirement.

(c) The University unconditionally agrees and guarantees to make the Loan Payments required by the Loan Agreement to the Trustee until the principal of, premium, if any, and interest on the Series 2012 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, as supplemented, and in addition thereto to pay: (i) an amount equal to the reasonable annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its advances, counsel fees and other ordinary expenses incurred under the Indenture, as and when the same become due; (ii) the reasonable fees, charges and expenses of the Trustee, as bond registrar and as paying agent as and when the same become due, and (iii) the reasonable fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as supplemented, and the Loan Agreement, as and when the same become due.

(d) In the event the University should fail to make any of the payments required by paragraphs (a) or (b) of this section, the item or installment so in default shall continue as an obligation of the University until the amount in default shall have been fully paid, and the University agrees to pay the same with interest thereon at the rate of 10 percent (10%) per annum until paid, except that interest on overdue installments of principal and/or interest on the Series 2012 Bonds shall be paid at the respective rates borne by the Series 2012 Bonds of the maturity in respect of which such principal and/or interest is overdue. In the event the University should fail to make any of the Loan Payments required by clauses (i), (ii) or (iii) in paragraph (c) of this section, the item so in default shall continue as an obligation of the University until the amount in default shall have been fully paid, and the University agrees to pay the same with interest thereon at the rate of ten percent (10%) per annum, until paid.

Obligations of University Under Loan Agreement Unconditional

The obligations of the University to make the payments required in the Indenture, and to perform and observe the other agreements on its part contained in the Loan Agreement shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise and, until such time as the principal of, interest and premium, if any, on the underlying the Series 2012 Bonds and any other amounts due and owing under the Loan Agreement or under the Indenture shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the University (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in the Indenture; (ii) will perform and observe all of its other agreements contained in the Loan Agreement; and (iii) will not terminate the Loan Agreement for any cause including, without limiting the generality of the foregoing, failure to complete the Project, or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of administrative rulings of or administrative actions by the United States of America or the State of Florida or any political subdivision of either, or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement. Nothing contained in this section shall be construed to release the Authority from the performance of any of the agreements on its part contained in the Loan Agreement; and in the event the Authority shall fail to perform any such agreement on its part, the University may institute such action against the Authority as the University may deem necessary to compel performance provided that no such action shall (i) violate the agreements on the part of the University contained in the first sentence of this section or (ii) diminish the amounts required to be paid by the University pursuant to the Indenture. The University may, however, at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the University deems reasonably necessary in order to secure or protect its rights under the Loan Agreement and its rights of possession, occupancy and use of any and all of the Project or portions thereof, and in such event the Authority hereby agrees to cooperate fully with the University and to take all action necessary to effect the substitution of the University for the Authority in any such action or proceeding if the University shall so request.

Insurance

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

programs and techniques commonly employed by enterprises having similar risks and financial capability to absorb loss.

Assignment

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

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

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

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

Prepayment of Loan Agreement Payments

There is expressly reserved to the University the right, and the University is authorized and permitted, at any time it may choose, to prepay all or any part of the payments payable under the Loan Agreement, and the Authority agrees that the Trustee may accept such prepayments when the same are tendered by the University; provided, however, the University shall not have the right to prepay the Loan Payments in full prior to the time the Series 2012 Bonds are redeemable without the consent of the Authority and such prepayments shall not be permitted if the prepayments would violate the “arbitrage” provisions of Section 148 of the Code, and the regulations promulgated thereunder proposed or in effect on the date of issuance of, and applicable to, the Series 2012 Bonds. All payments so prepaid shall be credited to the Loan Payments specified in the Loan Agreement, in the order of their due dates.

Events of Default Defined

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

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

(b) Failure by the University to perform or its breach of any covenant, warranty or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this section for a period of thirty days after written notice, given by registered or certified mail specifying such default or breach and requesting that it be remedied and stating that such notice is a “Notice of Default” under the Loan Agreement, given to the University by the Authority or the Trustee, unless the Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that the Authority and the Trustee, shall be deemed to have agreed to an extension of such period if such default or breach can be cured and corrective action is initiated by the University within such period and is being diligently pursued. The foregoing provisions of this subsection (b) are subject to the following limitations. If by reason of *force majeure* the University is unable in whole or in part to carry out its agreements on its part herein contained, other than the obligations on the part of the University contained in Article V and Section 2.1(c) of the Loan Agreement, the University shall not be deemed in default during the continuance of

such inability. The term “*force majeure*” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Florida or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the University. The University agrees, however, to attempt to remedy with all reasonable dispatch the cause or causes preventing the University from carrying out its agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the University, and the University shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the University unfavorable to the University.

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

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

Remedies on Default

Whenever any event of default referred to above shall have happened and be subsisting, the Authority may take any one or more of the following remedial steps:

(a) The Trustee as provided in the Indenture may, at its option, declare the entire amount payable under the Indenture for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon all amounts payable under the Loan Agreement shall become immediately due and payable.

(b) In the event any of the Series 2012 Bonds shall at the time be outstanding and unpaid, the Authority may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the University, except the University shall not be compelled to provide information relating to privileged or confidential matters protected by law.

(c) The Authority or the Trustee may take whatever action at law or in equity that may appear necessary or desirable to collect the Loan Payments and any other amounts payable by the University under the Loan Agreement, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the University under the Loan Agreement.

(d) By mandamus or other suit, action or proceeding at law or in equity enforce all of the rights of the Authority or the rights of any persons, corporations or governmental agencies to which the Authority’s rights may have been assigned, including the right to require the University to collect the tuition and other revenues to make the

Loan Payments and to require the University to carry out any other covenant or agreement required by it to be performed and to perform all duties and actions required of the University by the Loan Agreement.

(e) By action or suit in equity require the University (i) to account for all moneys received by it from tuition and other revenues and to account for the receipt, use, application or disposition of such tuition and other revenues, and (ii) by appropriate legal action to enforce the Authority's interest in the Loan Agreement.

(f) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(g) Apply to a court of competent jurisdiction for appointment of a receiver to take charge of and manage the revenues of the University and apply such revenues to the reduction of the University's obligations under the Loan Agreement.

Any amounts collected pursuant to action taken under this section shall be applied in accordance with the provisions of the Indenture, as supplemented. Notwithstanding any other provisions of the Loan Agreement, the Trustee shall not be obligated to exercise any of the remedies set forth herein unless and until it is adequately indemnified for costs, expenses (including attorneys' fees) and liability with respect thereto.

Damage, Destruction, Options

(a) Series 2012A Bonds. If, prior to full payment of the Series 2012A Bonds (or provision thereof having been made in accordance with the provisions of the Indenture, as supplemented) the Series 2012A Project is destroyed (in whole or in part) or is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.2 of the Loan Agreement resulting from such destruction or damage is in excess of \$50,000,000, the University shall promptly give written notice thereof to the Trustee. All net proceeds of insurance resulting from such claims for losses in excess of \$50,000,000 shall be used for one or more of the following purposes: (i) the University is required to proceed promptly to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the University and as will not impair operating unity or the character of the Series 2012A Project; (ii) the University is required to apply so much as may be necessary of the net proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses; (iii) within two (2) years of the date of loss, the University may use such proceeds to acquire facilities of comparable value to the structure(s) destroyed; (iv) within two (2) years of the date of loss, at the election of the University, such proceeds may be used to retire Series 2012A Bonds as provided in the Indenture; or (v) the University may use such proceeds for any lawful purpose of the University.

(b) Series 2012B Bonds. If, prior to full payment of the Series 2012B Bonds (or provision thereof having been made in accordance with the provisions of the Indenture, as supplemented) the Series 2012B Project is destroyed (in whole or in part) or is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.2 of the Loan Agreement resulting from such destruction or damage is in excess of \$50,000,000, the University shall promptly give written notice thereof to the Trustee. All net proceeds of insurance resulting from such claims for losses in excess of \$50,000,000 shall be used for one or more of the following purposes: (i) the University is required to proceed promptly to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the University and as will not impair operating unity or the character of the Series 2012B Project; (ii) the University is required to apply so much as may be necessary of the net proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses; (iii) within two (2) years of the date of loss, the University may use such proceeds to acquire facilities of comparable value to the structure(s) destroyed; (iv) within two (2) years of the date of loss, at the election of the University, such proceeds may be used to retire Series 2012B Bonds as provided in the Indenture; or (v) the University may use such proceeds for any lawful purpose of the University.

Condemnation

In the event that the Series 2012 Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, unless the applicable series of the Series 2012 Bonds have been retired or provision therefor has been made, the University shall utilize the funds received from condemnation proceedings in the same manner as is provided above for insurance proceeds; provided, however, nothing herein shall diminish the University's obligation to make payments under the Loan Agreement until the Series 2012 Bonds are paid in full.

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FORM OF CO-BOND COUNSEL OPINION

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FORM OF CO-BOND COUNSEL OPINION

December 12, 2012

Miami-Dade County, Florida Educational
Facilities Authority
Miami, Florida

Re: \$94,620,000 Miami-Dade County, Florida Educational Facilities Authority Revenue Bonds, Series 2012A (University of Miami Issue) and
\$25,265,000 Miami-Dade County, Florida Educational Facilities Authority Revenue Bonds, Series 2012B (University of Miami Issue) (Taxable)

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Miami-Dade County Educational Facilities Authority (the "Authority") in connection with the issuance by the Authority of its \$94,620,000 Revenue Bonds, Series 2012A (University of Miami Issue) (the "Series 2012A Bonds") and its \$25,265,000 Revenue Bonds, Series 2012B (University of Miami Issue) (Taxable) (the "Series 2012B Bonds" and, together with the Series 2012A Bonds, the "Bonds"). The Bonds are being issued pursuant to and under the authority of the Constitution of the State of Florida, Chapter 243, Part I, Florida Statutes, Ordinance No. 69-72, enacted by the Board of County Commissioners of Miami-Dade County, Florida (the "County Board") on October 1, 1969, and other applicable provisions of law, Resolution No. 12-01 adopted by the governing body of the Authority on August 23, 2012, Resolution 12-02 adopted by the governing body of the Authority on October 24, 2012 (collectively, the "Resolution"), Resolution No. R-928-12 adopted by the County Board on November 8, 2012, and pursuant to an Indenture (For Debt Securities) dated as of April 1, 2007 (the "Original Indenture"), among the Authority, the University of Miami (the "University") and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), as supplemented, in particular as supplemented by a Third Authority Supplemental Indenture dated as of December 1, 2012 (the "Third Supplemental Indenture," and collectively with the Original Indenture, the "Indenture"). In such capacity, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meaning set forth in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Authority and the University contained in the Indenture, the Loan Agreement dated as of December 1, 2012 (the "Loan Agreement"), between the Authority and the University and the Tax Regulatory Agreement dated December 12, 2012 (including all exhibits thereto, the "Tax Agreement," collectively with the Loan Agreement and the Indenture, sometimes herein referred to herein as the "Operative Documents") among the University, the Authority and the Trustee, and in the certified proceedings and other certifications by officers of the University and the Authority furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the County Attorney of Miami-Dade County as Counsel to the Authority, as to, among other matters, the due creation and valid existence of the Authority, the due adoption of the Resolution, the due execution and delivery of the

Bonds, the compliance by the Authority with all conditions contained in ordinances and resolutions of the Authority precedent to the issuance of the Bonds and to the due execution and delivery of the Loan Agreement and the Indenture by the Authority.

In rendering this opinion, we have also relied upon the opinions of even dates herewith of Squire Sanders (US) LLP and the Office of the general Counsel of the University, each as Counsel to the University, with respect to various matters concerning the University, including (i) the corporate existence of the University, (ii) the authorization, execution and delivery of the Operative Documents by the University, (iii) the power of the University to enter into and perform the Operative Documents, (iv) the validity, binding effect and enforceability of the Operative Documents against the University, and (v) the status of the University as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which is exempt from federal income taxation pursuant to Section 501(a) of the Code (except for any unrelated business income tax imposed pursuant to Section 511 of the Code) and is not a private foundation as defined in Section 509(a) of the Code.

The proceeds of the Bonds are being loaned to the University pursuant the Loan Agreement. Under the Loan Agreement and the Indenture, the University has agreed to make payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds in the manner provided in the Indenture, and such payments and the rights of the Authority under the Loan Agreement (except for the right to enforce certain limited provisions of the Loan Agreement) were pledged and assigned by the Authority to the Trustee as security for the Bonds.

The Bonds are payable solely from (i) payments made by the University pursuant to the Loan Agreement (except any reimbursement or indemnity payments payable to the Authority) (the "Loan Payments"), and (ii) all moneys and investments held by the Trustee from time to time in specified trust funds under the Indenture, all in the manner and to the extent provided in the Indenture (collectively, the "Trust Estate").

The Bonds and the obligation evidenced thereby do not constitute a general debt, liability, or obligation of the Authority, Miami-Dade County, the State of Florida or any political subdivision thereof. The Authority is not obligated to pay the Bonds or any interest or premium thereon except from amounts payable to it under the Loan Agreement, the Indenture, or from other collateral pledged therefor, if any, and neither the faith and credit nor the taxing power of the Authority, Miami-Dade County, the State of Florida or of any political subdivision thereof is pledged, directly or indirectly, to the payment of the principal of, premium, if any, or the interest on the Bonds. The Authority has no taxing power.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

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

1. The Indenture and the Loan Agreement constitute valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms. All rights of the Authority under the Loan Agreement (except for the right to enforce certain limited provisions of the Loan Agreement) have been validly assigned to the Trustee under the Indenture.

2. The Bonds are valid and binding limited obligations of the Authority enforceable in accordance with their terms, payable solely from the Loan Payments in the manner and to the extent provided in the Indenture.

3. The Indenture creates a valid lien upon the Trust Estate for the security of the Bonds, all in the manner and to the extent provided in the Indenture.

4. Interest on the Series 2012A Bonds 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; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the University

have covenanted in the Loan Agreement to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2012A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2012A Bonds.

5. Interest on the Series 2012B Bonds is not excluded from gross income for federal income tax purposes.

The opinion in paragraph 5 is not intended or written to be used, and cannot be used, by an owner of the Series 2012B Bonds for purposes of avoiding United States federal income tax penalties that may be imposed on such owner of the Series 2012B Bonds. The opinion in this paragraph 5 is provided to support the promotion or marketing of the Series 2012B Bonds. Each owner of Series 2012B Bonds should seek advice based on such owner's particular circumstances from an independent tax advisor.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Bonds or regarding the perfection or priority of the lien, except as described in paragraph 3 above. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Authority or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Bonds. Further, we express no opinion regarding federal income tax consequences arising with respect to the Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.
MANUAL ALONSO-POCH, P.A.

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of December __, 2012, is executed and delivered by the **UNIVERSITY OF MIAMI**, a not-for-profit corporation organized under the laws of the State of Florida (the “Obligated Person”) and **DIGITAL ASSURANCE CERTIFICATION, L.L.C.**, as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Obligated Person through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Obligated Person or anyone on the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report, Notice Event notice or Failure to File Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary

Report, Notice Event notice or Failure to File Event notice required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Treasurer, or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices and the Voluntary Reports.

“Issuer” means the Miami-Dade County Educational Facilities Authority, as issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Trustee” means the institution identified as such in the document under which the Bonds were issued.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Obligated Person pursuant to Section 7.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than 30 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 180 days after the end of each fiscal year of the Obligated Person, commencing with the fiscal year ending May 31, 2013. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Issuer, to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Issuer, that the Obligated Person will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the Obligated Person are not available prior to the Annual Filing Date, (i) the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and (ii) the Obligated Person shall, when the Audited Financial Statements are available, provide in a timely

manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Obligated Person pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to the Section of this Disclosure Agreement indicated:

1. “Principal and interest payment delinquencies,” pursuant to Sections 4(c) and 4(a)(1);
2. “Non-Payment related defaults, if material,” pursuant to Sections 4(c) and 4(a)(2);
3. “Unscheduled draws on debt service reserves reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(3);
4. “Unscheduled draws on credit enhancements reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(4);
5. “Substitution of credit or liquidity providers, or their failure to perform,” pursuant to Sections 4(c) and 4(a)(5);
6. “Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security,” pursuant to Sections 4(c) and 4(a)(6);
7. “Modifications to rights of securities holders, if material,” pursuant to Sections 4(c) and 4(a)(7);
8. “Bond calls, if material, and tender offers” pursuant to Sections 4(c) and 4(a)(8);
9. “Defeasances,” pursuant to Sections 4(c) and 4(a)(9);

10. “Release, substitution, or sale of property securing repayment of the securities, if material,” pursuant to Sections 4(c) and 4(a)(10);
11. “Rating changes,” pursuant to Sections 4(c) and 4(a)(11);
12. “Bankruptcy, insolvency, receivership or similar event of the obligated person,” pursuant to Sections 4(c) and 4(a)(12);
13. “The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,” pursuant to Sections 4(c) and 4(a)(13); and
14. “Appointment of a successor or additional trustee or the change of name of a trustee, if material,” pursuant to Sections 4(c) and 4(a)(14).

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Report received under Section 7 with the MSRB; and

(vii) provide the Issuer and the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Issuer, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event, provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information and Operating Data with respect to the Obligated Person in Appendix A to the Official Statement in the tables under the headings: Enrollment Statistics – Total Number of Students, Freshman Enrollment Statistics, Summary of Changes in Unrestricted Net Assets, Net Tuition Revenue, Tuition Rates, Gifts Received, Grants and Contracts, Endowment and Endowment Income, Growth Pool Strategic Asset Allocation, Carrying Value Of Property, Plant and Equipment, Patient Care Operations, UMH Financial Highlights, UMH Key Operating Statistics, UMH Patient Revenue Mix by Payer Classification, UMH Hospital Admissions, ABLEH Financial Highlights, ABLEH Key Operating Statistics, UMHC/SCCC Financial Highlights, UMHC/SCCC Key Operating Statistics and Indebtedness Outstanding (in all cases, to the extent not included in the audited financial statements). The UMH Financial Highlights, ABLEH Financial Highlights, and UMHC/SCCC Financial Highlights will be provided as audited statements as available, or as unaudited if audited statements are not available.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) will be included in the Annual Report, but may be provided in accordance with Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

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

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes on the Bonds;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note: for the purposes of the event identified in this subsection 4(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Obligated Person shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer, the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth (10th) business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to Section 4(c), together with a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, Failure to File Events and Voluntary Reports filed pursuant to Section 7(a), the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Person, and that the failure of the Disclosure Dissemination Agent to so advise the Obligated Person shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Reports.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file information with the MSRB from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a “Voluntary Report”).

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement, or including any other

information in any Annual Report, Audited Financial Statements, Voluntary Report, Notice Event notice or Failure to File Event notice, in addition to that required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Audited Financial Statements, Voluntary Report, Notice Event notice or Failure to File Event notice in addition to that which is specifically required by this Disclosure Agreement, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Voluntary Report, Notice Event notice or Failure to File Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Obligated Person has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to

review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Obligated Person and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Obligated Person or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with

modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Obligated Person. No such amendment shall become effective if the Obligated Person shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

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

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The Disclosure Dissemination Agent and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

UNIVERSITY OF MIAMI,
as Obligated Person

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Miami-Dade County Educational Facilities Authority
Obligated Person(s): University of Miami
Name of Bond Issue: Revenue Bonds, Series 2012A (University of Miami Issue);
Revenue Bonds, Series 2012B (University of Miami Issue)
(Taxable)
Date of Issuance: December __, 2012
Date of Official Statement: November 29, 2012

CUSIP Numbers:	<u>Series 2012A</u>	<u>Series 2012B</u>
	59333ALF6	59333AKV2
	59333ALG4	59333AKW0
	59333ALH2	59333AKX8
	59333ALJ8	59333AKY6
	59333ALK5	59333AKZ3
	59333ALL3	59333ALA7
	59333ALM1	59333ALB5
	59333ALN9	59333ALC3
	59333ALP4	59333ALD1
	59333ALQ2	59333ALE9
	59333ALS8	
	59333ALR0	

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Miami-Dade County Educational Facilities Authority
Obligated Person(s): University of Miami
Name of Bond Issue: Revenue Bonds, Series 2012A (University of Miami Issue);
Revenue Bonds, Series 2012B (University of Miami Issue)
(Taxable)
Date of Issuance: December __, 2012

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Dissemination Agent Agreement, dated as of December __, 2012, between the Obligated Person and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Obligated Person

cc: Issuer
Obligated Person

BOOK-ENTRY SYSTEM FOR THE SERIES 2012 BONDS

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BOOK-ENTRY SYSTEM FOR THE SERIES 2012 BONDS

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Series 2012 Bonds, totaling in the aggregate the principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants", and together with Direct Participants, "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bond documents. For example, Beneficial Owners of the Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain

and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012A Bonds of an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed. If less than all of the Series 2012B Bonds within an issue are being redeemed, DTC will determine *pro rata* the amount of the interest of each Participant in such issue to be redeemed.

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

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

DTC may discontinue providing its services as securities depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Authority, the University or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2012 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the University and the Underwriters believe to be reliable, but the Authority, the University and the Underwriters do not take responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2012 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. **NONE OF THE AUTHORITY, THE UNIVERSITY, THE UNDERWRITERS, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2012 BONDS.**

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

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

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

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

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

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