

**INDEX OF CLOSING DOCUMENTS
FOR AN ISSUE OF**

\$60,985,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004B**

\$925,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004C**

Delivered: August 13, 2004

KEY TO ABBREVIATIONS:

Bonds:	Above-captioned Bonds
Issuer:	Louisiana Local Government Environmental Facilities & Community Development Authority
Issuer Counsel:	Casten & Pearce, A.P.L.C.
Corporation:	University Facilities, Inc.
Corporation Counsel:	Seale & Ross, P.L.C.
Board:	Board of Supervisors for the University of Louisiana System
University:	Southeastern Louisiana University
Financial Advisor to the University:	Sisung Securities Corporation
Board Counsel:	Decuir & Clark, L.L.P.
Bond Counsel:	Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P.
Underwriter:	Morgan Keegan & Company, Inc.
Underwriter Counsel:	Haynsworth, Sinkler & Boyd PA
Trustee:	The Bank of New York Trust Company, N.A.

Trustee Counsel:	McGlinchey, Stafford, PLLC
Bond Insurer:	MBIA Insurance Corporation
Bond Insurer Counsel:	Kutak Rock LLP
Developer:	Capstone Development Corporation
Architect:	Bruce Herrington Architect P.C. and Design Collective, Inc.
General Contractor:	Capstone Building Corporation
Developer and General Contractor Counsel:	Hand Arendall, LLC
Auction Agent:	Bank of New York
Broker-Dealer:	Morgan Keegan & Company, Inc.
Market Agent:	Morgan Keegan & Company, Inc.
Investment Agreement Provider:	Hypo Real Estate Bank International

I. BASIC FINANCING AND SALE DOCUMENTS

1. Transcript Certificate
2. Trust Indenture by and between the Issuer and the Trustee dated as of August 1, 2004
3. Loan Agreement by and between the Issuer and the Corporation, dated as of August 1, 2004
4. Ground Lease Agreement by and between the Board, as Lessor, and the Corporation, as Lessee, dated as of August 1, 2004
5. Assignment of Agreements and Documents by the Corporation in favor of the Trustee dated as of August 1, 2004
6. Agreement to Lease with Option to Purchase by and between the Corporation, as Lessor, and the Board, as Lessee, dated as of August 1, 2004
7. Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004, including proof of recordation
8.
 - a. Preliminary Official Statement dated July 30, 2004
 - b. 15c2-12 Certificates of the Issuer, the Board and the Corporation
9.
 - a. First Bond Purchase Agreement by and among the Issuer, the Corporation and the Underwriter, dated August 5, 2004 relating to the Series 2004A Bonds and the Series 2004C Bonds
 - b. Second Bond Purchase Agreement by and among the Issuer, the Corporation and the Underwriter, dated August 13, 2004 relating to the Series 2004B Bonds
10. Official Statement dated August 10, 2004
11. Tax Regulatory Agreement and Arbitrage Certificate by and among the Board, the Issuer, the Trustee and the Corporation dated August 13, 2004

12. Continuing Disclosure Agreement by the Board
13. Collateral Assignment between the Developer and the Corporation dated August 1, 2004
14. Auction Agency Agreement between the Issuer and the Auction Agent
15. Broker-Dealer Agreement between the Auction Agent and the Broker-Dealer
16. Market Agent Agreement between the Trustee and the Market Agent
17. Reimbursement and Indemnity Agreement
18. Management Agreement
19. Development Agreement

II. ISSUER DOCUMENTS AND PROCEEDINGS

20. General Certificate of the Issuer
21.
 - a. Certified Copy of Resolution adopted by the Issuer on February 12, 2004, authorizing the issuance of the Bonds
 - b. Affidavit of publication and tearsheet evidencing publication of (a) above
22.
 - a. Certified Copy of Resolution adopted by the Issuer on May 13, 2004, providing for the sale of the Bonds
 - b. Affidavit of publication and tearsheet evidencing publication of (a) above
23. Approval of Attorney General of the State of Louisiana, including (i) the proceedings taken at the public hearing (“TEFRA Hearing”) held on July 21, 2004; and (ii) affidavits of publication of the Notice of Public Hearing in *The Advocate* and in the *Hammond Daily Star*
24. Order of Issuer Requesting the Trustee to authenticate and deliver the Bonds
25. Form 8038, including evidence of receipt from the Internal Revenue Service

III. LOUISIANA STATE BOND COMMISSION ITEMS

26. Proceedings evidencing approval of the issuance of the Bonds by the State Bond Commission at its meeting of April 15, 2004
27. Acknowledgment of Receipt of Payment of Closing Fee

IV. BOARD OF SUPERVISORS ITEMS

28. a. Minutes of the meeting of the Board held on December 5, 2003
b. Resolution adopted by the Board on December 5, 2003
29. Proceedings of the Board of Regents on January 22, 2004 evidencing approval of the Lease
30. Minutes of the meeting of the Board held on June 25, 2004

V. CORPORATION ITEMS

31. General Certificate of the Corporation with Exhibits:
 - a. Certificate of Good Standing by the Secretary of State of the State of Louisiana;
 - b. Certified copy of Articles of Incorporation;
 - c. By-Laws; and
 - d. Resolutions of the Corporation dated March 16, 2004 and August 10, 2004 authorizing the execution of the financing documents
32. Corporation Indemnity

VI. DEVELOPER, GENERAL CONTRACTOR AND ARCHITECT ITEMS

33. Consent and Agreement to Perform of the Developer in favor of the Trustee dated August 1, 2004
34. Developer Indemnity
35. a. General Certificate of the Developer with Exhibits:
 - A. Certificate of Good Standing by the Secretary of State of the State of Louisiana;
 - B. Certified Copy of Articles of Incorporation;
 - C. By-Laws; and
 - D. Consent of the Developer dated August 1, 2004 authorizing execution of financing and other documents
- b. Closing Certificate of Developer
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37. Consent and Agreement to Perform of the Architect in favor of the Trustee dated August 1, 2004
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40. Builders Risk/Loss of Rents Insurance Certificate

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45. Opinion of Corporation Counsel

46. Opinion of Board Counsel

47. Opinion of Trustee Counsel

48. Opinion of Underwriter Counsel

49. Opinion of Counsel to Bond Insurer

50. Opinion of Counsel to Developer and Manager

51. UCC Opinion

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- 52. a. Specimen Series 2004A Bond
- b. Specimen Series 2004B Bond
- c. Specimen Series 2004C Bond

53. Blanket Letter of Representations to DTC

54. Specimen Insurance Policy of Bond Insurer for each Series

55. Certificate of Bond Insurer regarding Official Statement Disclosure

56. Receipt of Trustee for Bond Insurance Policy

57. Rating Letter

58. Title Insurance Policies

59. UCC-1 Financing Statement, including proof of recordation

60.
 - (a) Non-litigation Certificate, Clerk of Court, United States District Court, Middle District of Louisiana for Issuer
 - (b) Non-litigation Certificate, Clerk of Court, United States District Court, Middle District of Louisiana for Board
 - (c) Non-litigation Certificate, Clerk of Court, United States District Court, Eastern District of Louisiana for Corporation

61.
 - (a) Non-litigation Certificate, Clerk of Court, Nineteenth Judicial District, State of Louisiana for Issuer and Board
 - (b) Non-litigation Certificate, Clerk of Court, Twenty First Judicial District, State of Louisiana for Corporation

62. Memorandum of Ground Lease, including proof of recordation

63. ORM Insurance Certificate

64. Cross Receipt

65. Blue Sky Memoranda

66. Investment Agreement Documents:
 - (a) Master Repurchase Agreement and Annex I
 - (b) Certificate of Repurchase Agreement Provider
 - (c) Investment Agreement Bid Form
 - (d) Opinion of counsel to the Repurchase Agreement Provider

67. Notice of Corporation to Prior Trustee Regarding Prior Debt

68. Debt Service Schedules for Fixed Rate Bonds, Series 2004A and Series 2004C

**CERTIFICATE AS TO AUTHENTICITY OF PROCEEDINGS
DOCUMENTS, INSTRUMENTS AND WRITINGS CONTAINED
IN THE TRANSCRIPT OF RECORD PERTAINING TO**

\$60,985,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004B**

\$925,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004C**

I, the undersigned Secretary-Treasurer of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), do hereby certify that the proceedings, documents, instruments and writings hereinafter contained in this transcript of record are true and correct copies or duplicate originals and constitute all proceedings of the Issuer and other proofs in relation thereto with respect to the issuance, sale and delivery of the captioned bond issue.

The undersigned has hereunto set his signature and affixed the seal of the Issuer this 13th day of August, 2004.

**LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY**

BY: 
David C. Butler, II, Secretary-Treasurer

[SEAL]

EXECUTION COPY

TRUST INDENTURE

by and between

**Louisiana Local Government Environmental Facilities and
Community Development Authority**

and

The Bank of New York Trust Company, N.A.
(as Trustee)

Dated as of August 1, 2004

in connection with:

\$60,985,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

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TRUST INDENTURE

This Trust Indenture dated as of August 1, 2004 (together with any amendments hereto, the "Indenture"), is between the **Louisiana Local Government Environmental Facilities and Community Development Authority**, a political subdivision of the State of Louisiana (the "Issuer"), and **The Bank of New York Trust Company, N.A.**, a national banking association having its principal corporate trust office in the City of Jacksonville, Florida and duly authorized to accept and execute trusts, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Issuer is a political subdivision established for public purposes under and pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 to 4548.16, inclusive) (the "Act") and other constitutional and statutory authority; and

WHEREAS, the Act empowers the Issuer to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act; and

WHEREAS, the Board of Supervisors for the University of Louisiana System (the "Board") is a body corporate created pursuant to the provisions of Article VIII, §6(A) of the Constitution of the State of Louisiana of 1974 and authorized pursuant to La. R.S. 17:3217; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Issuer is authorized to issue revenue bonds and loan the funds derived from the sale thereof to the Corporation for the purpose of allowing the Corporation to pay the amount owed on the Prior Debt (as hereinafter defined) and finance the demolition of certain existing facilities and renovation, development and construction of additional student housing and related facilities, including all furnishings, fixtures and facilities incidental or necessary in connection therewith (the "Facilities") for University Facilities, Inc. (the "Corporation"), to be located on the campus of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana, and to be leased back to the Board acting on behalf of the University; and

WHEREAS, the Corporation is a nonprofit corporation organized and existing under the laws of the State of Louisiana (the "State") for the benefit of the University and is empowered to consummate the transactions contemplated hereunder and to do all acts and exercise all powers and assume all obligations necessary or incident thereto; and

WHEREAS, the Corporation has requested that the Issuer issue \$60,985,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds"), \$15,000,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B

Bonds") and \$925,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bonds", and together with the Series 2004A Bonds, the Series 2004B Bonds and any Additional Bonds, the "Bonds") the proceeds of the sale of such Bonds to be loaned to the Corporation pursuant to the Loan Agreement dated as of the date hereof (the "Agreement") for the purpose of (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities; (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Bonds; (vii) funding a deposit to the Replacement Fund; and (viii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds; and

WHEREAS, the Issuer is authorized under the provisions of the Act and other constitutional and statutory authority to issue the Bonds for such purposes and the Issuer has determined that it is most advantageous to the Issuer and necessary for it to issue its revenue bonds as hereinafter provided for such purposes; and

WHEREAS, pursuant to the Agreement, the Corporation will assign its rights under that certain Agreement to Lease with Option to Purchase (the "Facilities Lease") pursuant to which the Corporation, as Lessor, leases the Facilities to the Board, as Lessee, including its right to all Rental (as defined in the Facilities Lease) received thereunder, to the Issuer, and agrees to make payments in an amount sufficient to make timely payments of principal of, premium, if any, and interest on the Bonds and to pay such other amounts as are required by the Agreement; and

WHEREAS, MBIA Insurance Corporation (the "Bond Insurer") will issue its financial guaranty insurance policies unconditionally and irrevocably guaranteeing the full and complete payment of the principal of and interest on the Bonds as such payments shall become due but shall be unpaid; and

WHEREAS, the fully registered Series 2004A Bonds, Series 2004B Bonds and Series 2004C Bonds and the certificate of authentication by the Trustee to be endorsed thereon with respect to the Series 2004A, Series 2004B and Series 2004C Bonds are to be in substantially the form attached as **Exhibits A-1, A-2 and A-3** hereto with all necessary and appropriate variations, omissions and insertions as permitted or required under this Indenture; and

WHEREAS, the Series 2004A Bonds and the Series 2004C Bonds will bear interest at a fixed rate to the maturity thereof and the Series 2004B Bonds will initially bear interest at the Auction Rate (as hereinafter defined), subject to conversion to a Fixed Rate or a Variable Rate (each as hereinafter defined) in accordance with the terms of this Indenture; and

WHEREAS, all acts, conditions and things required by the laws of the State to happen, exist and be performed precedent to and in the execution and delivery of this Indenture have happened, exist and have been performed as so required in order to make this Indenture a valid and binding agreement in accordance with its terms; and

WHEREAS, the execution and delivery of this Indenture have been duly authorized by the Issuer and the Trustee; and

WHEREAS, each of the parties hereto represents that it is fully authorized to enter into and perform and fulfill the obligations imposed upon it under this Indenture and the parties are now prepared to execute and deliver this Indenture;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Issuer and the Trustee hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 **Definitions.** All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the preamble hereto or in the Agreement. In addition to words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended, (La. R.S. 33:4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

"Additional Bonds" means bonds, if any, issued in one or more series on a parity with the Series 2004 Bonds pursuant to Article V of this Indenture.

"Additional Facilities" means any additional student housing facilities owned or leased by the Board or the Corporation that have been incorporated with the Facilities into a single housing system pursuant to Section 3(i) of the Facilities Lease.

"Additional Rental" means the amounts specified as such in the Facilities Lease.

"Agreement" means the Loan Agreement dated as of August 1, 2004, between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

"All-Hold Rate" on any date of determination, means eighty-five percent (85%) of The Bond Market Association Municipal Swap Index, provided, however, that in no event shall such All-Hold Rate exceed the Maximum Auction Rate.

"Annual Debt Service" means the amount required to pay all principal of and interest on a series of Bonds and any Additional Debt (as defined in the Facilities Lease), as applicable, in any Fiscal Year. For purposes of calculating the Annual Debt Service on a series of Bonds or Additional Debt the interest rate borne by which is not fixed to the maturity thereof on any date, for any period during which an interest swap or similar agreement shall be in effect whereunder the Corporation or the Board pays a fixed rate and the swap provider pays a floating rate that, in the judgment of the Authorized Corporation Representative (as evidenced by a certificate delivered to the Trustee) approximates the variable rate payable on such series of Bonds or Additional Debt, the interest rate on such series of Bonds or Additional Debt shall be deemed to be equal to the fixed rate payable by the Corporation or the Board under such interest swap or similar agreement and for any period during which such an agreement shall not be in effect the interest rate on such Bonds or Additional Debt shall be deemed to be the average interest rate borne by such series of Bonds or Additional Debt during the immediately preceding twelve (12) month period or, if such series of Bonds or Additional Debt has borne a floating rate for less than twelve (12) months, such series of Bonds or Additional Debt shall be treated as if it bears interest at the 25-year Revenue Bond Index as published by *The Bond Buyer* on the date of determination.

"Applicable Percentage" means, on any date of determination, the percentage determined based on the Rating Agencies' rating of the Bonds in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

<u>S&P and Fitch Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Applicable Percentage</u>
"AAA"	"Aaa"	175%
"AA"	"Aa"	175%
"A"	"A"	175%
"BBB"	"Baa"	200%
Below "BBB"	Below "Baa"	265%

provided, that if the Bonds are not then rated by a Rating Agency, the Applicable Percentage shall be 265%. For purposes of this definition, the rating categories shown above refer to and include the respective rating categories correlative thereto if a Rating Agency shall have changed or modified its generic rating categories or does not rate or no longer rates the Bonds or has been replaced. If two or more Rating Agencies are then rating the Bonds, the lowest of the correlative rating categories of the Rating Agencies shall apply.

"Assignment of Agreements and Documents" means the Assignment of Agreements and Documents dated as of August 1, 2004, by the Corporation in favor of the Trustee.

"Auction" means each periodic implementation of the Auction Procedures.

"Auction Agency Agreement" means the Initial Auction Agency Agreement and any agreement substantially in the form of **Exhibit D** attached hereto entered into between the Issuer and a successor Auction Agent.

"Auction Agent" means The Bank of New York or another auction agent designated in accordance with the terms of this Indenture, and its successors or assigns.

"Auction Date" means initially the Thursday immediately succeeding the Closing Date and every Thursday thereafter (or such other day that the Market Agent shall establish as the Auction Date therefor); provided, that if such day is not a Business Day, the Auction Date shall be the preceding Business Day.

"Auction Period" means the Standard Auction Period or such other period established as provided by Section 3.14 hereof.

"Auction Procedures" means the procedures set forth in Section 3.15 hereof.

"Auction Rate" means, with respect to each Auction Period, the respective rate of interest per annum determined for the Auction Rate Bonds pursuant to the implementation of the Auction

Procedures or, if an Auction shall not be held or shall be cancelled hereunder, the rate determined pursuant to this Indenture.

"Auction Rate Adjustment Date" means the date of commencement of each Auction Period, being the first Business Day after each Auction Date.

"Auction Rate Bonds" means the Series 2004B Bonds bearing interest at the Auction Rate.

"Auction Rate Determination Date" means the Auction Date, or if no Auction Date is applicable, the Business Day immediately preceding the date of commencement of an Auction Period.

"Authorized Corporation Representative" means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Authorized Denomination" with respect to all Series 2004 Bonds other than Auction Rate Bonds and Variable Rate Bonds, means \$5,000 or any integral multiple thereof; with respect to Auction Rate Bonds, means \$25,000 or any integral multiple thereof, and with respect to Variable Rate Bonds, means \$100,000 or any integral multiple of \$5,000 in excess thereof; however, upon receipt of an approving opinion of Bond Counsel, the Issuer may designate in writing to the Trustee other Authorized Denominations to be applicable to any Series 2004B Bonds Outstanding after a Variable Rate Conversion provided such designation is received by the Trustee on or before the date of such Variable Rate Conversion.

"Authorized Issuer Representative" means the person(s) at the time designated to act under the Agreement and this Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

"Available Auction Rate Bonds" shall have the meaning set forth in Section 3.15(c)(i)(A) hereof.

"Base Rental" means the amounts referred to as such in Section 6(b) of the Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms thereof) but does not include Additional Rental.

"Beneficial Owner" means, so long as a book-entry system of registration is in effect pursuant to Section 3.13 hereof, the actual purchaser of the Bonds.

"Bid" shall have the meaning set forth in Section 3.15(a)(i)(B) hereof.

"Bidder" shall have the meaning set forth in Section 3.15(a)(i)(B) hereof.

"Board" means the Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities or its legal successor as the management board of the University, acting on behalf of the University.

"Board Representative" means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Indenture; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Issuer and the Trustee have been notified in writing.

"Bond Counsel Opinion" means an opinion of an attorney or firm of attorneys of recognized standing with respect to tax-exempt obligations of municipal, state and public agencies, selected by the Issuer.

"Bond Insurance Policies" means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally and irrevocably guarantees the full and complete payment of the principal of and interest on the Bonds as such payments shall become due but shall be unpaid.

"Bond Insurer" means MBIA Insurance Corporation, or any successor thereto.

"Bond Proceeds Fund" means the fund of that name created under this Indenture.

"Bond Register" means, when used with respect to the Bonds, the registration books maintained by the Trustee pursuant to Section 3.8 of this Indenture.

"Bondholder" or **"owner,"** when used with reference to a Bond or Bonds, means the registered owner of any outstanding Bond or Bonds.

"Bond Year" means the twelve (12) month period beginning on August 2 of each calendar year and ending on August 1 of the immediately succeeding calendar year.

"Bonds" means, collectively, the Series 2004 Bonds and any Additional Bonds issued pursuant to a supplemental Indenture as authorized hereby.

"Broker-Dealer" means any broker or dealer (as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that is a DTC Participant (or an affiliate of a DTC Participant), has been selected by the Issuer, is acceptable to the Auction Agent and has entered into a Broker-Dealer Agreement substantially in the form of **Exhibit E** attached hereto that remains effective.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

"Closing Date" means the date on which the Series 2004A Bonds, the Series 2004B Bonds and the Series 2004C Bonds are delivered and payment therefor is received by the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

"Corporation" means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale, and issuance of the Series 2004 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Issuer, or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, and any other cost, charge, or fee in connection with the original sale and issuance of the Series 2004 Bonds, including the premiums payable for the Bond Insurance Policies.

"Costs of Issuance Account" means the account so designated which is established pursuant to this Indenture.

"Costs of the Facilities" means those costs incurred by the Corporation in connection with the demolition of certain existing facilities and the renovation, development and construction of the Facilities, as set forth in Section 4.16 of this Indenture.

"Debt Service Coverage Ratio for the Facilities" means, for any Fiscal Year, the ratio determined by the Vice President for Administration and Finance of the University by dividing the amount of Net Revenues of the Facilities for such Fiscal Year by Annual Debt Service on the Bonds outstanding and on any Additional Debt issued and proposed to be issued for such Fiscal Year; provided, however, that for the purpose of calculating the Debt Service Coverage Ratio pursuant to subsection (ii) of Section 3(i) of the Facilities Lease, to determine whether the Board may build, acquire or renovate any Additional Facilities, the numerator of the fraction representing the Debt Service Coverage Ratio shall be increased by the additional anticipated revenues, if any, to be derived from the Additional Facilities to be constructed with the proceeds resulting from the Additional Debt as certified by the Vice President for Administration and Finance of the University.

"Debt Service Fund" means the fund of that name created under this Indenture.

"Debt Service Reserve Fund" means the fund of that name created under this Indenture.

"Debt Service Reserve Fund Investment" means an irrevocable letter of credit issued by a bank or surety bond issued by an insurance company meeting the requirements of Section 4.21 hereof.

"Debt Service Reserve Fund Requirement," (i) with respect to the Series 2004A Bonds, the Series 2004B Bonds and any Additional Bonds that are Tax-Exempt Bonds, at the time of determination, means the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes; and (ii) with respect to all Bonds issued hereunder, means the sum of the Debt Service Reserve Fund Requirements for each series of Bonds Outstanding; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory sinking fund redemption pursuant to this Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory sinking fund redemption in such Bond Year.

"Defeasance Obligations" means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"DTC" or "Securities Depository" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depositories appointed pursuant to this Indenture.

"Existing Holder" shall mean with respect to the Auction Agent, such Person who is a Broker-Dealer, and with respect to the Broker-Dealer's, such Person who is a beneficial owner of the Bonds.

"Expropriation" shall have the meaning set forth in the Facilities Lease.

"Facilities" means the student housing and related facilities described in **Exhibit A** to the Agreement, as amended and supplemented in accordance with the provisions of the Agreement, which are to be renovated and/or constructed in three (3) phases with the proceeds of the Bonds and Additional Bonds, and Southeastern Oaks and The Village.

"Facilities Lease" means that certain Agreement to Lease With Option to Purchase dated as of August 1, 2004 by and between the Board, as Lessee, and the Corporation, as Lessor, whereby the Facilities are leased by the Corporation to the Board, on behalf of the University.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer

perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Fitch are specified in this Indenture, such categories shall be irrespective of gradations within a category.

"Fiscal Year" means any period of twelve consecutive months adopted by the Corporation as its fiscal year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

"Fixed Rate" means the rate of interest fixed to the maturity of the Series 2004B Bonds and not subject to adjustment.

"Fixed Rate Conversion" means a conversion of the interest rate born by the Auction Rate Bonds from the Auction Rate to the Fixed Rate.

"Fixed Rate Conversion Date" means date on which the Auction Rate Bonds begin to bear interest at a Fixed Rate.

"Ground Lease" means that certain Ground and Buildings Lease Agreement dated as of August 1, 2004 by and between the Board, as Lessor on behalf of the University, and the Corporation, as Lessee whereby the Land upon which certain existing facilities that are to be demolished are located and upon which the Facilities shall be constructed and/or renovated and the Facilities, as completed, are leased by the Board to the Corporation.

"Hold Order" shall have the meaning set forth in Section 3.15(a)(i)(B) hereof.

"Indenture" means this Trust Indenture dated as of August 1, 2004 between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions hereof.

"Initial Auction Agency Agreement" means the agreement dated as of August 1, 2004, by and among the Issuer, the Corporation, the Initial Auction Agent, and the Trustee.

"Initial Auction Agent" means The Bank of New York, together with any successors and assigns.

"Initial Auction Rate" means the rate of interest on the Auction Rate Bonds established for the Initial Period.

"Initial Period" means the period beginning on the Closing Date and ending on and including the Thursday immediately succeeding the Closing Date.

"Interest Account" means the Interest Account within the Debt Service Fund created pursuant to Article IV of this Indenture.

"Interest Accrual Period" means the Initial Period and thereafter while the Auction Rate Bonds bear interest at the Auction Rate, the period commencing on and including the first day of an Auction Period and ending on and including the last day of such Auction Period.

"Interest Payment Date" or **"interest payment date,"** when used with respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate and the Series 2004C Bonds, means each February 1 and August 1, commencing February 1, 2005, when used with respect to Auction Rate Bonds, means the Business Day following each Auction Date, and with respect to Variable Rate Bonds, means the dates set forth in the supplemental indenture executed in connection with the applicable Variable Rate Conversion.

"Interest Rate" means the rate of interest on the Series 2004B Bonds determined in the manner provided in this Indenture.

"Issuer" means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon by the Issuer by said provisions shall be given by law.

"Land" means the real property and improvements thereon more particularly described on Exhibit A attached to the Ground Lease upon which certain existing facilities are to be demolished and upon which the Facilities are to be renovated, constructed and located.

"Lawfully Available Funds" means all unrestricted funds available to the University and appropriated by the Board to make Rental payments from any source, including Rents.

"Liquidity Provider" means a bank or other institution that delivers a standby purchase agreement, letter of credit, or other form of liquidity support and that satisfies the conditions set forth in **Exhibit M** hereto.

"Management Agreement" means the Management Agreement dated as of July 1, 2004, between the Management Company and the Corporation, as approved by the Board, and any successor contract for the management of the Facilities.

"Management Company" means Capstone On-Campus Management LLC, an Alabama limited liability company authorized to do business in Louisiana, and its successor under any Management Agreement.

"Management Fee" means the fee owed to the Management Company of the Facilities pursuant to the Management Agreement in place from time to time between the Management Company and the Corporation, as agent for the Board.

"Market Agent" means Morgan Keegan & Company, Inc. or another market agent or market agents designated in accordance with the terms of this Indenture, and its or their successors or assigns.

"Market Agent Agreement" means an agreement substantially in the form of **Exhibit F** attached hereto entered into between the Issuer and the Market Agent.

"Maximum Annual Debt Service," with respect to a series of Bonds issued hereunder, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

"Maximum Auction Rate" means the lesser of:

- (i) the Applicable Percentage multiplied by The Bond Market Association Municipal Swap Index;
- (ii) 12% per annum; or
- (iii) the maximum rate permitted by applicable law.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Moody's are specified in this Indenture, such categories shall be irrespective of gradations within a category.

"Mortgage" means the Mortgage and Security Agreement and Assignment of Leases and Rents dated as of August __, 2004 by the Corporation in favor of the Trustee, mortgaging the Corporation's leasehold interest in and to the Land and the Facilities.

"Nonpayment Rate" means a rate equal to the Maximum Auction Rate.

"Notice of Variable Rate Conversion" means a notice from the Issuer delivered to the Trustee, the Auction Agent, the Broker-Dealer, and the Securities Depository at least thirty-five (35) but not more than forty-five (45) days prior to a proposed Variable Rate Conversion Date to the effect that the Issuer has determined to change the interest rate mode for some or all Series 2004B Bonds to a Variable Rate.

"Notice of Fixed Rate Conversion" means a notice from the Issuer delivered to the Trustee, the Bond Insurer, the Auction Agent, each Broker-Dealer, and the Securities Depository at least thirty (30) days prior to a proposed Fixed Rate Conversion Date to the effect that the Issuer has determined to change the interest rate mode for the Auction Rate Bonds to a Fixed Rate and has established a Fixed Rate Conversion Date.

"Operating Fund Surplus" means the amount, if any, by which the amounts paid by the Trustee for deposit into the Operating Fund in a Fiscal Year pursuant to Section 4.8(b) hereof exceed the amounts paid, incurred, or accrued in respect of Operating Expenses of the Facilities during such Fiscal Year, such amount to be determined with reference to, and simultaneously

with the delivery of, the annual reports delivered to the Trustee in accordance with the provisions of Section 6.8 of the Loan Agreement, as such amount may be adjusted in accordance with the provisions of Section 4.8(b) hereof.

"Operating Expenses" means the current expenses of operation, maintenance and current repair of the Facilities, as calculated in accordance with Generally Accepted Accounting Principles, and includes, without limiting the generality of the foregoing, insurance premiums, reasonable accounting and legal fees and expenses relating to the Facilities and the ownership thereof by the Board, payments with respect to worker's compensation claims not otherwise covered by insurance, any payments due from the Board under the Facilities Lease, the Agreement or this Indenture, any Rebate Amount, amounts payable by the Corporation under the Agreement or the Mortgage (other than the principal of, premium, if any, and interest on the Bonds); administrative expenses of the Issuer (including fees and expenses of the Trustee and counsel fees and expenses) relating solely to the Facilities, the cost of materials and supplies used for current operations, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. "Operating Expenses" will not include (1) the Management Fee, but only to the extent that the same is subordinate to the payment of the payments to the same extent as set forth in the initial Management Agreement; (2) the principal of and interest on the Bonds; (3) any allowance for depreciation or replacements of capital assets of the Facilities; or (4) amortization of financing costs.

"Order" shall have the meaning set forth in Section 3.15(a)(i)(B) hereof.

"Outstanding" or **"outstanding,"** when used with reference to Bonds, means all Bonds which have been authenticated and issued under this Indenture except:

- (a) Bonds canceled by the Trustee pursuant to this Indenture;
- (b) Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of this Indenture;
- (c) Bonds which have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in this Indenture;
- (d) Bonds in exchange for which other Bonds shall have been authenticated and delivered by the Trustee as provided in this Indenture; and
- (e) for all purposes regarding consents and approvals or directions of Bondholders under the Agreement or this Indenture, Bonds held by or for the Issuer, the Corporation or any person controlling, controlled by or under common control with either of them.

"ORM" means the Office of Risk Management of the State.

"Participant" means any broker-dealer, bank and other financial institution from time to time for which DTC holds Bonds as securities depository.

"Payment Default" means a default by the Issuer in the due and punctual payment of any installment of interest on any of the Outstanding Bonds or (ii) a default by the Issuer in the due and punctual payment of the principal or premium, if any, of any of the Outstanding Bonds at their maturity or upon mandatory sinking fund redemption; which in any case, is followed by the failure of the Bond Insurer to honor a properly submitted claim for such amounts in accordance with the Bond Insurance Policy.

"Payments" means the amounts of repayments under the Agreement with respect to the Bonds to be made by the Corporation as provided in Article IV of the Agreement.

"Permitted Investments" means any of the following securities to the extent permitted under State law:

(i) The following obligations to be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts:

- (a) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in item (ii)(b)(2) below, or
- (b) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

(ii) The following obligations to be used as Permitted Investment for all purposes other than defeasance investments in refunding escrow accounts:

- (a) Obligations of any of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:
 - (1) U.S. Export-Import Bank (Eximbank),
 - (2) Farm Credit System Financial Assistance Corporation,
 - (3) Rural Economic Community Development Administration,
 - (4) General Services Administration,
 - (5) U.S. Maritime Administration,
 - (6) Small Business Administration,
 - (7) Government National Mortgage Association (GNMA),
 - (8) Department of Housing & Urban Development (PHAs),
 - (9) Federal Housing Administration, and
 - (10) Federal Financing Bank;

- (b) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
- (1) Senior debt obligations rated in the highest long-term rating category by at least two (2) nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
 - (2) Senior debt obligations of the Federal Home Loan Bank System, and
 - (3) Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;
- (c) U.S. dollar denominated deposit accounts, federal funds and bankers acceptances with domestic commercial banks that either (1) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies, (2) are insured at all times by the Federal Deposit Insurance Corporation, or (3) are collateralized with direct obligations of the United States of America at one hundred two percent (102%) valued daily. All such certificates must mature no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the commercial bank);
- (d) Commercial paper that is rated at the time of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies and that mature not more than two hundred seventy (270) days after the date of purchase;
- (e) Investments in (1) money market funds subject to SEC Rule 2A-7 and rated in the highest short-term rating category of at least two (2) nationally recognized rating agencies and (2) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Issuer's deposit is permitted or directed by the laws of the State and in which Issuer's deposit shall not exceed five percent (5%) of the aggregate pool balance at any time and such pool is rated in one of the two (2) highest short-term rating categories of at least two (2) nationally recognized rating agencies;
- (f) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

- (1) that are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of at least two (2) nationally recognized rating agencies,
 - (2) that are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow (A) may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this item (2) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (g) General obligations of states with a short-term rating in one (1) of the two (2) highest rating categories and a long-term rating in one (1) of the two (2) highest rating categories of at least two (2) nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually;
- (h) Investment agreements approved in writing by the Bond Insurer; and
- (i) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

"Potential Holder" means any person, including any Existing Holder, who may be interested in acquiring Auction Rate Bonds (or, in the case of an Existing Holder thereof, an additional principal amount of Auction Rate Bonds).

"Principal Account" means the Principal Account within the Debt Service Fund created pursuant to Article IV of this Indenture.

"Principal Payment Date" when used with respect to the Bonds means each August 1, commencing August 1, 2006.

"Prior Debt" means the amount borrowed by the Corporation pursuant to two Loan Agreements each dated as of June 1, 2000 as part of the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which \$14,590,000 is currently outstanding.

"Prior Trustee" means Hancock Bank of Louisiana, Baton Rouge, Louisiana, as trustee for the Prior Debt.

"Project Fund" means the fund of that name created under this Indenture.

"Rating Agency," at any point in time, means any nationally recognized securities rating agency or service then rating the Bonds (collectively, the "Rating Agencies").

"Rebate Amount" means any amounts required to be paid to the Rebate Fund pursuant to the Tax Regulatory Agreement.

"Rebate Fund" means the fund of that name created under this Indenture.

"Receipts Fund" means the fund of that name created under this Indenture.

"Record Date," with respect to all Series 2004 Bonds other than Auction Rate Bonds and Variable Rate Bonds, means the fifteenth (15th) day of the month preceding each Interest Payment Date; with respect to Auction Rate Bonds, means the Business Day immediately preceding each Interest Payment Date; and with respect to Variable Rate Bonds, means the fifth (5th) day preceding each Interest Payment Date.

"Reimbursement Agreement" means the Reimbursement and Indemnity Agreement dated as of August 1, 2004, between the Corporation and the Bond Insurer.

"Remarketing Agent" means the entity designated by the Issuer as remarketing agent under a Remarketing Agreement, or any successor to it as such remarketing agent. The initial Remarketing Agent is Morgan Keegan & Company, Inc.

"Remarketing Agreement" means an agreement between the Authority and a Remarketing Agent, providing for the remarketing of any Bonds in accordance with the terms of this Indenture.

"Rental" means and includes the Base Rental and Additional Rental.

"Rents" means all revenues actually received from any source by, or on behalf of the Board or the University with respect to the Facilities and the Additional Facilities, including without duplication, all collected rents and other charges for the use or occupancy of the Facilities, parking charges and revenues, utility charges, vending machine and laundry machine revenues and forfeited security deposits relating to the Facilities, and rental interruption insurance proceeds actually received by or on behalf of the Board or the University (net of the costs of collecting such proceeds), if any; excluding tenants' security deposits unless and until applied in satisfaction of tenants' obligations as provided for in the Management Agreement.

"Replacement Fund" means the fund of that name created under this Indenture.

"Replacement Fund Requirement" means, \$4,064,825 increased annually, beginning August 1, 2007, by an amount equal to \$100,000 with such amount increased each year

beginning August 1, 2008, at a rate of 3% annually, or such lesser annual amount as is permitted by the Board of Regents and approved by the Bond Insurer.

"State" means the State of Louisiana.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of S&P are specified in this Bond Indenture, such categories shall be irrespective of gradations within a category.

"Sell Order" shall have the meaning set forth in Section 3.15(a)(i) hereof.

"Series 2004 Bonds" means, collectively, the Series 2004A Bonds, the Series 2004B Bonds and the Series 2004C Bonds.

"Series 2004A Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, authorized to be issued by the Issuer in the aggregate principal amount of \$60,985,000, including such Series 2004A Bonds issued in exchange for other such Series 2004A Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004A Bonds pursuant to this Indenture.

"Series 2004B Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, initially bearing interest at the Auction Rate and authorized to be issued by the Issuer in the aggregate principal amount of \$15,000,000, including such Series 2004B Bonds issued in exchange for other such Series 2004B Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004B Bonds pursuant to this Indenture.

"Series 2004C Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, authorized to be issued by the Issuer in the aggregate principal amount of \$925,000, including such Series 2004C Bonds issued in exchange for other such Series 2004C Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004C Bonds pursuant to this Indenture.

"Standard Auction Period" means an Auction Period of seven (7) days, following the Initial Period or such other Standard Auction Period, beginning on the day after an Auction Date and ending on the next Auction Date, or such other Standard Auction Period authorized by Section 3.14 hereof.

"Submission Deadline" means 1:00 p.m. (New York City time) on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Bid" shall have the meaning set forth in Section 3.15(c)(i) hereof.

"Submitted Hold Order" shall have the meaning set forth in Section 3.15(c)(i) hereof.

"Submitted Order" shall have the meaning set forth in Section 3.15(c)(i) hereof.

"Submitted Sell-Order" shall have the meaning set forth in Section 3.15(c)(i) hereof.

"Sufficient Clearing Bids" shall have the meaning for which such term is used in Section 3.15(c)(i) hereof.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement and Arbitrage Certificate dated August 13, 2004 by and among the Issuer, the Corporation, the Board and the Trustee.

"Tax-Exempt Bonds" means Bonds the interest on which is not includable in gross income of the beneficial owners thereof for federal income tax purposes.

"Tender Agent" means any tender agent designated by the Issuer or any successor thereto under any substitute Tender Agent Agreement. The initial Tender Agent shall be The Bank of New York Trust Company, N.A.

"The Bond Market Association Municipal Swap Index" means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by The Bond Market Association, its successor and assigns, or any person acting in cooperation with or under its sponsorship and acceptable to the Market Agent, and effective from such date.

"Trust Estate" means all the property assigned by the Issuer to the Trustee pursuant to this Indenture as security for the Bonds.

"Trustee" means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under this Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of this Indenture, initially The Bank of New York Trust Company, N.A.

"University" means Southeastern Louisiana University in Hammond, Louisiana.

"University Representative" means the Person or Persons designated by the University in writing to serve as the University's representative hereunder; the University Representative shall be the Vice President for Administration and Finance of the University, or any other

representative designated by the President of the University, of whom the Issuer and the Trustee have been notified in writing.

"Value," with respect to Permitted Investments, means (i) as to investments, the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investment so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investment by any two (2) nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) with respect to certificates of deposit and bankers' acceptances, means the face amount thereof, plus accrued interest; (iv) with respect to guaranteed investment contracts that permit the Corporation to withdraw amounts invested thereunder at any time without penalty for which repayment obligation the other party thereto has pledged collateral acceptable to the Bond Insurer, the amount available to be withdrawn therefrom; and (v) with respect to any investment not specified above, means the value thereof established by prior agreement among the Bond Insurer, the Trustee, and the Corporation.

"Variable Rate" with respect to Variable Rate Bonds means the rate of interest (adjusted weekly) borne thereby in a particular Variable Rate Period, as determined by the Remarketing Agent.

"Variable Rate Announcement Date" means the first (1st) day of a Variable Rate Determination Period and each subsequent Thursday during a Variable Rate Period, or if such Thursday is not a Business Day, the immediately preceding Business Day on which the Remarketing Agent will determine the interest rate for the immediately succeeding Variable Rate Determination Period.

"Variable Rate Bonds" means any principal amount of Series 2004B Bonds bearing interest at the Variable Rate.

"Variable Rate Conversion" means a conversion of the interest rate born by the Auction Rate Bonds from the Auction Rate to the Variable Rate.

"Variable Rate Determination Period" with respect to Variable Rate Bonds, means the period commencing on the Variable Rate Effective Date and continuing to and including the calendar day preceding the immediately succeeding Variable Rate Effective Date.

"Variable Rate Effective Date" means the Thursday immediately succeeding a Variable Rate Announcement Date.

"Variable Rate Period" means, with respect to any principal amount of the Series 2004B Bonds, the period during which such Series 2004B Bonds bear interest at a Variable Rate.

"Winning Bid Rate" shall have the meaning set forth in Section 3.15(c)(i) hereof.

Section 1.2 **Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

Unless the context shall otherwise indicate, the word "person" shall include the plural as well as the singular number, and "person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Provisions calling for the redemption of Bonds or the calling of Bonds for redemption do not mean or include the payment of Bonds at their stated maturity or maturities.

All references in this Indenture to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

ARTICLE II
GRANTING CLAUSES

Section 2.1 **Granting Clauses**. In consideration of the acceptance by the Trustee of the trusts and duties set forth in this Indenture on behalf of the owners of all Bonds issued and secured hereunder; of the purchase and acceptance of the Bonds issued and secured by this Indenture by the owners thereof; of the payment of the purchase price of the Bonds to the Trustee for application as provided hereinafter; and in order to secure the payment of any and all Bonds at any time outstanding hereunder, and of the issuance of the Bond Insurance Policies according to the tenor and effect thereof and the premium and interest thereon, the payment of all costs, fees and charges specified herein, and the payment of all other sums if any, from time to time due to the owners of all Bonds secured hereunder and to the Trustee or its successors and assigns, or to others, according to the intent and meaning of all such Bonds and this Indenture, up to a maximum amount of \$150,000,000, and for the purpose of securing the performance and observance by the Issuer of all the covenants and conditions herein contained, the Issuer does hereby TRANSFER, ASSIGN AND DELIVER TO AND IN FAVOR OF the Trustee, and its successor or successors in trust, for the benefit of the owners of all Bonds secured hereunder, its interest in the following described properties, rights, interests and benefits which are collectively called the "Trust Estate":

All right, title and interest of the Issuer in, to and under the Agreement (except for rights relating to exculpation, indemnification and payment of expenses thereunder), all payments, proceeds, revenues, income, receipts, issues, benefits and other moneys received or derived by the Issuer under the Agreement including, without limitation, the Payments to be paid by the Corporation to the Trustee for the account of the Issuer pursuant to Section 4.2 of the Agreement;

Any right, title and interest of the Issuer in, to and under the Facilities Lease and any leases (other than the Facilities Lease), subleases and use agreements or other similar agreements relating to the Facilities (including any and all extensions, renewals, amendments, modifications and supplements thereof or thereto), all Rents and other revenues received by the Corporation under the Management Contract and assigned by the Corporation to the Issuer under the Agreement, all rents, issues, receipts and profits derived from the use or occupancy of the Facilities, all proceeds of insurance (including rental interruption insurance, if any) received or receivable by the Corporation, on behalf of the Board, as a result of any damage to or destruction of the Facilities, or any part thereof, under the power of eminent domain and all amounts received or receivable by the Corporation, on behalf of the Board, as compensation for the transfer of the Facilities, or any part thereof, in lieu of a taking or use of the Facilities, under the powers of eminent domain, but only to the extent that such proceeds, award or compensation is not used for the restoration, repair or reconstruction of the Facilities to which such proceeds, award or compensation is attributable, all amounts received or receivable by the Corporation, on behalf of the Board, from the sale of the Facilities, or any part thereof, all amounts collected under payment and performance bonds, if any, maintained with respect to the Facilities, and any and all additional revenues, income, receipts and other payments (including, without limitation,

grants, donations, gifts and appropriations received from any private or public source) which hereafter are received by the Corporation, on behalf of the Board, for or relating to the Facilities or which hereafter may be assigned by the Corporation pursuant to the Agreement;

All cash, moneys, securities and investments which may at any time and from time to time, pursuant to the provisions of this Indenture, be paid to the Trustee or be in the hands of the Trustee, except for moneys in the Rebate Fund and except as the interest of said Trustee in such cash, moneys, securities and investments may otherwise appear in this Indenture, provided, however, that nothing in this Indenture shall be construed to affect any property held by the Trustee in any capacity other than as Trustee hereunder; and

To the extent not covered by the clauses above, all proceeds of any and all of the foregoing.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successor or successors and assigns forever; in trust, nevertheless subject to the terms and conditions and trusts herein set forth, for the equal benefit, security and protection of all and singular the present and future owners of all of the Bonds issued under and secured by this Indenture, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided herein, of any one Bond over any other Bond or of principal over interest or interest over principal, and the Bond Insurer, all as herein provided, and for the uses and purposes, and upon the terms, agreements and conditions set forth herein.

The Trust Estate assigned hereunder is also assigned to secure the payment of any and all sums which the Trustee may expend or become obligated to expend (including but not limited to court costs and attorneys' fees) to preserve and protect any of the Trust Estate or to cure any default of the Corporation under the Agreement or arising out of any such default or incident of delay in payment of sums and the performance of obligations thereunder, or in pursuing or exercising any right, rights, remedy or remedies consequent upon the default of the Corporation thereunder.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment pursuant to the provisions of this Indenture, the principal of the Bonds, premium, if any, and the interest due or to become due thereon, at the times and in the manner set forth in the Bonds and this Indenture, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and agreements as provided in and pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such performance and payments this Indenture and the rights created hereby shall cease, terminate and be void as provided in Article XII hereof; otherwise this Indenture shall be and remain in full force and effect.

The Issuer hereby covenants and agrees with, and does hereby covenant unto the Trustee, that it has good right and lawful authority to transfer and assign the Trust Estate to the extent and

in the manner herein provided; that the Issuer will not suffer any lien or encumbrance to exist upon the Trust Estate, or any part thereof, superior to the security or lien to accrue or be created under this Indenture; or do or suffer any act or thing whereby the security hereof may be diminished or impaired; and the Issuer further does covenant, and by these presents hereby covenants and agrees to defend or cause to be defended forever the title to each and every part of said Trust Estate against the claims and demands of all persons whomsoever.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of said Trust Estate hereby conveyed, transferred, assigned, confirmed, pledged and encumbered is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof as follows:

ARTICLE III

AUTHORIZATION, TERMS AND CONDITIONS OF BONDS

Section 3.1 **Bonds Issuable Under this Article Only.** No Series 2004A Bonds, Series 2004B Bonds or Series 2004C Bonds may be issued under the provisions of this Indenture except in accordance with the provisions of this Article.

Section 3.2 **Authorization of Bonds; Dates, Maturities, Fixed Rate Conversion and Interest Rates for the Bonds.** (a) There is hereby authorized and issued under this Indenture \$60,985,000 aggregate principal amount of bonds to be known as "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A," \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B" and \$925,000 "Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C" to be issued for the purpose of (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities; (iv) funding a deposit to the Debt Service Reserve Fund, (v) paying capitalized interest on the Series 2004 Bonds; (vi) funding a deposit to the Replacement Fund; and (vii) paying costs of issuance of the Series 2004 Bonds, including the premium for any bond insurance policy insuring the Series 2004 Bonds.

(b) The Series 2004 Bonds shall be dated August 1, 2004. The Series 2004A Bonds shall be issued in the aggregate principal amount of \$60,985,000 and shall bear interest and mature as set forth in the table below; the Series 2004B Bonds shall be issued in the aggregate principal amount of \$15,000,000, will be dated as of the date of delivery thereof, shall initially bear interest at the Auction Rate, and shall mature on August 1, 2034; and the Series 2004C Bonds shall be issued in the aggregate principal amount of \$925,000, will be dated August 1, 2004, and shall mature on August 1, 2006 and August 1, 2007. Interest on the Series 2004 Bonds shall be payable on each Interest Payment Date applicable to such Series 2004 Bonds. Auctions with respect to the Auction Rate Bonds shall be held on each Auction Date, as more fully described in Sections 3.14 through 3.19 hereof.

Series 2004A Bonds

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2007	180,000	3.500%
2008	1,015,000	3.500
2009	1,170,000	3.500
2010	1,325,000	3.750
2011	1,500,000	4.000
2012	1,680,000	4.500

2013	1,885,000	4.000
2014	1,960,000	4.000
2015	2,040,000	5.000
2016	2,140,000	4.000
2017	2,230,000	4.000
2018	2,320,000	4.100
2019	2,415,000	4.200
2022	2,785,000	4.500
2025	3,225,000	4.750
2028	3,720,000	4.750

\$5,160,000	5.250% Term Bonds due August 1, 2021
\$5,970,000	5.250% Term Bonds due August 1, 2024
\$6,920,000	5.000% Term Bonds due August 1, 2027
\$11,345,000	5.000% Term Bonds due August 1, 2031

Series 2004B Bonds

\$15,000,000 Term Bonds due August 1, 2034

Series 2004C Bonds

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2006	\$225,000	3.000%
2007	700,000	3.500

(c) The Auction Rate Bonds shall be subject to mandatory tender for purchase upon a Fixed Rate Conversion. The effective date of such Fixed Rate Conversion shall be set forth in a supplement to this Indenture.

(d) Notice of a Fixed Rate Conversion shall be in substantially the form of **Exhibit G** attached hereto. Such notice, as prepared by or on behalf of the Issuer at the direction of the Board and provided to the Trustee at least forty (40) days prior to the Fixed Rate Conversion Date, shall be mailed by the Trustee to the Bondholders, to the Bond Insurer, to the Auction Agent, and to the Rating Agencies at least thirty (30) days prior to the Fixed Rate Conversion Date. In the event of a failure of the Fixed Rate Conversion on the Fixed Rate Conversion Date, Auction Rate Bonds then submitted for purchase shall be returned, with an appropriate notice explaining the failure of the Fixed Rate Conversion and that the former position of such Bondowners shall be restored in all particulars.

(e) Auction Rate Bonds that are not tendered by the Fixed Rate Conversion Date shall be deemed tendered to the Trustee as of the Fixed Rate Conversion Date, subject, however, to remarketing or purchase by the entity selected by the Remarketing Agent for settlement on the Fixed Rate Conversion Date and receipt by the Trustee of the price equal to one hundred percent

(100%) of the principal amount thereof from the purchasers thereof or the Remarketing Agent. In the event that on the Fixed Rate Conversion Date the Remarketing Agent shall have been unable to remarket all Auction Rate Bonds for settlement on the Fixed Rate Conversion Date and shall not have elected not to purchase for its own account such unremarketed Auction Rate Bonds, or on the Fixed Rate Conversion Date the Trustee shall not have received the purchase price therefor, the proposed Fixed Rate Conversion shall be cancelled, such Auction Rate Bonds shall remain subject to the Auction Procedures and shall bear interest at the Maximum Auction Rate as of the failed Fixed Rate Conversion Date for the Interest Accrual Period commencing on such date, but not to exceed seven (7) days.

(f) Interest shall be computed as follows: (i) for Series 2004A Bonds, Series 2004B Bonds on and after the Fixed Rate Conversion Date, and Series 2004C Bonds, on the basis of a 360-day year consisting of twelve (12) thirty (30) day months apportioned for partial months; (ii) for Auction Rate Bonds, on the basis of a 360-day year and the actual number of days elapsed and (iii) for Variable Rate Bonds, on the basis of a year of 365 or 366 days, as applicable, and the actual number of days elapsed.

(g) The Bonds of each series shall be numbered consecutively from R-1 upward, or in such other manner as the Issuer, with the concurrence of the Trustee, shall determine, and may have such additional number designations as shall be necessary to differentiate each series.

(h) The principal of, and premium, if any, of the Bonds shall be payable to the registered owners thereof upon surrender of the Bonds at the principal corporate trust office of the Trustee. The interest on the Bonds, when due and payable, shall be paid by check or draft mailed by the Trustee on such due date to each person in whose name a Bond is registered, at the address(es) as they appear on the Bond Register maintained by the Trustee at the close of business on the applicable Record Date irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the Issuer shall default in payment of interest due on such Interest Payment Date, provided that the owners of \$1,000,000 or more in aggregate principal amount of Bonds may request payment by wire transfer if such owners have requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of any such default, such defaulted interest shall be payable on a payment date established by the Trustee to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owners of the Bonds not less than fifteen (15) days preceding such special record date. Payment as aforesaid shall be made in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts.

Section 3.3 **Form of Bonds.** The Series 2004A Bonds issued under this Indenture shall be substantially in the form set forth in **Exhibit A-1** attached hereto and made a part hereof, the Series 2004B Bonds issued under this Indenture shall be substantially in the form set forth in **Exhibit A-2** attached hereto and made a part hereof and the Series 2004C Bonds issued under this Indenture shall be substantially in the form set forth in **Exhibit A-3** attached hereto and

made part hereof, with such appropriate variations, additions, omissions and insertions as are permitted or required by this Indenture. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto. All Bonds may bear identifying CUSIP numbers, but any failure to include such numbers or any error in any CUSIP number so included shall not in any way affect the validity of the Bonds. The form of Series 2004B Bonds effective after a Variable Rate Conversion shall be attached to the supplemental indenture executed in connection with such Variable Rate Conversion.

Section 3.4 **Redemption of Bonds.**

(a) **Optional Redemption.** (i) The Series 2004A Bonds maturing on and after August 1, 2015, and, after the Fixed Rate Conversion Date, the Series 2004B Bonds shall be subject to redemption prior to maturity, at the option of the Issuer, upon written direction from the Board, on or after August 1, 2014, as a whole or in part at any time, and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Auction Rate Bonds shall be subject to redemption at the option of the Issuer upon the written direction of the Board, as a whole or in part on the first day of any Auction Period if there are sufficient moneys to make such redemption on such date, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(iii) The Series 2004B Bonds are subject to redemption in part at the option of the Issuer, upon written direction from the Board, on any Interest Payment Date from amounts transferred by the Trustee from the Project Fund to the Principal Account of the Debt Service Fund upon completion of construction of the Facilities in accordance with Section 4.19 hereof, the Series 2004B Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal of the Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(b) **Mandatory Redemption.** (i) If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to Section 23 of the Facilities Lease, the Series 2004 Bonds shall be redeemed as a whole. With respect to (i) any Auction Rate Bonds and any Variable Rate Bonds, the same shall be redeemed on the first respective Interest Payment Date or Dates after such purchase and (ii) with respect to the Series 2004A Bonds, the Series 2004B Bonds bearing interest at a Fixed Rate, and the Series 2004C Bonds, the same shall be redeemed on the later of (a) August 1, 2014, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2004 Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Series 2004 Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that any insurance proceeds or proceeds received as a result of Expropriation proceedings with respect to the Facilities will not be applied to the restoration, repair or reconstruction of the Facilities at a price equal to the principal amount of the Bonds so redeemed plus accrued and unpaid interest thereon to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds, or Expropriation proceeds not used for restoration, repair or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Bonds is not an Authorized Denomination, the principal amount of Bonds to be redeemed pursuant to this subsection (b) shall be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, Series 2004A Bonds.

(c) **Mandatory Sinking Fund Redemption.**

(i) The Series 2004A Bonds maturing on August 1, 2021, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2020	\$2,515,000
2021	2,645,000

The Series 2004A Bonds maturing on August 1, 2024, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2023	\$2,910,000
2024	3,060,000

The Series 2004A Bonds maturing on August 1, 2027, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2026	\$3,375,000
2027	3,545,000

The Series 2004A Bonds maturing on August 1, 2031 shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2029	\$3,900,000
2030	4,095,000
2031	3,350,000

If on any occasion less than all of the Series 2004A Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in Section 3.4(a)(i) hereof or Section 3.4(b) hereof, then the principal amount of the Series 2004A Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above shall be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

(ii) The Series 2004B Bonds shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2031	\$ 950,000
2032	4,500,000
2033	4,675,000
2034	4,875,000

If on any occasion less than all of the Series 2004B Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in Section 3.4(a) hereof or Section 3.4(b) hereof, then the principal amount of the Series 2004B Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above table. The principal amounts required by the table above shall be adjusted downward in the amount of principal

redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional or mandatory redemption.

(d) Any Additional Bonds issued under the provisions of Article V of this Indenture may be made subject to redemption, either in whole or in part and at such times and prices, as may be provided in the resolution or resolutions of the Issuer authorizing the issuance of such Additional Bonds. Any Series 2004B Bonds converted to Variable Rate Bonds shall be subject to redemption as provided in the supplemental indenture executed in connection with such Variable Rate Conversion.

(e) Unless otherwise specified above, if less than all of the Bonds shall be called for redemption, the maturity of the Bonds to be redeemed shall be designated by the Corporation, on behalf of the Board, and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of an Authorized Denomination. If a portion of any Bond shall be called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

(f) At least thirty (30) days before the redemption date of any Bonds redeemed other than by mandatory sinking fund redemption, the Trustee shall cause a notice of any such redemption, signed by an authorized officer of the Trustee to be mailed, postage prepaid, to all Bondholders of record owning Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register, but any defect in such mailing of any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds then outstanding shall be called for redemption, the numbers of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

(g) Any notice of redemption may, at the direction of the Issuer upon the written request of the Board, state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of sufficient and legally available funds to pay the redemption price of the Bonds to be redeemed and that if such funds are not so received or are not so legally available such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and sufficient funds to pay the redemption price of such Bonds shall not be received by the Trustee on or prior to the redemption date, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption shall have been given, that such funds were not so received.

(h) On the date so designated for redemption, notice having been given in the manner and under the conditions hereinabove provided and money for payment of the redemption price being held in the Debt Service Fund in trust for the owners of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and

payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds or portions of Bonds shall cease to be entitled to any benefit or security under this Indenture, and the owners of such Bonds or portions of Bonds shall not have rights in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the next paragraph, to receive Bonds for any unredeemed portions of Bonds.

(i) In case part, but not all, of an outstanding Bond shall be selected for redemption, the registered owner thereof or his legal representative shall present and surrender such Bond to the Trustee for payment of the principal amount thereof so called for redemption, and the Trustee shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a new Bond.

(j) Bonds and portions of Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption have been given to the Trustee in form satisfactory to it, and for the payment of the redemption price for which moneys, or Defeasance Obligations, shall be held by the Trustee in a segregated account in trust for the owners of the Bonds or portions thereof to be redeemed, shall not thereafter be deemed to be outstanding under the provisions of this Indenture and shall cease to be entitled to any security or benefit under this Indenture other than the right to receive payment from such moneys.

Section 3.5 **Execution; Limitation of Liability.** The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signatures of the Chairman or Vice Chairman and the Secretary/Treasurer of the Issuer, and shall have impressed or imprinted thereon the official seal of the Issuer or a facsimile thereof. The Bonds, together with interest and premium, if any, thereon, shall not constitute a debt of the State or any political subdivision thereof. The Bonds, together with interest thereon, shall be limited obligations of the Issuer and shall be secured by and payable solely out of revenues derived from the Payments made pursuant to the Agreement and Trust Estate pledged hereunder. The Issuer shall not be obligated to pay the principal of the Bonds or the interest or premium, if any, thereon or other costs incidental thereto except from payments made pursuant to the Agreement. In case any officer of the Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. **THE BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THIS INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY**

OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

Section 3.6 **Authentication.** No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until a certificate of authentication substantially in the form set forth in **Exhibit A** attached hereto and made a part hereof shall have been duly executed by a duly authorized representative of the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized representative of the Trustee, but it shall not be necessary that the same representative sign the certificate of authentication on all of the Bonds issued hereunder.

Section 3.7 **Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Issuer may execute and, upon its request, the Trustee may authenticate a new Bond of the same principal amount and of like tenor as the mutilated, lost or stolen or destroyed Bond; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction in form satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a substitute Bond the Issuer may authorize the payment of the same. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees and expenses in this connection. Any Bond issued under the provisions of this Section 3.7 in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the Issuer, whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture together with all other Bonds in substitution for which such Bonds were issued.

Section 3.8 **Registration of Bonds.** The Trustee shall be the bond registrar for the Bonds. So long as any of the Bonds shall remain outstanding, there shall be maintained and kept for the Issuer, at the principal corporate trust office of the Trustee, the Bond Register for the registration and transfer of the Bonds and, upon presentation thereof for such purpose at said office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond.

Each Bond shall be transferable only upon the Bond Register at the principal corporate trust office of the Trustee at the written request of the registered owner thereof or his legal representative duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his legal representative duly authorized in writing. Upon the transfer of any such Bond, the Trustee shall issue in the name of the transferee, in authorized denominations, one or more Bonds of the same aggregate principal amount as the surrendered Bonds.

Section 3.9 **Persons Treated as Owners.** The Issuer and the Trustee may, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on any Bond and for all other purposes, deem and treat the person in whose name such Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether or not such Bond is overdue, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

Payment made to the person deemed to be the owner of any Bond for the purpose of such payment in accordance with the provisions of this Section 3.9 shall be valid and effectual, to the extent of the sum or sums so paid, to satisfy and discharge the liability upon such Bond in respect of which such payment was made.

Section 3.10 **Exchange and Transfer of Bonds.** As long as any of the Bonds remain outstanding, there shall be permitted the exchange of Bonds at the principal corporate trust office of the Trustee. Any Bond or Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Bonds, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The Trustee shall not be required to register the transfer or exchange of (a) any Bonds during the fifteen (15) day period next preceding the selection of Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Bonds selected for redemption, or (b) any Bonds selected, called or being called for redemption in whole or in part, except in the case of any Bond to be redeemed in part, the portion thereof not so to be redeemed.

Section 3.11 **Cancellation and Destruction of Surrendered Bonds.** Upon the surrender to the Trustee of any temporary or mutilated Bonds, or Bonds transferred or exchanged for other Bonds, or Bonds paid at maturity by the Issuer, the same shall forthwith be canceled and destroyed by the Trustee, and the Trustee, upon the request of the Issuer, shall deliver its certificate of such destruction to the Issuer.

Section 3.12 **Delivery of the Series 2004 Bonds.** Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Series 2004 Bonds and deliver them to the purchasers thereof as shall be directed by the Issuer as hereinafter in this Section provided.

Prior to or simultaneously with the delivery by the Trustee of the Series 2004 Bonds, there shall be filed with the Trustee:

(a) A copy, duly certified by the Secretary/Treasurer of the Issuer, of the resolution or resolutions adopted by the Issuer authorizing the execution and delivery of this Indenture and the Agreement, and all other instruments contemplated thereby and the authorization, issuance, sale and delivery of the Series 2004 Bonds;

(b) A copy, duly certified by an Authorized Corporation Representative, of the resolution or resolutions of the Corporation authorizing the execution and delivery of the Agreement, and all other instruments contemplated thereby and approving this Indenture and the authorization, issuance, sale and delivery of the Series 2004 Bonds;

(c) Original executed counterparts of this Indenture, the Agreement, the Bond Insurance Policies, the Reimbursement Agreement, the Ground Lease, the Facilities Lease, Tax Regulatory Agreement and the Mortgage (the "Bond Documents");

(d) Copies of the Plans and Specifications (as defined in the Ground Lease) and all land surveys and other documents relating to the construction of the Facilities;

(e) Signed copies of all opinions of counsel required in connection with the issuance of the Series 2004 Bonds and the transactions contemplated thereby;

(f) A request and authorization to the Trustee on behalf of the Issuer and signed by its Chairman, Vice Chairman or Secretary/Treasurer to authenticate and deliver the Series 2004 Bonds to the purchasers thereof and specifying the amounts to be deposited in the Bond Proceeds Fund and the Cost of Issuance Account, and then to be transferred to the Project Fund, the Debt Service Reserve Fund, the Capitalized Interest Fund, the Refunding Fund, the Replacement Fund and the Debt Service Fund and setting forth the Initial Auction Rate; and

(g) A signed copy of the legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, addressed to the Trustee, to the effect that (i) the Series 2004 Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) authorizing the Trustee to rely upon Bond Counsel's approving opinion as if it were addressed to the Trustee.

The Issuer hereby authorizes and directs the Trustee to execute and deliver the Tax Regulatory Agreement.

Section 3.13 **Book-Entry Registration of Bonds**. The Bonds shall be initially issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Bonds, and held in the custody of DTC. The Issuer and the Trustee acknowledge that the Issuer has executed and delivered a Blanket Letter of Representations with DTC and that the terms and provisions of said Letter of Representations shall govern in the event of any inconsistency between the provisions of this Indenture and said Letter of Representations. A single bond certificate for each maturity of Bonds will be issued and delivered to DTC. The Beneficial Owners will not receive physical delivery of Bond certificates except as provided herein. Beneficial Owners are expected to

receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate.

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

The Issuer, the Corporation and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

Neither the Issuer, the Trustee nor the Corporation are responsible for the performance by DTC of any of its obligations, including, without limitation, the payment of moneys received by DTC, the forwarding of notices received by DTC or the giving of any consent or proxy in lieu of consent.

Whenever during the term of the Bonds the beneficial ownership thereof is determined by a book entry at DTC, the requirements of this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law.

The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Issuer determines that (a) DTC is unable to discharge its responsibilities with respect to the Bonds, or (b) a continuation of the requirement that all of the outstanding Bonds be registered on the registration books kept by the Trustee in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

Upon the termination of the services of DTC with respect to the Bonds pursuant to the above two paragraphs, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Issuer is willing and able to undertake such functions upon reasonable and customary terms, the Issuer is obligated to deliver Bonds to the owner, at the expense of the said owner as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names holders transferring or exchanging Bonds shall designate in accordance with the provisions of this Indenture.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such

Bond shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations of the Issuer dated November 17, 1998 and delivered to DTC.

If at any time DTC ceases to hold the Bonds, all references herein to DTC shall be of no further force or effect.

If the Issuer is unable to retain a qualified successor to the Securities Depository or the Issuer has determined that it is in the best interest of the Issuer not to continue a book-entry system of transfer or that the interest of the Beneficial Owners of the Bonds might be adversely affected if a book-entry system of transfer is continued (the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Bonds by mailing an appropriate notice to the Securities Depository, upon receipt by the Issuer of the Bonds together with an assignment duly executed by the Securities Depository, the Issuer, shall, subject to the limitations of Article III hereof, execute, and cause to be authenticated and delivered pursuant to the instructions of the Securities Depository, Bonds in fully registered form, in substantially the form set forth in this Indenture, in Authorized Denominations. In such event, payment of principal at maturity shall be made upon surrender of such Bonds to the Trustee. In such case, the Interest Rate on the Auction Rate Bonds for any Interest Accrual Period commencing after the delivery of Auction Rate Bonds in fully registered form shall equal the Maximum Auction Rate and conversion to Fixed Rate shall occur. To the extent the Auction Rate Bonds are restored to a book-entry system authorized by this Section 3.13, the Interest Rate on the Auction Rate Bonds shall be determined by the Auction Procedures prescribed by Section 3.14 through 3.19 hereof.

Section 3.14 **Auction Rate: Auction Period-General.** (a) Unless converted to another interest rate methodology following a mandatory tender for purchase, the Series 2004B Bonds shall, subsequent to the Initial Period, bear interest at the Auction Rate. The Initial Auction Rate shall be set forth in the Certificate of the Issuer described in Section 3.12(f) hereof. During each Auction Period, the Auction Rate shall be equal to the rate of interest per annum that results from implementation of the Auction Procedures subject to the Maximum Auction Rate; provided that, if on any scheduled Auction Date, an Auction shall not be held for any reason (with the determination that an Auction was not held to be made by the Auction Agent and if the Auction Agent shall not be capable of or shall not make such determination, then such determination shall be made by the Market Agent), then the following shall apply:

(i) With respect to an Auction Period of greater than one hundred eighty (180) days, the Standard Auction Period shall automatically convert to an Auction Period of seven (7) days;

(ii) An Auction shall be deemed to have occurred on the scheduled Auction Date;

(iii) The Auction Rate for such deemed Auction to be in effect for the next succeeding Auction Period shall be equal to the Auction Rate for the preceding Auction Period; and

(iv) The succeeding Auction Period shall begin on the calendar day following the scheduled Auction Date.

(b) Such procedures set forth above shall be applicable for one Auction Period. In the event that the next Auction shall not be held for any reason (with the determination to be made by the Auction Agent that an Auction was not held and if the Auction Agent shall not be capable of or does not make such determination, then such determination shall be made by the Market Agent) then the Maximum Auction Rate shall apply with respect to succeeding Auction Periods until an Auction can be held.

(c) By purchasing Auction Rate Bonds, whether in an Auction or otherwise, each such purchaser or its Broker-Dealer, must agree and shall be deemed by such purchase to have agreed (i) to participate in Auctions on the terms described herein, (ii) to have its beneficial ownership of the Auction Rate Bonds maintained at all times in book-entry form for the account of its Participant, which in turn will maintain records of such beneficial ownership, and (iii) to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

(d) So long as the beneficial ownership of the Auction Rate Bonds is maintained in a book entry system, an Existing Holder of Auction Rate Bonds may sell, transfer, or otherwise dispose thereof only pursuant to a Bid or Sell Order placed in an Auction or otherwise sell, transfer, or dispose thereof through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

(e) Notwithstanding the foregoing, if:

(i) the beneficial ownership of the Auction Rate Bonds is no longer maintained in a book entry system, the Interest Rate on the Auction Rate Bonds for any Interest Accrual Period commencing after the delivery of certificates representing Auction Rate Bonds pursuant to this Indenture shall equal the Maximum Auction Rate;

(ii) a Payment Default shall have occurred, then the rate of interest for each subsequent Auction Period commencing after such occurrence and during the continuance thereof to and including the subsequent Auction Period, if any, during which, or commencing less than two (2) Business Days after, such Payment Default shall have been waived in accordance with the terms hereof, shall equal the Nonpayment Rate on the Auction Date for each such subsequent Auction Period; or

(iii) a proposed Fixed Rate Conversion shall have failed, then the rate of interest for the Auction Rate Bonds shall be the Maximum Auction Rate as of the failed Fixed Rate Conversion Date for the Interest Accrual Period commencing on such date.

(f) Interest on the Auction Rate Bonds shall accrue for each Auction Period and shall be payable in arrears, on each Interest Payment Date.

(g) Auction Periods may be established pursuant to Section 3.18 hereof at any time unless an Event of Default shall have occurred. Each Auction Period shall be a Standard Auction Period unless a different Auction Period shall be established pursuant to Section 3.18 hereof and each

Auction Period that immediately succeeds a non-Standard Auction Period shall be a Standard Auction Period unless a different Auction Period shall be established pursuant to Section 3.18 hereof.

Section 3.15 **Auction Procedure**. Subject to the provisions of subsection (a) of Section 3.1 hereof, Auctions shall be conducted on each Auction Date in the following manner:

(a) (i) Prior to 1:00 p.m. (New York City time) on each Auction Date:

(A) each Existing Holder of Auction Rate Bonds may submit to a Broker-Dealer information as to:

(1) the principal amount of Outstanding Auction Rate Bonds, if any, held by such Existing Holder that such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(2) the principal amount of Outstanding Auction Rate Bonds, if any, that such Existing Holder offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Existing Holder; and/or

(3) the principal amount of Outstanding Auction Rate Bonds, if any, held by such Existing Holder that such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Auction Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of Auction Rate Bonds which that such Potential Holder offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3), or (B) of this paragraph (i) is hereinafter referred to as an "**Order**" and collectively as "**Orders**," and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "**Bidder**" and collectively as "**Bidders**;" an Order containing the information referred to in (x) clause (A)(1) of this paragraph (i) is hereinafter referred to as a "**Hold Order**" and collectively as "**Hold Orders**," (y) clause (A)(2) or (B) of this paragraph (i) is hereinafter referred to as a "**Bid**" and collectively as "**Bids**" and (z) clause (A)(3) of this paragraph (i) is hereinafter referred to as a "**Sell Order**" and collectively as "**Sell Orders**."

(ii) (A) Subject to the provisions of subsection (b) of this Section, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Bid if the Auction Rate determined as provided in this Section shall be less than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds to be determined as set forth in clause (D) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein; or

(3) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds to be determined as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if the rate specified therein shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(B) Subject to the provisions of subsection (b) of this Section, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if Sufficient Clearing Bids do not exist.

(C) Subject to the provisions of subsection (b) of this Section, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Bid if the Auction Rate determined as provided in this Section shall be higher than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds as set forth in clause (E) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein.

(b) (i) Each Broker-Dealer shall submit in writing to the Auction Agent by the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each Order:

(A) the name of the Bidder placing such Order;

(B) the aggregate principal amount of Auction Rate Bonds that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of Auction Rate Bonds, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of Auction Rate Bonds, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of Auction Rate Bonds, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of one percent (1%).

(iii) If an Order or Orders covering all Outstanding Auction Rate Bonds held by any Existing Holder shall not be submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) Neither the Authority, the Trustee, nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of Auction Rate Bonds held by such Existing Holder, and, if the aggregate principal amount of Auction Rate Bonds subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder, the aggregate principal amount of Auction Rate Bonds subject to each such Hold Order shall be reduced pro rata to cover the

aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder;

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder over the aggregate principal amount of Auction Rate Bonds subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Auction Rate Bonds subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Auction Rate Bonds equal to such excess;

(3) subject to subclauses (1) and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding Auction Rate Bonds, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder over the aggregate principal amount of Auction Rate Bonds subject to Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for Auction Rate Bonds is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Auction Rate Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Auction Rate Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof shall be rejected.

(c) (i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a "**Submitted Hold Order**," a "**Submitted Bid**" or a "**Submitted Sell Order**," as the case may be, or as a "**Submitted Order**" and collectively as "**Submitted Hold Orders**," "**Submitted Bids**" or "**Submitted Sell Orders**," as the case may be, or as "Submitted Orders") and shall determine:

(A) the excess of the total principal amount of Outstanding Auction Rate Bonds over the sum of the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Hold Orders (such excess being hereinafter referred to as the "**Available Auction Rate Bonds**"); and

(B) from the Submitted Orders whether the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate; exceeds or is equal to the sum of:

(1) the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and

(2) the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Sell Orders. In the event such excess or such equality exists (other than because the sum of the principal amounts of Auction Rate Bonds in subclauses (A) and (B) above is zero because all of the Outstanding Auction Rate Bonds are the subject of Submitted Hold Orders), such Submitted Bids in this subclause (B) are hereinafter referred to collectively, as "**Sufficient Clearing Bids**"; and

(C) Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (the "**Winning Bid Rate**") which if:

(1) (aa) each such Submitted Bid from Existing Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates were rejected, would entitle such Existing Holders to continue to hold the principal amount of Auction Rate Bonds subject to such Submitted Bids; and

(2) (aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted, would result in such Existing Holders described in subclause (1) above continuing to hold an aggregate principal amount of Outstanding Auction Rate Bonds which, when added to the aggregate principal amount of Outstanding Auction Rate Bonds to be

purchased by such Potential Holders described in this subclause (2), would equal not less than the Available Auction Rate Bonds.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall, by telecopy confirmed in writing, advise the Authority and the Trustee of the Maximum Auction Rate and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(A) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Bonds are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Period shall be equal to the Maximum Auction Rate; or

(C) if all Outstanding Auction Rate Bonds are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Period shall be equal to the All-Hold Rate.

(d) Existing Holders shall continue to hold the principal amount of Auction Rate Bonds that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to paragraph (i) of subsection (c) of this Section 3.15, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (iv) and (v) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid;

(D) Each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Bonds subject to all such Submitted Bids shall be greater than the principal amount of Auction Rate Bonds (the "*remaining principal amount*") equal to the excess of the Available Auction Rate Bonds over the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Auction Rate Bonds subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Auction Rate Bonds obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Bonds subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Auction Rate Bonds obtained by multiplying the excess of the aggregate principal amount of Available Auction Rate Bonds over the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clauses (B), (C), and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amounts of Outstanding Auction Rate Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding Auction Rate Bonds are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring such Potential Holders to purchase the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid; and

(C) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Auction Rate Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Auction Rate Bonds obtained by multiplying the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Auction Rate Bonds are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraphs (i) or (ii) of this subsection (d), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of Auction Rate Bonds that is not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of Auction Rate Bonds to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of Auction Rate Bonds purchased or sold by each Existing Holder or Potential Holder shall be equal to Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof.

(v) If, as a result of the procedures described in paragraph (ii) of this subsection (d), any Potential Holder would be entitled or required to purchase less than Twenty-Five Thousand Dollars (\$25,000) principal amount of Auction Rate Bonds, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Bonds for purchase among Potential Holders so that only Auction Rate Bonds in principal amounts of Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more such Potential Holders not purchasing any Auction Rate Bonds.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Auction Rate Bonds to be purchased by Potential Holders and the aggregate principal amount of Auction Rate Bonds to be purchased or sold by Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of Auction Rate Bonds to be sold differs from such aggregate principal amount of Auction Rate Bonds to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Auction Rate Bonds.

Section 3.16 **Application of Interest Payments for Auction Rate Bonds.** (a) The Trustee shall determine not later than 12:00 noon (New York City time) on the day prior to each Interest Payment Date therefor whether there is on deposit in (or available for transfer to) the Interest Account of the Debt Service Fund an aggregate amount of funds equal to the aggregate amount of interest due and payable on the Auction Rate Bonds on such Interest Payment Date. The amount of such interest shall be determined by (i) multiplying the principal amount of Auction Rate Bonds Outstanding during such Interest Accrual Period by the Auction Rate established in the Auction for such Interest Accrual Period; (ii) dividing by three hundred sixty (360); (iii) multiplying by the number of days in such Interest Accrual Period; and (iv) adding the resultant figures for each Interest Accrual Period.

(b) So long as no Payment Default has previously occurred and is continuing (i) if a Payment Default exists on an Interest Payment Date the Trustee shall, not later than 12:15 p.m. (New York City time) on such Business Day, send a notice thereof in substantially the form of **Exhibit H** attached hereto to the Auction Agent by telecopy or similar means, and (ii) if such Payment Default is cured on such Interest Payment Date, the Trustee shall immediately send a notice thereof in substantially the form of **Exhibit I** attached hereto to the Auction Agent by telecopy or similar means.

(c) If the interest rate on the Auction Rate Bonds or the Variable Rate Bonds is subject to adjustment pursuant to the Indenture after the date of such required payment deposit and prior to such Interest Payment Date, interest accruing on such bonds from such adjustment date shall be assumed to accrue at the rate in effect on such bonds as of the date of such required deposit plus 100 basis points or at such other rate as the Bond Insurer may from time to time direct in writing to the Trustee, the Corporation and the Issuer. Trustee shall make this determination at least two (2) Business Days before each Interest Payment Date.

Section 3.17 **Calculation of Maximum Auction Rate,** All Hold Rate and Non-Payment Rate. The Auction Agent shall calculate the Maximum Auction Rate and the All Hold Rate on each Auction Date and shall give notice thereof to the Broker-Dealers, the Issuer and the Trustee. Upon receipt of notice from the Trustee of a failed Fixed Rate Conversion as described in Section 3.21 hereof or a failed Variable Rate Conversion as described in Section 3.22 hereof under the circumstances described in Section 4(A)(iii) – (v) of the Notice of Variable Rate Conversion attached as Exhibit L hereto, the Auction Agent shall calculate the Maximum Auction Rate as of such failed Fixed Rate Conversion Date or Variable Rate Conversion Date and give notice thereof as provided in the Auction Agency Agreement. If a Payment Default shall have occurred and is continuing, the Trustee shall calculate the Non-Payment Rate on the Auction Date for (i) each subsequent Auction Period commencing after the occurrence and during the continuance of such a Payment Default, and (ii) any subsequent Auction Period commencing less than two (2) Business Days after the cure or waiver of any Payment Default in accordance with this Indenture. If the beneficial ownership of the Auction Rate Bonds is no longer maintained in a book entry system, then the Trustee shall determine the Maximum Auction Rate for each Interest Accrual Period on the Business Day immediately preceding the first day of each Interest Accrual Period after the delivery of Auction Rate Bonds in fully registered form pursuant to this Indenture.

Section 3.18 **Change of Auction Period by Issuer.** (a) The Issuer at the direction of the University Representative, may change the length of a single Auction Period or the Standard Auction Period by means of a written notice delivered at least ten (10) days, but no more than fifteen (15) days, prior to the Auction Date for such Auction Period to the Trustee, the Market Agent, the Auction Agent and the Securities Depository in substantially the form attached hereto as, or containing substantially the information contained in **Exhibit J** attached hereto. If such Auction Period will be of less than twenty-one (21) days, such notice shall be effective only if it is accompanied by a written statement of the Trustee, the Market Agent, the Auction Agent, and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Market Agent Agreement and the Auction Agency Agreement with respect to such Auction Period and by the written consent of the Bond Insurer. If such notice specifies a change in the length of the Standard Auction Period, such notice shall be effective only if it is accompanied by the written consent of the Market Agent to such change. The length of an Auction Period or the Standard Auction Period may not be changed pursuant to this Section unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

(b) The change in length of an Auction Period or the Standard Auction Period shall take effect only if (i) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a certificate from the Issuer, by telecopy or similar means in substantially the form attached hereto as, or containing substantially the information contained in, **Exhibit J** attached hereto authorizing the change in the Auction Period or the Standard Auction Period, which shall be specified in such certificate, and confirming that bond counsel expects to be able to give a Bond Counsel Opinion on the first day of such Auction Period to the effect that the change in the Auction Period is authorized by this Indenture and will not have an adverse effect on the exclusion of interest on such Auction Rate Bonds from gross income for federal income tax purposes, (ii) the Trustee shall not have delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that an Insufficient Funds Event has occurred, (iii) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period, and (iv) the Trustee, the Bond Insurer and the Auction Agent receive by 9:30 a.m. (New York City time) on the first day of such Auction Period, a Bond Counsel Opinion to the effect that the change in the Auction Period is authorized by this Indenture and will not have an adverse effect on the exclusion of interest on such Auction Rate Bonds from gross income for federal income tax purposes. If the condition referred to in (i) above shall not be met, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures and the length of the next succeeding Auction Period shall remain unchanged. If any of the conditions referred to in (ii), (iii) or (iv) above shall not be met, the interest rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined as of such Auction Date and the length of the next succeeding Auction Period shall remain unchanged.

Section 3.19 **Change of Auction Date by Market Agent.** During an Auction Period, the Market Agent, at the direction of the Issuer, acting at the direction of the University Representative, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future

Auction Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur. If a change in an Auction Date is undertaken in conjunction with a change in an Auction Period and the conditions for the establishment of such change in Auction Period are not met, the Auction Date may be, and the next succeeding Auction Period may be adjusted to end, on a Business Day in the calendar week in which such Auction Date was scheduled to occur and such Auction Period was scheduled to end to accommodate the change in the Auction Date. The Market Agent shall communicate its determination to change an Auction Date by means of a written notice delivered at least ten (10) days prior to the Auction Date immediately preceding such Auction Date to the Issuer, the Trustee, the Auction Agent, the Broker-Dealer and the Securities Depository which shall state (a) the determination of the Market Agent to change the Auction Date, (b) the new Auction Date and (c) the date on which such Auction Date shall be changed. Notice of a change in the Auction Date may be in substantially the form attached hereto as, or containing substantially the information contained in, **Exhibit K** attached hereto.

Section 3.20 **Auction Agent**. (a) The Bank of New York is hereby appointed as Initial Auction Agent to serve as agent for the Issuer in connection with Auctions. The Trustee and the Issuer will, and the Trustee is hereby directed to, enter into the Initial Auction Agency Agreement with The Bank of New York, as the Initial Auction Agent. Any Substitute Auction Agent shall be (i) a bank, national banking association or trust company duly organized under the laws of the United States of America or any state or territory thereof and having a combined capital stock or surplus of at least Fifty Million Dollars (\$50,000,000), or (ii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least Fifty Million Dollars (\$50,000,000), and, in either case, authorized by law to perform all the duties imposed upon it hereunder and under the Auction Agency Agreement and acceptable to the Bond Insurer. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least ninety (90) days' notice to the Trustee and the Issuer. The Auction Agent may be removed at any time by the Trustee upon the written direction of the University Representative or the Bond Insurer and the Bondowners of sixty-six and two thirds percent (66 2/3%) of the aggregate principal amount of the Auction Rate Bonds then Outstanding, and if by such Bondowners, by an instrument signed by such Bondowners or their attorneys and filed with the Auction Agent, the Issuer and the Trustee upon at least ninety (90) days' notice. Neither resignation nor removal of the Auction Agent pursuant to the preceding two sentences shall be effective until and unless a Substitute Auction Agent has been appointed and has accepted such appointment. If required by the Issuer or the University Representative, a Substitute Auction Agency Agreement acceptable to the Bond Insurer shall be entered into with a Substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may resign if, within forty-five (45) days after notifying the Trustee, the Bond Insurer and the Issuer in writing that it has not received payment of any Auction Agent Fee due it in accordance with the terms of the Auction Agency Agreement, the Auction Agent does not receive such payment.

(b) If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Issuer at the direction of the University Representative, shall appoint a Substitute Auction Agent.

(c) The Auction Agent is acting as agent for the Issuer in connection with Auctions. In the absence of bad faith, negligent failure to act or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

Section 3.21 **Conversion to Fixed Rate.** (a) With the written consent of the Bond Insurer or, in lieu thereof, a firm underwriting commitment, the Issuer, acting at the direction of the University Representative, hereby reserves the right to fix the rate of interest per annum that the Auction Rate Bonds shall bear for the balance of the term thereof. Such Auction Rate Bonds shall cease to bear interest at the Auction Rate then borne thereby and shall bear interest at a Fixed Rate until maturity upon the election by the Issuer to exercise its option to convert as herein provided, subject to the terms and conditions hereof (the date on which such Fixed Rate Conversion shall take effect being herein called the "***Fixed Rate Conversion Date***"). The option to convert may be exercised at any time through a written notice given by the Issuer not less than thirty-five (35) nor more than forty-five (45) days prior to the proposed Fixed Rate Conversion Date to (i) the Trustee, (ii) the Bond Insurer and the Remarketing Agent, (iii) the Auction Agent, the Market Agent, and the Securities Depository, in substantially the form attached hereto as, or containing substantially the information contained in, **Exhibit G**, and such Fixed Rate Conversion shall be subject to the conditions set forth in such notice. The Fixed Rate Conversion Date may only be the last Interest Payment Date of an Auction Period. A notice of a Fixed Rate Conversion shall be effective only if it shall be accompanied by (i) the form of opinion Bond Counsel expects to give on the Fixed Rate Conversion Date addressed to the Issuer, the Trustee and the Bond Insurer to the effect that the establishment of the Fixed Rate is authorized by this Indenture and will not have an adverse effect on the exclusion of interest on such Auction Rate Bonds from gross income for federal income tax purposes, and (ii) written confirmation from the Rating Agencies of the ratings on the Series 2004 Bonds after the implementation of such Fixed Rate Conversion.

Section 3.22 **Conversion to Variable Rate.** (a) In the event that the Issuer, upon the written request of the University Representative and with the written consent of the Bond Insurer, shall elect to change the interest rate on all or any portion of the Series 2004B Bonds from an Auction Rate to a Variable Rate, the Issuer and the Trustee shall execute and deliver a supplemental Indenture setting forth procedures to be applicable during a Variable Rate Period for (i) purchase of Series 2004B Bonds on demand of the owners thereof, (ii) mandatory tender for the purchase of Series 2004B Bonds, (iii) remarketing of the Series 2004B Bonds, (iv) effective conversion to a Fixed Rate or an Auction Rate, and (v) the issuance and delivery of one or more notices of change in interest rate.

(b) Following the delivery of a Notice of Variable Rate Conversion, all or any specified principal amount of the Series 2004B Bonds will bear interest beginning on the Interest Payment Date or Dates identified in the Notice of Variable Rate Conversion at a Variable Rate.

(c) In the event that the Issuer shall elect to change the Interest Rate on all or a portion of the Series 2004B Bonds from an Auction Rate to a Variable Rate, the Issuer shall give written notice not less than thirty-five (35) nor more than forty-five (45) days prior to the proposed

Variable Rate Conversion Date to the Trustee, the Bond Insurer, the Remarketing Agent, the Auction Agent, the Market Agent and the Securities Depository, in substantially the form attached hereto as **Exhibit L**, and such Variable Rate Conversion shall be subject to the conditions set forth in such notice. The Series 2004B Bonds being converted to a Variable Rate are subject to mandatory tender for purchase on the Variable Rate Conversion Date. In the event that some Series 2004B Bonds shall be converted to a Variable Rate and others will remain at an Auction Rate, then (but in no event less than fifteen (15) days prior to such Variable Rate Conversion Date) the Trustee shall select by lot from among the Series 2004B Bonds the principal amounts of Series 2004B Bonds to be converted to a Variable Rate. The Trustee shall give notice not less than fifteen (15) days prior to the Variable Rate Conversion Date by first class mail to the owners of the Series 2004B Bonds so selected (or to all of the owners of Series 2004B Bonds if all of such Series 2004B Bonds are to be converted to a Variable Rate) which notice shall be in substantially the form of **Exhibit L** hereto and shall state, that (i) the Series 2004B Bonds in the principal amount designated shall be in a Variable Rate Period and shall bear interest during the initial Variable Rate Determination Period at the lowest rate necessary, in the sole judgment of the Remarketing Agent, to remarket Series 2004B Bonds in a Variable Rate Determination Period at par; and (ii) that Series 2004B Bonds in a Variable Rate Period shall bear interest, after the initial Variable Rate Determination Period, determined in the manner set forth in Section 3.22(d) hereof.

(d) Following notification of the Initial Variable Rate as referenced in subsection (c) above, Series 2004B Bonds in a Variable Rate Period will bear interest at a Variable Rate determined in the following manner. On the Variable Rate Announcement Date, the Remarketing Agent will determine the lowest rate necessary, in the sole judgment of the Remarketing Agent, to remarket the Variable Rate Bonds at par on the first day of the Variable Rate Determination Period to which the determination pertains (or if such day is not a Business Day, on the next succeeding day in such Variable Rate Determination Period which is a Business Day) and shall promptly advise the Trustee in writing of the Variable Rate to be borne by such Series 2004B Bonds during such Variable Rate Determination Period.

ARTICLE IV

FUNDS AND ACCOUNTS; FLOW OF FUNDS; INVESTMENTS; DEPOSITS; ARBITRAGE; PAYMENTS ON BOND INSURANCE POLICIES

Section 4.1 **Creation and Use of Funds and Accounts.** Upon delivery of and payment for the Series 2004 Bonds, the following special trust funds and accounts shall be established and maintained with the Trustee so long as any Series 2004 Bonds issued under this Indenture are outstanding:

- (i) Bond Proceeds Fund and a Costs of Issuance Account therein;
- (ii) Debt Service Fund, and the following accounts therein:
 - (1) Interest Account
 - (2) Principal Account
- (iii) Project Fund;
- (iv) Debt Service Reserve Fund;
- (v) Replacement Fund;
- (vi) Rebate Fund;
- (vii) Receipts Fund;
- (viii) Capitalized Interest Fund;
- (ix) Refunding Fund; and
- (x) Surplus Fund

Section 4.2 **Bond Proceeds Fund.** The Bond Proceeds Fund shall be used to receive the proceeds of the Series 2004 Bonds other than the premium to be paid to the Bond Insurer in respect of the Bond Insurance Policies which shall be transferred from Morgan Keegan & Company, Inc., the underwriter with respect to the Bonds, directly to the Bond Insurer. On the Closing Date, the Trustee shall disburse amounts held in the Bond Proceeds Fund as follows:

- (a) to the Refunding Fund an amount of proceeds equal to \$15,077,449.53;
- (b) to the Interest Account in the Debt Service Fund that portion of the proceeds of the Series 2004 Bonds, if any, representing accrued interest on the Series

2004 Bonds in an amount specified in the request and authorization delivered pursuant to Section 3.12;

(c) to the Debt Service Reserve Fund an amount of proceeds equal to the Debt Service Reserve Fund Requirement for the Series 2004A Bonds and the Series 2004B Bonds;

(d) to the Capitalized Interest Fund an amount of proceeds equal to \$2,757,568.27

(e) to the Replacement Fund an amount of proceeds equal to \$4,064,825.00;

(f) to retain such sum in the Costs of Issuance Account as shall be specified in the request and authorization delivered pursuant to Section 3.12(f) hereof;

(g) to the Project Fund the balance of the proceeds of the Series 2004 Bonds.

Amounts deposited on the Closing Date into the Costs of Issuance Account of the Bond Proceeds Fund shall be disbursed, pursuant to the written instructions of the Issuer, to pay Costs of Issuance. Any amounts remaining in the Costs of Issuance Account one hundred-eighty (180) days after delivery of the Series 2004 Bonds (and not specifically committed to pay additional Costs of Issuance) shall be deposited into the Project Fund.

Section 4.3 **Debt Service Fund**. The Trustee shall deposit into the applicable account of the Debt Service Fund the amounts required by Section 4.8 of this Indenture.

(a) Moneys on deposit in the Interest Account of the Debt Service Fund shall be used solely to pay the interest on the Series 2004 Bonds as it becomes due and payable, whether on an Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2004 Bonds.

(b) Moneys on deposit in the Principal Account of the Debt Service Fund shall be used solely to pay the principal of the Series 2004 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2004 Bonds; and, if funds are available for such purpose and at the written direction of the Issuer, as directed by the Board, to effect the redemption of the Series 2004 Bonds prior to their maturity in accordance with the redemption provisions thereof or with Bond Insurer consent the purchase of Series 2004 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest on the Series 2004 Bonds.

(c) Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption

requirements therefor) the Series 2004A Bonds, Series 2004B Bonds and Series 2004C Bonds, the Trustee shall transfer money from the Surplus Fund, the Replacement Fund and the Debt Service Reserve Fund, in that order, and shall give immediate notice to the Bond Insurer.

Section 4.4 **Project Fund**. The Project Fund shall be maintained by the Trustee in trust and shall be used to receive the immediate transfer from the balance of the proceeds of the Series 2004 Bonds as provided in Section 4.2(g) hereof. Moneys in the Project Fund shall be applied to the payment of the Costs of the Facilities pursuant to the procedure established in Section 4.17 hereof and, pending such application, shall be subject to a lien and charge in favor of the Bondholders for the further security of such Bondholders until paid out or transferred as herein provided.

Section 4.5 **Debt Service Reserve Fund**. Moneys on deposit in the Debt Service Reserve Fund shall be maintained in an amount equal to the Debt Service Reserve Fund Requirement, and shall be transferred, in accordance with the priority set out in Section 4.3(c) above, to the Interest Account or the Principal Account of the Debt Service Fund in such amount as shall be necessary to remedy any deficiency therein (taking into account any amounts available therefor in the Surplus Fund and the Replacement Fund) with respect to the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund and shall be available to pay all outstanding Bonds in accordance with their terms. If the balance of the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, all amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Interest Account. **Notwithstanding the foregoing, amounts in the Debt Service Reserve Fund will not be available to pay the principal of, or the interest on, the Series 2004C Bonds or any Additional Bonds that are not Tax-Exempt Bonds.**

Section 4.6 **Replacement Fund**. The Replacement Fund shall be maintained with the Trustee and used to fund the cost of replacing any worn out, obsolete, inadequate, unsuitable or undesirable property, furniture, fixtures or equipment placed upon or used in connection with the Facilities or as required by Section 4.3(c) hereof. Moneys in the Replacement Fund will also be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, together with money available therefor in the Surplus Fund, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds.

Section 4.7 **Rebate Fund**. Moneys deposited and held in the Rebate Fund shall be used to make all rebate payments owed to the United States under the Code, and shall not be subject to the pledge of this Indenture. The Corporation shall make the calculation(s) required by the Code and the Tax Regulatory Agreement shall direct the Trustee to make deposits to and make disbursements from the Rebate Fund which the Corporation determines are in accordance therewith. The Tax Regulatory Agreement and any provisions of this Indenture governing

deposits to the Rebate Fund may be superseded or amended (except the requirement of annual calculations and deposits to the Rebate Fund, if required) if accompanied by an opinion of Bond Counsel addressed to the Corporation, the Board, the Issuer and the Trustee to the effect that the use of the new Tax Regulatory Agreement will not cause the interest on the Series 2004A Bonds or the Series 2004B Bonds to become includable in gross income of the recipient thereof for federal tax purposes.

Section 4.8 **Receipts Fund**. There shall be deposited into the Receipts Fund all funds received from or paid on behalf of the Board under the Facilities Lease, including (i) daily, all rents, charges and other amounts, held in the deposit account maintained by the Management Company pursuant to Section 3.2(b) of the Management Agreement and any corresponding account held under any subsequent Management Agreement; and (ii) all Lawfully Available Funds from the Board used to make Base Rental Payments pursuant to the Facilities Lease. The University shall make an initial deposit into the Receipts Fund from revenues recognized by the University as of July 1, 2004. Other than transfers pursuant to Section 4.8(e), which will be applied on each Interest Payment Date from funds on hand in the Receipts Fund on such date, Moneys on deposit in the Receipts Fund will be applied by the Trustee on the dates indicated below in the following priority:

(a) At such time as may be required by the Tax Regulatory Agreement but not less often than annually, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25th) day of each month, beginning August 25, 2004, to the Operating Fund (as defined in the Management Agreement) maintained by the Management Company an amount necessary to make the amount in the Operating Fund equal to the Operating Expenses for the next month as shown on the Operating Budget (as defined in the Management Agreement) for such month, as certified by the Management Company;

(c) With respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate, and the Series 2004C Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2004, into the Interest Account of the Debt Service Fund an amount equal to one-sixth (1/6th) of the interest due and payable on such Series 2004 Bonds on the next February 1 and August 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund, will be sufficient to pay interest on such Series 2004B Bonds on such Interest Payment Date;

(d) With respect to the Auction Rate Bonds, two (2) Business Days prior to each Interest Payment Date for the Auction Rate Bonds, commencing August 18, 2004, into the Interest Account of the Debt Service Fund an amount equal to the interest due and payable on the Auction Rate Bonds on such Interest Payment Date or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund, will be sufficient to pay interest on such Series 2004B Bonds on such Interest Payment Date;

(e) With respect to the Variable Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing on the Interest Payment Date immediately succeeding the applicable Variable Rate Conversion Date, into the Interest Account of the Debt Service Fund an amount equal to the interest due and payable on the Variable Rate Bonds on such Interest Payment Date or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund, will be sufficient to pay interest on such Series 2004B Bonds on such Interest Payment Date;

(f) On the twenty-fifth (25th) day of each month, commencing August 25, 2005, into the Principal Account of the Debt Service Fund an amount equal to one-twelfth (1/12th) the principal of the Series 2004 Bonds payable on the next Principal Payment Date;

(g) On the twenty-fifth (25th) day of the month, any amounts due to the Bond Insurer under the Reimbursement Agreement;

(h) On the twenty-fifth (25th) day of each month following any drawing on the Debt Service Reserve Fund in accordance with Section 4.21 hereof, an amount equal to the lesser of (i) one twelfth (1/12th) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund;

(i) Annually, beginning August 1, 2007, an amount equal to \$100,000 into the Replacement Fund, with such amount increased each year, beginning August 1, 2008 at a rate of 3% annually; or such lesser annual amount as is permitted by the Board of Regents and approved by the Bond Insurer and, in the event that any funds shall have been withdrawn from the Replacement Fund to cure any deficiency in the Interest Account or the Principal Account pursuant to Section 4.3(c) hereof, the amount of such withdrawal;

(j) On the twenty-fifth (25th) day of each month, commencing with the month the Facilities are open for occupancy, an amount equal to the monthly Management Fee for the current Fiscal Year plus any Management Fee for any prior month that remains unpaid; and

(k) Annually on August 1 of each year beginning August 1, 2005 any amounts remaining in the Receipts Fund after making all transfers required to be made on such date under Section 4.8(a) through (j) hereof shall be transferred to the Surplus Fund and applied as set forth in Section 4.25 hereof.

After a Variable Rate Conversion of the Series 2004B Bonds, payments will be made from the Receipts Fund to the Debt Service Fund in accordance with the supplemental indenture executed in connection with such Variable Rate Conversion.

Section 4.9 **Capitalized Interest Fund**. The Capitalized Interest Fund shall be maintained with the Trustee. The Capitalized Interest Fund shall be funded on the date of delivery of the Series 2004 Bonds from the proceeds thereof in the amount of \$2,757,568.27. On each date on which the Trustee is required to transfer moneys in the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to subsections (c), (d), or (e) of Section 4.8 hereof, prior to making any such transfer the Trustee shall transfer amounts on deposit in the Capitalized Interest Fund to the Interest Account of the Debt Service Fund in the amounts required by such subsections or such lesser amount as shall then remain in the Capitalized Interest Fund in accordance with **Exhibit N**, attached hereto. The Trustee shall reduce the amount required to be transferred from the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to subsections (c), (d), or (e) of Section 4.8 hereof by any amounts transferred to the Interest Account of the Debt Service Fund pursuant to the provisions of this Section. Earnings on amounts in the Capitalized Interest Fund shall be retained therein.

Section 4.10 **Surplus Fund**. The Surplus Fund will be maintained with the Trustee. Upon satisfaction of certain performance covenants contained in the Indenture, funds on deposit in the Surplus Fund at the end of any Fiscal Year will be transferred to the University. Until such transfer, moneys in the Surplus Fund will be available to be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds.

Section 4.11 **Refunding Fund**. The Refunding Fund shall be maintained with the Trustee and used to receive a portion of the proceeds of the Bonds. Pursuant to instructions set forth in Section 3.12(f) hereof, the Trustee shall disburse \$14,590,000 to the Prior Trustee to pay all of the outstanding principal and accrued interest on the Prior Debt and redeem the Prior Debt on September 15, 2004. Any balance of moneys deposited to the Refunding Fund after payment of the Prior Debt shall be transferred to the Project Fund.

Section 4.12 **Investments**. Moneys contained in the funds and accounts held by the Trustee shall be continuously invested and reinvested by the Trustee at the direction of the Corporation, as advised by the Board, in Permitted Investments, to the extent practicable, that shall mature (or be readily convertible to cash) not later than the respective dates, as estimated by the Trustee, when the moneys in said Funds and Accounts shall be required for the purposes intended, and:

(a) No such investment shall be required to be made unless the cash at the time available therefor is at least equal to \$1,000;

(b) The Trustee shall be authorized, to the extent necessary to enable the Trustee to discharge or perform its obligations hereunder, at any one or more times to sell any part or all of the investments whenever it may, for any reason or purpose whatsoever, deem any such sale to be desirable;

(c) Any income derived from and any profit or loss on any such investment of moneys on deposit in any such fund or account shall be credited or debited, as the case

may be, to the respective fund or account in which earned except that if the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Fund Requirement, earnings in the Debt Service Reserve Fund shall be transferred to the Interest Account;

(d) No Permitted Investments in any fund or account may mature beyond the latest maturity date of any Bonds outstanding at the time such Permitted Investments are deposited. For the purposes of this section, the maturity date of repurchase agreements for obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying obligation except as otherwise permitted in writing by the Bond Insurer;

(e) Moneys in the Debt Service Reserve Fund may be invested only in Permitted Investments maturing or redeemable at the option of the holder not later than two (2) years from the date of purchase thereof; provided, however, if moneys in the Debt Service Reserve Fund shall be invested in a guaranteed investment contract the Value of which is equal to the amount available to be withdrawn therefrom, such guaranteed investment contract may have a term of up to ten (10) years; and

(f) No float forward or forward purchase agreement or other arrangement, agreement or financial product may be utilized in connection with the Debt Service Fund the Debt Service Reserve Fund or the Replacement Fund unless the Bond Insurer so permits and the terms thereof (including, without limitation, the parties thereto) are satisfactory to the Bond Insurer and, if satisfactory to the Bond Insurer, such agreements will constitute Permitted Investments.

An Authorized Corporation Representative shall give to the Trustee directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article and Article V of the Agreement, and the Trustee shall then invest such money under this Section as so directed. The Trustee shall in no event have any liability for any loss resulting from the investment of moneys in accordance with the directions of the Authorized Corporation Representative. The Trustee shall furnish the Issuer annually with a written copy and the Corporation with a written copy for the Board, on at least a monthly basis, of the types, amounts, yield and maturities of all such investments.

Investments shall be valued by the Trustee as frequently as deemed necessary by the Bond Insurer, but not less often than annually, at the Value thereof. Deficiencies in the amount on deposit in any fund or account resulting from a decline in Value shall be restored no later than the succeeding valuation date.

Section 4.13 **Depository of Moneys and Security for Deposits.** All of the funds and accounts established hereunder shall be special trust accounts held by the Trustee in trust for the benefit of the owners of the Series 2004 Bonds and shall not be subject to lien or attachment by any creditors of the Trustee, the Issuer, the Corporation, or the Board. Uninvested sums in these funds and accounts shall be continually secured as are deposits of uninvested sinking funds of

political subdivisions of the State or in the manner prescribed by federal law for securing any federal trust funds as may be prescribed from time to time by the Comptroller of the Currency.

Section 4.14 **Arbitrage**. Notwithstanding all the provisions hereof, the Issuer shall not direct the investment of moneys in the various funds and accounts created hereunder in a manner which would result in the loss of exclusion from gross income of interest on the Series 2004A Bonds and Series 2004B Bonds for federal income tax purposes or in such manner which would result in the Series 2004A Bonds, Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds becoming "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 4.15 **Payments From Project Fund**. Payment of the Costs of the Facilities shall be made from the Project Fund. All payments from the Project Fund shall be subject to the provisions and restrictions set forth in this Article, and the Issuer covenants that it will not cause or permit to be paid from the Project Fund any sums except in accordance with such provisions and restrictions.

Moneys in the Project Fund shall be used to pay the Costs of the Facilities described in Exhibit A to the Agreement; provided that if an Event of Default under the Agreement or Indenture has occurred and is continuing, the Trustee shall transfer moneys in the Project Fund to the Debt Service Fund for the purpose of paying the principal of, premium, if any, and interest on the Bonds.

Section 4.16 **Costs of the Facilities**. For the purpose of this Indenture, the Costs of the Facilities shall embrace such costs as are eligible costs within the purview of the Act and the Code and, without intending thereby to limit or restrict any proper definition of such Costs, shall include the following:

(a) obligations incurred by the Corporation for the benefit of the Board with respect to the lease of the property and the demolition of certain existing facilities and the renovation, development and construction of the Facilities, for labor, materials and services provided by contractors, builders and others in connection with the construction and equipping of the Facilities, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction, the removal, demolition or relocation of any structures, and the clearing of lands and the reasonably allocable expenses of the Corporation with respect to the Facilities;

(b) the cost of acquiring by purchase, if deemed expedient, or leasing such lands, property, rights, rights-of-way, servitudes, easements, franchises and other interests as may be deemed necessary or convenient by the Authorized Corporation Representative for the construction and equipping of the Facilities, the cost of options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the construction of the Facilities;

(c) interest on the Bonds prior to the establishment of the completion date of the Facilities pursuant to Section 3.7 of the Agreement, and the reasonable fees and expenses, including counsel fees, of the Trustee for its services prior to and during construction, and premiums on insurance, if any, in connection with the Facilities;

(d) the cost of borings and other preliminary investigations, if any, to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Facilities and fees and expenses of engineers, architects, management consultants for making studies, surveys and estimates of cost and of revenues and other estimates, costs of environmental surveys, reports and remediation, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the acquisition and construction of the Facilities and the issuance of the Bonds therefor;

(e) all other items of expense not elsewhere in this Section specified incident to the lease of the property and the construction and equipping of the Facilities and the financing thereof, including professional fees, moving expenses, the acquisition of lands, property, rights, rights-of-way, easements, franchises and interest in or relating to lands, including title insurance, cost of demand surveys, other surveys and other expenses in connection with such acquisition, legal fees and expenses, and expenses of administration and overhead, all properly chargeable, in the opinion of the Authorized Corporation Representative, to the acquisition, construction and equipping of the Facilities; and

(f) any obligation or expense heretofore or hereafter incurred or paid by the Corporation for or in connection with any of the foregoing purposes.

Section 4.17 **Requisitions from the Project Fund**. Payments from the Project Fund shall be made in accordance with the provisions of this Section. In connection with a payment from the Project Fund, there shall be filed with the Trustee a requisition, substantially in the form of **Exhibit B** attached hereto and made a part hereof, signed by an Authorized Corporation Representative, stating:

(a) the item number of each such payment,

(b) the name of the person, firm or corporation to whom each such payment is due, or, if such payment has been made by the Corporation, that the Trustee is to reimburse the Corporation directly for such payment,

(c) the respective amounts to be paid,

(d) the purpose by general classification for which each obligation to be paid was incurred,

(e) that obligations in the stated amounts have been incurred by the Corporation and are either (i) presently due and payable or (ii) have been paid by the

Corporation and that each item thereof is a proper charge against the Project Fund and has not been the subject of any prior requisition,

(f) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition, and

(g) a certification that all work, materials, supplies and equipment which are the subject of such requisition have been performed or delivered and are in accordance with the description of the Facilities referred to above.

Upon receipt of each requisition and accompanying certificate and information, the Trustee shall pay the obligations set forth in such requisition out of the money in the Project Fund, and each such obligation shall be paid by check signed by one or more officers or employees of the Trustee designated for such purpose by the Trustee or by wire transfer or credit to an account of the Corporation held by the Trustee or in such other manner as may be agreed on by the Corporation and the Trustee. In making such payments the Trustee may rely upon such requisitions. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

Section 4.18 **Reliance upon Requisitions.** All requisitions and opinions received by the Trustee as conditions of payment from the Project Fund may be relied upon by the Trustee and shall be retained by the Trustee, subject at all reasonable times to examination by the Issuer, the Board and the Corporation.

Section 4.19 **Completion of the Facilities and Disposition of Project Fund Balance.** When the construction of the Facilities shall have been completed, which fact shall be evidenced to the Trustee by a certificate of an Authorized Corporation Representative delivered to the Trustee pursuant to Section 3.7 of the Agreement, the balance in the Project Fund shall be transferred by the Trustee to the Interest Account and/or the Principal Account of the Debt Service Fund (subject to the provisions of Section 4.3 hereof) and applied first to any payments owed pursuant to Section 4.8(c), (d), (e) or (f) hereof, within one (1) year of the completion date, such amounts to be paid at the times set forth in Section 4.8 thereof, and then, on such one (1) year anniversary, if any funds remain, to redeem the Bonds in accordance with the provisions of Section 3.4 hereof. In the event that Additional Bonds for any subsequent phase of the Facilities are issued after the completion of all previous phases of the Facilities, but prior to such one (1) year anniversary, any amounts transferred from the Project Fund and still in the Debt Service Fund shall be transferred back to the Project Fund and shall be used to fund such subsequent phase of the Facilities.

Section 4.20 **Amounts Remaining in Funds; Releases.** It is agreed by the parties hereto that any amounts remaining in the Funds and Accounts existing pursuant to this Indenture upon the expiration or sooner cancellation or termination of the Agreement, as provided therein, after payment in full of all Outstanding Bonds (or provisions for the payment thereof having been made in accordance with Article XII of this Indenture), and the fees, charges and expenses of the Issuer and the Trustee and all other amounts required to be paid under the Agreement and

under this Indenture, and under the Reimbursement Agreement other than amounts payable as arbitrage rebate under Section 148(f) of the Code, shall belong to and be paid to the University.

Section 4.21 **Application of Money in the Debt Service Reserve Fund.** (a) The Debt Service Reserve Fund shall be funded on the date of delivery of the Series 2004 Bonds in an amount equal to the Debt Service Reserve Fund Requirement. If any Additional Bonds that are Tax-Exempt Bonds are issued, the Issuer shall cause to be deposited in the Debt Service Reserve Fund, an amount necessary to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement.

(b) The Trustee shall transfer money from the Debt Service Reserve Fund to the Interest Account and the Principal Account of the Debt Service Fund to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds, whenever and to the extent that the money on deposit in said accounts (together with any amounts available therefor in the Surplus Fund and the Replacement Fund) is insufficient for such purposes. Amounts in the Debt Service Reserve Fund shall not be used to pay interest on or principal of (whether at maturity, by acceleration, or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004C Bonds or any Additional Bonds that are not Tax-Exempt Bonds. If the Trustee applies any moneys in the Debt Service Reserve Fund to the payment of principal of and interest on the Bonds, the Trustee shall give immediate notice to the Bond Insurer.

(c) If the money held in the Debt Service Reserve Fund, including interest earnings, exceeds the Debt Service Reserve Fund Requirement an amount equal to such excess shall be transferred by the Trustee to the Interest Account of the Debt Service Fund unless Additional Bonds have been issued, in which case, at the direction of the Issuer, the excess moneys in the Debt Service Reserve Fund shall, at any time prior to completion of construction of the Facilities, as certified pursuant to Section 4.19 of this Indenture, be transferred to the Project Fund. The Trustee shall not be required to liquidate any investment before its maturity to make such transfer. Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall notify the Issuer, the Bond Insurer and the Corporation of the amount of such deficiency and such deficiency will be remedied, as provided in Section 4.8(h) hereof. Upon notification the Corporation shall deliver to the Trustee an amount sufficient to cure the deficiency in accordance herewith and the Agreement.

(d) The Issuer may, at the direction of the Corporation, as advised by the Board, and with the prior written consent of the Bond Insurer, at any time, deposit with the Trustee, to replace cash in the Debt Service Reserve Fund (in which case the replaced cash shall be paid to the University) or to meet the requirements herein that it deposit additional amounts in the Debt Service Reserve Fund, a Debt Service Reserve Fund Investment. Any bank issuing a letter of credit must have a rating on its unsecured debt, or on debt secured by its letters of credit and which ratings are based solely on the bank's letter of credit, of "AA-" or better by S&P and "Aa3" or better by Moody's. Any insurance company issuing a surety bond must have a claims-paying ability rating of "AAA" by S&P and "Aaa" by Moody's. If such Debt Service Reserve Fund Investment expires prior to fifteen (15) days after the final maturity of the Series 2004 Bonds, it must provide, that if not renewed within fifteen (15) days prior to its expiration date in

an amount equal to the undrawn amount thereof (other than because of a reduction in the Debt Service Reserve Fund Requirement or the deposit of cash in the Debt Service Reserve Fund to replace it), the Trustee may draw the full amount of such Debt Service Reserve Fund Investment. The Trustee shall draw down the full amount of such Debt Service Reserve Fund Investment and deposit such amount in the Debt Service Reserve Fund fifteen (15) days prior to expiration of such Debt Service Reserve Fund Investment if it is not renewed as provided for in the preceding sentence. The Debt Service Reserve Fund Investment must be able to be drawn upon at any time that cash could be withdrawn from the Debt Service Reserve Fund. Prior to accepting any such Debt Service Reserve Fund Investment, the Trustee, the Corporation, the Board, the Issuer and the Bond Insurer must receive a Bond Counsel opinion that such acceptance and any payment of funds in the Debt Service Reserve Fund to the Corporation is authorized by this Indenture and will not adversely affect the exclusion of interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds from gross income for purposes of federal income taxation. If a Debt Service Reserve Fund Investment is deposited in the Debt Service Reserve Fund in lieu of cash, the cash amount contained in the Debt Service Reserve Fund shall be transferred to the Replacement Fund.

If a disbursement is made under a surety bond deposited in the Debt Service Reserve Fund, the Corporation shall be obligated to either reinstate the maximum limits of such surety bond immediately following such disbursement in twelve (12) equal monthly installments or as required by the Issuer of the Debt Service Reserve Fund Investment in an amount equal to the Debt Service Reserve Fund Requirement or deposit into the Debt Service Reserve Fund funds in the amount of the disbursement made under the Debt Service Reserve Fund Investment, or a combination of such alternatives as shall equal the Debt Service Reserve Fund Requirement.

Section 4.22 **Application of Insurance Proceeds; Condemnation Award.** (a) If all or any portion of the Facilities is damaged or destroyed by a Casualty (as defined in the Facilities Lease), or is taken by Expropriation (as defined in the Facilities Lease) proceedings, the Corporation shall, upon receipt of notice from the University and/or the Board instructing the Corporation to do so, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation shall in no way be liable for any costs of the repair, restoration or replacement of the Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction or taking of all or any portion of the Facilities shall be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust or in the case of self insurance through ORM, as set forth in paragraph (b) below; and shall be made available for, and to the extent necessary be applied to, such restoration, repair and replacement. Any amounts so held by the Trustee shall be disbursed to pay the costs of restoration, replacement and repair of the Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation as advised by the Board stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing or repairing or restoring the Facilities and that no amount previously has been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee may conclusively rely upon such

written requests and shall have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event shall the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Facilities, or for the improper use of moneys properly disbursed pursuant to request made under this Section. Any proceeds remaining on deposit with Trustee following completion of the repairs, restoration or replacement of the Facilities shall be paid by Trustee to the Board.

In the event the University decides not to repair, restore or replace the Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation and including any portion of such payments attributable to the Board's interest) shall be paid to the Trustee and applied to the prepayment of the Series 2004 Bonds in accordance with the terms of this Indenture.

(b) In the event ORM insures the Facilities, the Board shall cause the Corporation to use the insurance proceeds received from ORM in accordance with Policy and Procedure Memorandum Number 10 (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration or replacement of the Facilities.

Section 4.23 **Application of Money in Replacement Fund.** (a) The Trustee shall, in accordance with Section 4.2 hereof, deposit an amount equal to the Replacement Fund Requirement into the Replacement Fund on the Closing Date.

All moneys in the Replacement Fund shall be held for the benefit of the Board through the Corporation, are not pledged under this Indenture and may be drawn on and used by the Corporation or the Board to (i) replace any worn out, obsolete, inadequate, unsuitable or undesirable property, furniture, equipment, fixtures and other property owned by the Board or the Corporation and located on the Facilities and (ii) maintain the Facilities and to make all alterations, repairs, restorations and replacements to the Facilities as and when needed to preserve the Facilities in good working order, condition and repair, each as required by the Facilities Lease. Withdrawals from the Replacement Fund for the purposes set forth above shall be made by the Trustee upon its receipt of a requisition from the University or the Corporation substantially in the form attached hereto as **Exhibit C**. Moneys in the Replacement Fund may also be drawn by the Trustee and transferred to the Debt Service Fund if amounts on deposit therein, together with amounts available therefor in the Surplus Fund, are insufficient to pay debt service on the Bonds on any Interest Payment Date or Principal Payment Date.

(b) Any moneys remaining in the Replacement Fund immediately prior to the time all of the Bonds are paid, or provision for their payment is made in accordance with Article XII hereof shall, at the option of the University, be used, together with amounts held in the Debt Service Reserve Fund, to pay in full all outstanding Bonds in accordance with their terms or shall be paid to the University.

Section 4.24 **Application of Moneys in the Rebate Fund.** Moneys in the Rebate Fund shall be used to make any rebate payments required to be made to the United States under the

Code. The Rebate Fund shall be held for the sole benefit of the United States of America and is not pledged under this Indenture. Moneys required to be paid to the United States shall be deposited in the Rebate Fund by the Board as Base Rental under the Facilities Lease as required thereby and by this Indenture.

Section 4.25 Application of Money in the Surplus Fund.

(a) Amounts deposited into the Surplus Fund shall be retained in the Surplus Fund until an amount equal to ten percent (10%) of the Outstanding principal amount of the Series 2004C Bonds has been accumulated therein. Funds on deposit in the Surplus Fund at the end of any Fiscal Year may be transferred to the University on the date described below if (i) the Debt Service Coverage Ratio for the Facilities was 1.10:1.00 or greater for such Fiscal Year as evidenced by the audited financial statements for such Fiscal Year and (ii) neither the Corporation or the Board are in default under the financing documents on the date of transfer to the University. Upon receipt of the audited financial statements for such Fiscal Year, provided that the above described conditions have been met, then at the written instruction of the University Representative, the Trustee shall transfer all of the amounts in the Surplus Fund on the last day of the immediately preceding Fiscal Year to the University, but only to the extent of funds in the Surplus Fund that exceed ten percent (10%) of the Outstanding principal amount of the Series 2004C Bonds on the date of such transfer to the University.

(b) To the extent that there are insufficient funds in the Receipts Fund to make any of the transfers to the various funds and accounts required under Section 4.8(a) through (j) hereof on the dates such transfers are required to be made, any amounts contained in the Surplus Fund shall be transferred to such funds and accounts, in the priority set forth in Section 4.8 hereof, to make up for such deficiency.

Section 4.26 Payments on Bond Insurance Policies.

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Bonds (a "Bond Payment Date"), the Trustee has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Bond Insurer or its designee.

C. In addition, if the Trustee has actual knowledge that any Bond Owner has been required to disgorge payments of principal or interest on the Bonds to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Trustee is hereby irrevocably designed, appointed, directed and authorized to act as attorney-in-fact for holders of the Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (a) execute and deliver the U.S. Bank Trust National Association, or its successors under the Bond Insurance Policies (the "Insurance Trustee"), in form satisfactory to the Insurance Trustee, an instrument appointing the Bond Insurer as agent for such Bondholders in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (b) receive as designee of the respective Bondholders (and not as Trustee) in accordance with the tenor of the Bond Insurance Policies payment from the Insurance Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective Bondholders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (a) execute and deliver to the Insurance Trustee in form satisfactory to the Insurance Trustee an instrument appointing the Bond Insurer as agent for such Bondholder in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Bonds surrendered to the Insurance Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Trustee is received), (b) receive as designee of the respective Bondholders (and not as Trustee) in accordance with the tenor of the Bond Insurance Policies payment therefor from the Insurance Trustee, and (c) disburse the same to such Bondholders.

E. Notwithstanding anything herein to the contrary, in the event that principal and/or interest on the Bonds or a series of Bonds is paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds or series of Bonds shall remain Outstanding for all purposes and the Bond Insurer shall be subrogated to the rights of the owners of such Bonds.

F. The Bond Insurer shall have the right to consent in lieu of the owners of Bonds to all amendments to this Indenture, as long as the Bond Insurer is not in default on its obligations under the Bond Insurance Policies. Copies of any such amendments which have been consented to by the Bond Insurer shall be sent to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

G. (i) The Bond Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the University's audited financial statements.

(ii) Any notice that is required to be given to a holder a Bond or to the Trustee pursuant to the Indenture shall also be provided to the Bond Insurer.

H. The Issuer agrees to reimburse the Bond Insurer, but solely from the Trust Estate, immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Bond Insurer in connection with (i) the enforcement by the Bond Insurer of the Bonds, or the preservation or defense of any rights of the Bond Insurer, under this Indenture, the Agreement and any other document executed in connection with the issuance of the Bonds, and (ii) any consent, amendment, waiver or other action with respect to this Indenture, the Agreement or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Bond Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

I. The Issuer agrees not to use the Bond Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Bond Insurer's prior consent. In the event that the Issuer is advised by counsel that it has a legal obligation to disclose the Bond Insurer's name in any press release, public announcement or other public document, the Issuer shall provide the Bond Insurer with at least three (3) business days' prior written notice of its intent to use the Bond Insurer's name together with a copy of the proposed use of the Bond Insurer's name and of any description of a transaction with the Bond Insurer and shall obtain the Bond Insurer's prior consent as to the form and substance of the proposed use of the Bond Insurer's name and any such description.

J. The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of the Bond Insurer.

ARTICLE V

ADDITIONAL BONDS

Section 5.1 **Additional Bonds**. (a) Additional Bonds may be issued in one or more series by the Issuer at the request of the Corporation as advised by the Board under a supplement to this Indenture to pay all or part of the additional cost of the Facilities, including, but not limited to, the costs of Phase Three of the Facilities, so long as:

(i) No Event of Default under this Indenture has occurred and is then continuing and the Issuer shall have approved the issuance of such additional bonds; and

(ii) There shall have been filed with the Trustee an opinion of an attorney or firm of attorneys generally recognized as having expertise in matters relating to municipal bonds to the effect that the exclusion from "gross income" for federal income tax purposes of the interest on the Bonds then outstanding under this Indenture shall not be adversely affected.

Such series of Additional Bonds shall be appropriately designated, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered, shall have such paying agents and shall have such maturities and redemption provisions, all as may be provided in the supplement to this Indenture or the separate indenture authorizing the issuance of such series of Additional Bonds. It is anticipated that Additional Bonds will be issued hereunder to finance phase three of the Facilities.

The written consent of the Bond Insurer shall not be required in connection with the issuance of such Additional Bonds, but the Bond Insurer shall have the right to review and approve the documentation prepared in connection with the issuance of such Additional Bonds to ensure that such documentation is as contemplated by this Indenture and does not adversely affect the rights of the Bond Insurer under this Indenture in a manner not contemplated hereby.

(b) Additional Bonds may be issued under this Indenture for any other purpose with the prior written consent of the Bond Insurer.

Section 5.2 **Refunding**. Refunding Bonds may be issued under and secured by a supplement to this Indenture for the purpose of providing funds for the refunding of the Bonds and Additional Bonds; provided that if Refunding Bonds are issued other than for the purpose of realizing interest savings, the Bond Insurer's consent in writing must be obtained prior to the issuance of such Additional Bonds and the execution of a Supplemental Indenture in accordance with Section 10.1(d) hereof.

Section 5.3 **Additional Bonds and Refunding Bonds**. The Bond Insurer shall receive copies of any disclosure documents circulated with respect to such Additional Bonds and Refunding Bonds.

ARTICLE VI

COSTS OF ISSUANCE

Section 6.1 **Payment of Costs of Issuance from Bond Proceeds Fund**. There shall be paid into the Costs of Issuance Account in the Bond Proceeds Fund the amounts required to be so paid from Series 2004 Bond proceeds pursuant to Section 4.2(f) of this Indenture; and such amounts shall be applied to the payment of all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of the Series 2004 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Issuer or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals and any other cost, charge or fee in connection with the original sale and issuance of the Series 2004 Bonds, including, the premium payable for the Bond Insurance Policies. Any additional costs of issuance shall be paid solely by the Corporation. The Trustee shall make payments from the Costs of Issuance Account upon receipt of statements from the parties entitled to be paid therefrom accompanied by a written request of the Issuer and the University directing the Trustee to pay such statements. Any amounts in the Costs of Issuance Account remaining after payment in full of all of the expenses and costs of issuance of the Series 2004 Bonds shall be transferred to the Project Fund.

ARTICLE VII

ENFORCEMENT OF AGREEMENT AND FACILITIES LEASE

Section 7.1 **Assignment of Agreement and Facilities Lease.** The Issuer has assigned all of its right, title and interest in, to and under the Agreement (except for rights relating to exculpation, indemnification and payment of expenses thereunder), including the interest of the Issuer in and to the Facilities Lease assigned by the Corporation to the Issuer thereunder (except for payments of Additional Rentals made thereunder), to the Trustee as security for the Bonds and hereby agrees that the Agreement and the Facilities Lease may be enforced by the Trustee and/or the owners of the Bonds issued hereunder in accordance with the terms hereof and thereof. Notwithstanding such assignment, the Issuer agrees to cause the Corporation to comply with the terms contained in the Agreement and the Facilities Lease and the rights of the Bondholders and the Trustee shall be governed by the provisions of this Indenture, the Agreement and the Facilities Lease.

Section 7.2 **Trustee or Bondholders to Enforce Agreement and Facilities Lease.** The Trustee may, and upon request of the Bond Insurer or the owners of a majority in aggregate principal amount of the Bonds then outstanding shall, subject to the provisions of Section 8.11 and Article IX hereof, strictly and promptly enforce the provisions of the Agreement and the Facilities Lease so long as any of the Bonds remain outstanding under this Indenture. All rights of action (including the right to file proof of claims) to enforce the Agreement and the Facilities Lease under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the Bondholders without the necessity of joining as plaintiffs or defendants any of the Bondholders.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1 **No Extension of Time for Payment of Principal, Premium or Interest.** The Trustee shall not be authorized to extend the time for any payment of principal, premium or interest without the prior written consent of or authorization by the owner of the Bonds so affected.

Section 8.2 **Events of Default.** Each of the following events is hereby declared to be an "Event of Default":

(a) The payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable;

(b) The payment of the principal of or premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or by acceleration or otherwise;

(c) An "Event of Default" under Article IX of the Agreement shall have occurred;

(d) A default shall occur under Section 21 of the Facilities Lease;

(e) Default by the Issuer in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in this Indenture on the part of the Issuer to be performed, if such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer, the Board, the Bond Insurer and the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such default shall not become an Event of Default if said default be of the nature that (i) it cannot be corrected within the thirty (30) day period after receipt of notice, but the Issuer (or the Corporation pursuant to the provisions of Section 8.14 of this Indenture) promptly shall institute and diligently pursue corrective action until such default is cured, or (ii) the Trustee shall determine that such default is not curable but such default does not affect the validity or enforceability of the Bonds, this Indenture or the Agreement, an event of nonperformance shall not have occurred under the Agreement (other than as a result of the cross-default provisions), and such default does not impair the security or the obligations provided for or under the Bonds, this Indenture or the Agreement, and (iii) the Bond Insurer shall have consented to such event not being an Event of Default.

The word "default" as used herein means failure of performance when due, exclusive of any period of grace, if any, allowed to correct any such failure. In addition, in determining whether a default in the payment of the principal of, premium, if any, or interest on the Bonds

has occurred or whether a payment of Bonds has been made hereunder, no effect shall be given to the payments made under the Bond Insurance Policies.

For all purposes of this Article VIII (other than Section 8.13 hereof), the Bond Insurer shall be deemed to be the sole owner of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policies, and the Bond Insurer shall be entitled to (i) notify the Trustee of the occurrence of an Event of Default hereunder, (ii) request that the Trustee intervene in judicial proceedings that affect the Bonds or the security therefor, (iii) direct all remedies in the Event of Default, (iv) be recognized as the owner of each Bond which it insures for the purposes of exercising all rights and privileges available to Bondholders, (v) have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Bondholder in accordance with the provisions of the Indenture or each Bond for which it insures.

Notwithstanding anything to the contrary, any acceleration of principal payments must be subject to the Bond Insurer's prior written consent.

Section 8.3 **Remedies.** Upon the occurrence of an Event of Default, the Issuer, the Trustee and, subject to Sections 8.10 and 8.11 and all rights granted to the Bond Insurer under this Article VIII, the Bondholders shall have all the rights and remedies as may be allowed by law, this Indenture, the Mortgage, the Assignment of Agreements and Documents, or pursuant to the provisions of the Agreement and/or the Facilities Lease by virtue of their assignment hereunder, including but not limited to, acceleration of the maturity of all Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions of this Indenture, the Mortgage, the Agreement or the Facilities Lease.

Section 8.4 **Acceleration; Annulment of Acceleration.** (a) Upon the occurrence of an Event of Default described in Section 8.2 of this Indenture, the Trustee may, with the prior written consent of the Bond Insurer, and upon the written request of the Bond Insurer shall, by notice in writing to the Issuer, the Board and the Corporation, declare the Bonds then outstanding immediately due and payable, and such Bonds shall become and be immediately due and payable, anything in such Bonds or in the Agreement or this Indenture to the contrary notwithstanding, and, subject to Article IX, the Trustee may exercise any remedies granted to it herein. In such event, there shall be due and payable on the Bonds an amount equal to the principal amount of all the Bonds then outstanding plus all interest accrued thereon and which will accrue thereon to the date of payment. If the Bond Insurer shall be in default of its payment obligations under the Bond Insurance Policies, the owners of not less than a majority of the aggregate principal amount of Bonds outstanding, may direct the Trustee to declare the Bonds then outstanding immediately due and payable; and

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Agreement, the Mortgage, the Assignment of Agreements and Documents, or the Facilities Lease, the Trustee may annul such declaration and its consequences with respect to the Bonds if (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of principal (other than principal due solely because of

acceleration) and interest; (ii) moneys shall be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Issuer and the Trustee; (iii) all other amounts then payable by the Issuer or the Corporation under this Indenture or the Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Issuer or the Trustee (other than a default in the payment of the principal of the Bonds due only because of such declaration) shall have been remedied to the satisfaction of the Issuer and the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

No waiver of any Event of Default shall be effective without the written consent of the Bond Insurer.

Section 8.5 Insufficiency in the Debt Service Fund and the Debt Service Reserve Fund; Application of Moneys. Anything in this Indenture to the contrary notwithstanding, if at any time the moneys in the Debt Service Fund and the Debt Service Reserve Fund shall not be sufficient to pay the interest on, premium, if any, or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities), such moneys, together with any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, including, without limitation, moneys paid by the Corporation to the Trustee pursuant to the Mortgage, shall, subject to the provisions of Sections 9.2 and 9.4 hereof, be applied as follows:

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

FIRST, to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay any particular installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; then

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture) in the order of their due dates, with interest on the principal amount of such Bonds due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and the interest thereon, then to the payment thereof ratably, according to the amount of the interest due on such date, and next, to the payment of the principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and then

THIRD, to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of this Indenture.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of Section 8.5(b) above, in the event that the principal of all the Bonds shall later become or be declared due and payable, then all such moneys shall be applied in accordance with the provisions of Section 8.5(a) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for application in the future; the deposit of such money or otherwise setting aside such money in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Issuer, to any Bondholder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and shall not be required to make payment to the owner of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.6 **Discontinuance of Proceedings.** In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

Section 8.7 **Appointment of Receiver.** Upon the occurrence of an Event of Default, and upon filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or keeper pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.8 **Remedies Not Exclusive.** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any

other remedy, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity on or after the date of execution and delivery of this Indenture.

Section 8.9 **Remedies Vested in Trustee.** All rights of action under this Indenture, the Agreement, the Mortgage, the Assignment of Agreements and Documents, or under any of the Bonds may be enforced by the Trustee without possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds.

Section 8.10 **Majority of Bondholders Control Proceedings.** If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, but subject to all rights granted to the Bond Insurer in this Article VIII, the owners of at least a majority of the aggregate outstanding principal amount of Bonds then outstanding shall have the right after written notice delivered to the Trustee, at any time by an instrument or instruments in writing executed and delivered to the Trustee together with security or indemnity satisfactory to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Indenture, provided the direction is in accordance with law and the provisions of this Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of Bondholders not joining in such direction, and provided further, that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with the direction by Bondholders.

Section 8.11 **Individual Bondholder Action Restricted.** (a) No owner of any Bond shall have any right to institute any suit, action or proceeding for the enforcement of this Indenture or for the execution of any trust hereunder or for any remedy under this Indenture unless:

(i) An Event of Default has occurred (other than under Sections 8.2(a) or 8.2(b)) as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and

(ii) The owners of at least a majority of the aggregate outstanding principal amount of Bonds shall have made written request to the Trustee to proceed to exercise the powers granted in this Indenture or to institute an action, suit or proceeding in its own name; and these Bondholders shall have offered the Trustee such indemnity as may be satisfactory to the Trustee, and the Trustee shall have failed or refused to exercise the powers granted in this Indenture or to institute an action, suit or proceeding in its own name for a period of sixty (60) days after receipt of the request and offer of indemnity.

(b) No one or more owners of Bonds shall have any right in any manner whatsoever to disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and then only for the equal benefit of the owners of all outstanding Bonds.

Section 8.12 **Waiver and Non-Waiver of Event of Default.** (a) No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power accruing upon any Event of Default shall impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Trustee and to the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee with Bond Insurer consent may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture.

(c) Notwithstanding anything contained in this Indenture to the contrary, the Trustee, upon written request of the Bond Insurer or the Bond Insurer and the owners of at least a majority of the aggregate principal amount of the Bonds then outstanding shall waive any Event of Default and its consequences; provided, however, that a default in the payment of the principal of, premium, if any, or interest on any Bond, when due and payable or upon call for redemption, may not be waived after the date the same becomes due and payable without the written consent of the owners of all the Bonds at the time outstanding.

(d) In case of a waiver by the Trustee of any Event of Default, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under this Indenture but no waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section.

Section 8.13 **Notice of Defaults.** (a) Within thirty (30) days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee is deemed to have notice, the Trustee shall (unless the Event of Default has already been cured) give written notice of the Event of Default to the owners of all Bonds then outstanding in the manner provided in Section 13.8 of this Indenture, provided that, except in the case of a default in the payment of principal, redemption price, or interest on any of the Bonds, the Trustee may withhold the notice to the Bondholders if, in its sole judgment, it determines that the withholding of notice is not detrimental to the best interest of the Bondholders.

(b) The Trustee shall immediately notify, in writing, the Issuer, the Board, the Bond Insurer and the Corporation of any Event of Default known to the Trustee.

(c) The Trustee shall provide the Bond Insurer immediate notice of any default in the payment of principal of, premium, if any, or interest on the Bonds.

Section 8.14 **Opportunity of Corporation to Cure Certain Defaults.** The Issuer and the Trustee hereby grant the Corporation full authority on the account of the Board and/or the Issuer to perform any covenant or obligation and to otherwise fulfill any condition the failure or non-performance of which is or is alleged to be an Event of Default under Section 8.2(f) of this Indenture, and the Trustee agrees that performance by the Corporation shall be deemed to be performance by the Board and/or the Issuer.

ARTICLE IX

CONCERNING THE TRUSTEE

Section 9.1 **Acceptance of Trusts.** The Trustee hereby represents and warrants to the Issuer (for the benefit of the Board, the Corporation and the Bondholders as well as the Issuer) that it is a bank and trust company duly organized and existing under the laws of the United States of America and that it is duly authorized under such laws to accept and execute trusts of the character herein set out. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Indenture including the following express terms and conditions, to all of which the parties hereto and the respective Owners of the Bonds agree:

(a) Except during the continuance of an Event of Default within the purview of Section 8.2, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and the Trustee shall not be responsible for (x) the legality or enforceability of this Indenture (except with respect to performance of its obligations hereunder), the Agreement (except with respect to performance of its obligations hereunder), the Facilities Lease (except with respect to performance of its obligations hereunder), the Tax Regulatory Agreement (except with respect to performance of its obligations thereunder), the Mortgage (except with respect to performance of its obligations thereunder), the Assignment of Agreements and Documents (except with respect to performance of its obligation thereunder) and any supplement thereto, the Bonds (except as to the authentication of the Bonds), or any instruments or documents related thereto (collectively, the "Bond Documents") or (y) the legality, perfection, sufficiency or priority of the Trust Estate or any lien purported to be granted thereon under any of the aforesaid documents or otherwise. No implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its negligence or willful misconduct, except that:

(i) in the absence of bad faith on the part of the Trustee, the Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected fully from liability in relying or acting upon, any resolution, opinion of counsel, certificate, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report or other paper or document believed by the Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties; but in the case of any such certificates or opinions that by any provision hereby are specifically required to be furnished to the Trustee, as the case may be, the Trustee shall be under a duty to examine the same to determine whether or not they conform to requirements of this Indenture; and

(ii) in the absence of bad faith on the part of the Trustee, whenever the Trustee, or any of its agents, representatives, experts or counsel, shall consider it

necessary or desirable that any matter be proved or established, such matter shall be deemed to be conclusively proved and established by a certificate executed by an Authorized Issuer Representative; provided, however, that the Trustee, or such agent, representative, expert or counsel may require, but is not obligated to require, such further and additional evidence and make such further investigation as it or they may consider reasonable; and

(iii) the Trustee may consult with counsel and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel; and

(iv) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and in accordance with any direction or request of the Bondholders; and

(v) the Trustee shall not be liable for any error of judgment made in good faith by an officer or employee of the Trustee unless the Trustee is negligent in ascertaining the pertinent facts; and

(vi) the Trustee shall not be deemed to have knowledge of any Event of Default, except for the failure of the Corporation to make or cause to be made scheduled payments to the Trustee provided for in the Agreement, unless and until the Bond Insurer shall have given written notice to the Trustee of said default or until an officer of the Trustee who customarily handles corporate trusts and is assigned to supervise this Indenture shall have actual knowledge thereof or the Trustee shall have received written advice thereof from any Bondholder; and

(vii) anything in any of the Bond Documents to the contrary notwithstanding, whether or not an Event of Default shall have occurred, the Trustee shall not be under any obligation to take any action under this Indenture that may involve it in any expense or liability, the payment of which within a reasonable time is not, in its opinion, assured to it by the security afforded to it by the terms of this Indenture, unless it is requested in writing to do so by one or more owners of the Bonds outstanding hereunder and furnished, from time to time as it may require, with security and indemnity satisfactory to it; and

(viii) the Trustee need not take any action or follow any direction from any one or more Bondholders if the Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be prejudicial to Bondholders not parties to such direction, or the Trustee in good faith believes following such direction would involve the Trustee in personal liability; and

(ix) in no event shall the Trustee be liable to any person for special, indirect or consequential damages, lost profits or loss of business arising under or

in connection with this Indenture, even if previously informed of the possibility of such damages and regardless of the form of action; and

(x) anything to the contrary in the Bond Documents notwithstanding, the permissive right of the Trustee to do anything enumerated or set forth in any of the Bond Documents shall not be construed as a duty, and the Trustee shall not be held responsible or liable for other than its negligence or willful misconduct.

(c) In case an Event of Default within the purview of Section 8.2 hereof has occurred and is continuing and the Trustee has actual knowledge of such Event of Default or is deemed to have knowledge pursuant to (b)(vi) above, subject to the provisions of this Article IX, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the degree of care and skill in their exercise as a prudent man would exercise under the circumstances.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee, including without limitation Sections 9.3 and 9.4 hereof, shall be subject to the provisions of this Section 9.1. The Trustee also accepts, and agrees to do and perform, the duties and obligations imposed upon it by and under the Agreement, the Facilities Lease and the Mortgage, but only upon the terms and conditions set forth in the Agreement, the Facilities Lease, the Mortgage and this Indenture. The rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

Section 9.2 **Trustee Entitled to Indemnity.** The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Indenture or under the Agreement, or to enter any appearance in or in any way defend against any suit, in which it may be made a defendant (except in the case of the Trustee's own negligence), or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder or under the Agreement or the Facilities Lease, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Issuer shall reimburse the Trustee from funds available therefor under the Agreement for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Issuer shall fail to make reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference over any of the Bonds.

Section 9.3 **Trustee Not Responsible for Insurance, Taxes, Execution of Indenture, Acts of the Issuer or Application of Moneys Applied in Accordance with this Indenture.** The Trustee shall not be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Corporation for the benefit of the Board or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall have no responsibility in respect of the validity,

sufficiency, due execution or acknowledgment of this Indenture or the validity or sufficiency of the security provided hereunder or in respect of the validity of the Bonds or the due execution or issuance thereof, except as to the authentication thereof.

The Trustee shall not be under any obligation to see that any duties herein imposed upon any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

The Trustee shall not be liable or responsible because of the failure of the Issuer or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Issuer or because of the loss of any moneys arising through the insolvency or the act or default or omission of any other depository in which such moneys shall have been deposited under the provisions of this Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Indenture.

The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 9.4 **Compensation**. The Trustee shall be entitled to reasonable compensation for its ordinary services hereunder consistent with the results of the process by which the Trustee was selected and any extraordinary services rendered hereunder and to reimbursement for all expenses incurred in good faith hereunder, including the compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its powers and duties hereunder. Subject to the provisions of any contract relating to the compensation of the Trustee, the Issuer shall cause the Board to pay to the Trustee as administrative expenses its reasonable fees and charges as Additional Rent in accordance with the Facilities Lease upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. If the Board shall fail to make any payment required by this Section, the Trustee may, but shall be under no obligation to, make such payment from any moneys in its possession under the provisions of this Indenture, and the Trustee shall be entitled to a preference therefor over any of the Bonds Outstanding hereunder.

Section 9.5 **Trustee to Preserve Records**. All records and files pertaining to the Corporation in the custody of the Trustee shall be open at all reasonable times to the inspection of the Issuer, the Board, the Corporation, the Bond Insurer and their agents and representatives.

Section 9.6 **Trustee May be Bondholder**. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds issued under and secured by this Indenture, and may join in the capacity of a Bondholder in any action which any Bondholder may be entitled to take with like effect as if such institution were not the Trustee under this Indenture.

Section 9.7 **Trustee Not Responsible for Recitals.** The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee shall not be under any responsibility for the correctness of the same.

Section 9.8 **Trustee Responsible for Reinscription and Continuation Statements.** The Trustee, as mortgagee under the Mortgage, is required under the terms of the Mortgage to reinscribe the Mortgage at such times as shall be necessary to preserve the lien thereof. Under the Agreement, the Corporation has covenanted to cooperate with the Trustee with regard to the foregoing. In the event that any continuation statement shall be required to keep current any financing statement or other filings with respect to security interests or other security devices securing the Bonds, the Trustee shall be obligated to file any such continuation statements and shall provide written notice to the Issuer of such filing, if any.

Section 9.9 **Trustee May Rely on Certificates.** Subject to the provisions of Section 9.1(b), the Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Agreement or this Indenture, or upon the written opinion of any attorney, engineer, accountant or other expert believed by it to be qualified in relation to the subject matter, and the Trustee shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

Section 9.10 **Qualification of the Trustee.** There shall at all times be a Trustee hereunder. Any successor Trustee hereunder shall be a trust company or commercial bank (having trust powers) organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having unimpaired capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such trust company or bank publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the unimpaired capital and surplus of such association or corporation shall be deemed to be its unimpaired capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in Section 9.11 hereof.

Section 9.11 **Resignation and Removal of Trustee.** (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.12 hereof and until notice of resignation or removal and appointment, as the case may be, shall have been provided to the Bond Insurer.

(b) The Trustee may resign at any time by giving written notice thereof to the Issuer, the Bond Insurer, the Board, the Corporation and the Bondholders. If an instrument of

acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed with or without cause at any time by an instrument or instruments in writing to the Trustee, with copies to the Issuer, the Bond Insurer, the Board and the Corporation, signed by the Bond Insurer or by the Bond Insurer and the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding or by their attorneys, legal representatives or agents and delivered to the Trustee, the Issuer, the Bond Insurer, the Board and the Corporation (such instruments to be effective only when received by the Trustee).

(d) If at any time

(i) the Trustee shall cease to be eligible under Section 9.10 hereof and shall fail to resign after written request therefor by the Corporation for the Board or by any Bondholder, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (1) the Issuer, in its discretion and without obligation, may or the Corporation, on behalf of the Board, may remove the Trustee, or (2) any Bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor but only, in each case, with the prior written approval of the Bond Insurer.

(e) If the Trustee shall be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause other than resignation (it being understood that no vacancy may occur as a result of resignation since the Trustee may not resign unless a successor has been appointed) or if the Trustee tenders its resignation, the Issuer with the approval of the Bond Insurer (so long as the Bond Insurer is not in default under the Bond Insurance Policies) shall promptly appoint a successor provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. If, within one (1) year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding and delivered to the Corporation for the Board and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide owner of a Bond for at

least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to all Bondholders upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorney's fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. Each notice shall include the name and address of the principal corporate trust office of the successor Trustee.

Section 9.12 **Successor Trustee**. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Bond Insurer and the Corporation, on behalf of the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessors; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 9.4 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor, subject, nevertheless, to its preference, if any, provided for in Sections 9.2 and 9.4 hereof. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee any such instrument in writing shall and will be executed, acknowledged and delivered by the Issuer upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Indenture and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the corporate trust assets and corporate trust business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

Section 9.13 **Co-Trustee**. It is the purpose hereof that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banks or trust companies to transact business as trustee in such jurisdiction. It is recognized that in case of litigation hereunder and in particular in case of the enforcement of this Indenture upon the occurrence of an Event of Default, it may be necessary that the Trustee appoint an additional individual or institution as a separate Trustee or Co-Trustee. The following provisions of this Section are adapted to these ends.

Upon the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein granted to the Trustee or to hold title to the trust estate or to take any other action which may be necessary or desirable in connection therewith, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in a separate Trustee or Co-Trustee appointed by the Trustee but only to the extent necessary to enable the separate Trustee or Co-Trustee to exercise such rights, powers and trusts, and every agreement and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed by the Trustee in order to more fully and certainly vest in and confirm to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by the Issuer upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. In case any separate Trustee or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

Section 9.14 **Disclosure Documents**. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.1 **Supplemental Indentures Not Requiring Consent of Bondholders.** The Issuer and the Trustee may, with the consent of the Bond Insurer but without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof and in the opinion of the Trustee shall not materially and adversely affect the interest of the Bondholders for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;
- (d) To provide for the issuance of Additional Bonds in conformity with the provisions of Article V of this Indenture and to fix all details with respect thereto or to provide further conditions, limitations or restrictions on the issuance of Additional Bonds;
- (e) To add to the provisions hereof in connection with a Variable Rate Conversion;
- (f) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof or thereof under any federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted or required by any said federal statute or Blue Sky Law; provided, that any such indenture supplemental hereto referred to in this Section 10.1(e) shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds; or
- (g) To provide any other modifications which, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders.

Section 10.2 **Supplemental Indentures Requiring Consent of Bondholders.** Anything contained in this Indenture to the contrary notwithstanding, except for indentures supplemental hereto authorized by Section 10.1 of this Indenture and subject to the terms and provisions contained in this Section 10.2, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right from time to time, with the consent of the Bond Insurer, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be

deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any indenture supplemental hereto; provided, however, that nothing contained in this Section 10.2 shall permit, or be construed as permitting, without the consent of the Bond Insurer and the owners of all the Bonds then outstanding (a) an extension of the stated maturity or scheduled sinking fund redemption or reduction in the principal amount or premium of, or reduction in the rate or extension of the time of payment of interest on, any Bonds, or (b) the creation of any lien on the Trust Estate or any part thereof pledged under this Indenture prior to or on a parity with the lien of this Indenture, or (c) a reduction in the aforesaid aggregate outstanding principal amount of Bonds the owners of which are required to consent to any such indenture supplemental hereto. No such amendment shall modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section 10.2, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given to the Bondholders in the manner provided in Section 13.8 of this Indenture. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If, within ninety (90) days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the owners of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section 10.2 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

Section 10.3 **Filing.** Copies of any supplemental indenture shall be filed with the Trustee and delivered to the Issuer and the Corporation for the Board.

Section 10.4 **Reliance on Counsel.** The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel satisfactory to the Trustee, who may be counsel for the Issuer, as conclusive evidence that any such proposed supplemental indenture complies with the provisions of this Article prior to joining in the execution of such supplemental indenture.

Section 10.5 **Supplement Binding.** Upon the execution of any supplemental indenture pursuant to the provisions of this Article, this Indenture shall be deemed to be supplemented, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Trustee, the Issuer, the Corporation, the Board and the owners of

Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modification and amendment.

Section 10.6 **Supplemental Agreement.** The Issuer and the Corporation, with the approval of the Board, the Bond Insurer and the Trustee in certain events, may consent to supplemental loan agreements for the purposes and in the manner provided in Article VIII of the Agreement and the Trustee agrees that it shall take the actions required of it as provided thereunder.

Section 10.7 **Notice to Rating Agencies and Bond Insurer.** No supplemental indenture shall be executed and delivered pursuant to Sections 10.1 or 10.2 hereof without prior written notice having been given by the Trustee, to the Bond Insurer and Standard & Poor's Ratings Group (Attention: Bond Insurance Administration) of the Trustee's intention to execute such supplemental indenture not less than fifteen (15) days in advance of the execution of said supplemental indenture. The Issuer shall also furnish to the Bond Insurer a full transcript of all proceedings relative to the supplemental indenture.

ARTICLE XI

COVENANTS OF ISSUER

Section 11.1 **Payment of Principal, Premium and Interest.** The Issuer covenants that it will promptly pay, or cause to be paid, the principal of, premium, if any, and the interest on every Bond at the places, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof but solely from the revenues of the Trust Estate and not from any other fund or source. The Issuer further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Indenture, the Agreement or in any Bond executed, authenticated and delivered hereunder or in any proceedings of the Issuer pertaining thereto.

Section 11.2 **Additional Security.** The Issuer covenants, whenever and so often as reasonably required to do so by the Trustee, promptly to execute and deliver or cause to be delivered all such other and further instruments, documents or assurances, and to promptly do or cause to be done all such other further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the owners of the Bonds all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture.

Section 11.3 **Cure Title Defects.** The Issuer covenants to promptly, upon the request of the Trustee, from time to time, take or cause to be taken such action as may be necessary or proper to remedy or cure any material defect in or cloud upon the title to the Trust Estate or any part thereof, whether now existing or hereafter developing, and to prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and to indemnify and save the Trustee and every owner of Bonds, solely from the Trust Estate, harmless from all loss, cost, damage and expense, including attorneys' fees, which they or either of them may ever incur by reason of any such defect, cloud, suit, action or proceedings.

Section 11.4 **Defend Against Actions.** The Issuer covenants to defend or cause to be defended every suit, action or proceeding at any time brought against the Trustee or any owner of Bonds upon any claim arising out of the receipt, application or disbursement of any of the revenues of the Trust Estate or involving the Issuer's, the Trustee's or such Bondholders' rights under this Indenture or the Agreement and to indemnify and save harmless, solely from the Trust Estate, the Trustee and Bondholders against any and all liability claimed or asserted by any person whomsoever, arising out of such receipt, application or disbursement of any such revenues; provided, however, that the Trustee or any owner of Bonds at its or his election may appear in and defend against any such suit, action or proceeding; and notwithstanding any contrary provision hereof, this covenant shall continue and remain in full force and effect until all indebtedness, liabilities, obligations and other sums secured hereby have been fully paid and satisfied, and this Indenture has been released of record and the lien hereof discharged.

Section 11.5 **Non-Impairment of Security.** The Issuer covenants that so long as any of the Bonds issued pursuant to this Indenture are outstanding and unpaid, the Issuer will not voluntarily consent to any amendment to the Agreement or otherwise take any action which will reduce the amount of moneys made available thereunder to the Trustee, or which will in any

manner impair or adversely affect the rights of the Issuer or the Trustee or the security provided by this Indenture to the owners from time to time of the Bonds.

Section 11.6 **Issuer's Obligation Limited**. Nothing in the Agreement or this Indenture is intended to require or obligate nor shall anything therein be interpreted to require or obligate the Issuer for any purpose or at any time whatsoever, to provide, apply or expend any funds coming into the hands of the Issuer other than from the Trust Estate.

Any other term or provision in this Indenture or in the Agreement, the Mortgage, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Bonds or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Issuer or its members, officers, agents, employees, representatives, advisors or assigns, whether under this Indenture or any of the Agreement, the Mortgage, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Bonds or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively, the "Obligations"), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

(i) Bond Proceeds and investments therefrom; and

(ii) Payments derived from the Bonds, this Indenture (including the Trust Estate to the extent provided in this Indenture), the Mortgage and the Agreement (except the fees and expenses of the Issuer and the Issuer's right to indemnification under the Agreement as set forth therein);

(the above provisions (i) and (ii) being collectively referred to as the "Exclusive Sources of the Obligations").

(b) The Obligations shall not be deemed to constitute a debt or liability of the State of Louisiana or of any political subdivision thereof within the meaning of any State of Louisiana constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State of Louisiana or of any political subdivision thereof, including the Issuer, but shall be payable solely from and out of the Exclusive Sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the State of Louisiana or any political subdivision thereof, including the Issuer, or any charge upon their general credit or taxing power.

(c) In no event shall any member, officer, agent, employee, representative or advisor of the Issuer, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(d) In no event shall this Indenture be construed as:

- (1) depriving the Issuer of any right or privilege; or
- (2) requiring the Issuer or any member, officer, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit of suffer the taking of, any action by itself or anyone else; which deprivation or requirement would violate or result in the Issuer's being in violation of the Act or any other applicable state or federal law.

Section 11.7 **Immunity of Officers, Employees and Members of Issuer.** No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, director, member, employee or agent of the Issuer, and all such liability of any such officers, directors, members, employees, or agents except for criminal or intentional acts as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any incorporator, director, or officer of the Issuer past, present or future in his or her individual capacity, and neither members of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability be reason of the issuance thereof. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, director, member, employee or agent of the Issuer, and all such liability of any such officers, directors, members, employees, or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds.

Section 11.8 **Role of Issuer.** The Issuer shall not be required to take any action not expressly provided for herein. The Issuer shall have no obligation to review, control or oversee the activities of Trustee in collecting any amounts payable pursuant to the Agreement, the Indenture or the Mortgage, or in making any payments on the Bonds. Furthermore, the Issuer shall not be obligated to take any action or execute any documents which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer, its incorporators, directors, officers and counsel.

Section 11.9 **No Additional Pledge.** The Issuer shall grant no security interest or lien of any type in the Payments other than the pledge set forth in Article II hereof and shall issue no debt or obligation that is to be paid from the Payments other than the payment of principal of and interest on the Bonds and the other payments required hereunder. The Issuer shall grant no security interest or lien or encumbrance of any type on the Payments other than the pledge made by Article II hereof.

ARTICLE XII

DEFEASANCE

Section 12.1 **Payment.** When all of the Bonds shall have been paid and discharged, and there shall have been paid all fees and charges of the Trustee due or to become due through the date on which the last of the Bonds is retired, then this Indenture shall cease, terminate and become null and void, and thereupon the Trustee shall release this Indenture including the cancellation and discharge of the lien hereof, and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof and, if necessary, to enter on the records such satisfaction and discharge and to re-convey to the Issuer any property or interest therein or other rights hereby conveyed and such other instruments to evidence such release and discharge as may be reasonably required by the Issuer, and the Trustee shall assign and deliver to the Issuer any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in any Fund otherwise required to be paid by this Indenture and except such cash and investments as are held by the Trustee for the payment of interest and premium, if any, on and retirement of the Bonds.

Notwithstanding the foregoing, the obligation of the Board to pay the fees and expenses of the Trustee in accordance with the terms of this Indenture shall survive the defeasance of the Bonds, the discharge of this Indenture and the termination of the Agreement.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policies, or amounts are due to the Bond Insurer under the Reimbursement Agreement, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

Section 12.2 **Provision for Payment.** Any Bonds shall be deemed to have been paid and discharged within the meaning of Section 12.1, if the Trustee, or an escrow trustee, shall hold, in trust for and irrevocably committed thereto, moneys or Defeasance Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient for the payment of such Bonds, at their maturity or redemption date, of the principal thereof, together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been duly made for the giving of such notice. Any moneys held in accordance with the provisions of this Section shall be invested only in Defeasance Obligations the maturities or redemption dates and interest payment dates of which, at the option of the owner, shall coincide as nearly as practicable with, but not later than, the time or times at which said moneys will be required for the aforesaid purposes. Any income or

interest earned by the Defeasance Obligations held under this Section shall, as determined by the Trustee or the escrow trustee, to the extent not required for the purposes of this Section, be paid to the Board as overpayment of Payments. No forward supply contract may be entered into in connection with a defeasance without the prior written consent of the Bond Insurer.

Section 12.3 **Certifications**. The Issuer and the Corporation, for the Board, covenant and agree that they will furnish to the Trustee and the Bond Insurer:

Certificates or opinions made by officers of the Issuer and the Corporation required by this Indenture stating that provisions of this Article relating to the satisfaction and discharge of this Indenture have been fulfilled; and

An opinion of Bond Counsel in form and substance satisfactory to the Bond Insurer to the effect that the payment of the Bonds has been provided for in the manner set forth in the Indenture and the Agreement and that all obligations of the Issuer and the Corporation with respect to the Bonds have been discharged and satisfied; and

In the case of an advance refunding, a mathematical verification prepared by a nationally recognized firm of independent certified public accountants (or other verification agent satisfactory to the Bond Insurer) that the Defeasance Obligations are sufficient to pay the principal of, premium, if any, and interest on the Bonds which are defeased.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 **Covenants of Issuer Binds its Successors.** In the event of the dissolution of the Issuer, all of the covenants, stipulations, obligations and agreements contained in this Indenture by or on behalf of or for the benefit of the Issuer shall bind or inure to the benefit of the successor or successors of the Issuer from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "Issuer" as used in this Indenture shall include such successor or successors.

Section 13.2 **Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Corporation, the Board and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

Section 13.3 **Parties Interest Herein.** Nothing in this Indenture expressed or implied, is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Trustee, the Corporation, the Bond Insurer and the Bondholders, any right, remedy or claim or by reason of this Indenture or any covenant, agreement, condition or stipulation therein.

Section 13.4 **No Recourse on the Bonds.** No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereunder or under this Indenture against any trustee, director, officer, employee or agent of the Issuer or of the Trustee.

Section 13.5 **Severability.** If any clause, provision or Section of this Indenture be held illegal or invalid by any court, the invalidity of such clause, provision or Section shall not affect any of the remaining clauses, provisions or Sections hereof and this Indenture shall be construed and enforced as if such illegal or invalid clause, provision or Section had not been contained herein. In case any agreement or obligation contained in this Indenture be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer, the Corporation or the Board, as the case may be, only to the extent permitted by law.

Section 13.6 **Consents and Approvals.** Whenever the written consent or approval of the Issuer, the Trustee or the Corporation shall be required under the provisions of this Indenture, such consent or approval shall not be unreasonably withheld or delayed.

Section 13.7 **Notices.** All notices demands and requests to be given or made hereunder to or by the Issuer, the Trustee or the Corporation, or their designated successors, shall be in writing and shall be properly made if hand delivered or sent by United States mail, postage prepaid, and addressed as follows:

If to the Issuer: Louisiana Local Environmental Facilities Community and
Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809-2233

Attention: Executive Director

If to the Corporation: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402

Attention: Executive Director

If to the Trustee: The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, Florida 32256

Attention: Corporate Trust Department

If to the Bond Insurer: MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Attention: Insured Portfolio Management

Notice hereunder shall be deemed effective on the date of its receipt by the addressee. The above addresses may be changed at any time upon written notice of such change sent by United States mail, postage prepaid, to the other parties by the party effecting the change.

Any notice required to be given by any party hereunder, and copies of notices received by the Trustee under the Facilities Lease and the Ground Lease, shall also be given to the Bond Insurer at the address specified above.

Section 13.8 **Notices to Bondholders.** Any notices or other communications required or permitted to be given to the Bondholders pursuant to this Indenture shall be mailed by first class mail in a sealed envelope, postage prepaid, addressed to each such Bondholder as his address last appears on the Bond Register. In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the Bondholders of any event when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice. Any notice herein required may be omitted if the owners of all the Bonds entitled to such notice give to the Trustee a written waiver of such notice.

Section 13.9 **Applicable Law.** This Indenture shall be governed exclusively by the applicable laws of the State.

Section 13.10 **Captions.** The table of contents, captions and headings of the several articles and sections of this Indenture are for convenience only and shall not control, affect the meaning of or be taken as an interpretation of any provisions of this Indenture.

Section 13.11 **Indenture to Constitute a Contract.** This Indenture, upon execution by the Issuer and the Trustee shall constitute a third party beneficiary contract between the Issuer and the Trustee for the benefit of the Bond Insurer and of the owners of all Bonds issued hereunder.

Section 13.12 **Performance on Legal Holidays.** In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption or purchase of any Bonds or the date fixed for the giving of notice or the taking of any action under this Indenture shall not be a Business Day, then payment of such interest, principal, purchase price and redemption premium, if any, the giving of such notice or the taking of such action need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or purchase, and no interest on such payment shall accrue for the period after such date.

Section 13.13 **Continuing Disclosure Agreement.** The Board has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer shall have no liability to the holders of the Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Board to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee may (and, at the request of the Underwriter (as defined in the Continuing Disclosure Agreement) or the holders of at least a majority in aggregate principal amount of Outstanding Bonds or the Bond Insurer; shall), upon being provided indemnity satisfactory to the Trustee, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Board to comply with its obligations under this Section 13.13. The Trustee shall have no responsibility for the failure of the Board to report any material event and shall have no responsibility as to any determination by the Board of whether any event would constitute material information for holders of the Bonds.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed by its Chairman or Vice Chairman and has caused the seal of the Issuer to be affixed hereto and attested by its Secretary/Treasurer and the Trustee has caused this Indenture to be executed in its behalf by a Trust Officer and its seal to be impressed hereon, all as of the day and year above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES
AND COMMUNITY
DEVELOPMENT AUTHORITY

By: *George L. Grace*
George L. Grace, Sr., Chairman

ATTEST:

By: *David C. Butler, II*
David C. Butler, II, Secretary/Treasurer

SEAL

WITNESSES:

Michael C. Herbert
Ruth Dunbar

THE BANK OF NEW YORK
TRUST COMPANY, N.A.,
as Trustee

By: _____
Name: _____
Title: _____

WITNESSES:

SEAL

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed by its Chairman or Vice Chairman and has caused the seal of the Issuer to be affixed hereto and attested by its Secretary/Treasurer and the Trustee has caused this Indenture to be executed in its behalf by a Trust Officer and its seal to be impressed hereon, all as of the day and year above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES
AND COMMUNITY
DEVELOPMENT AUTHORITY

By: _____
George L. Grace, Sr., Chairman

ATTEST:

SEAL

By: _____
David C. Butler, II, Secretary/Treasurer

WITNESSES:

THE BANK OF NEW YORK
TRUST COMPANY, N.A.,
as Trustee

By: Elizabeth Dean
Name: Elizabeth Dean
Title: VICE PRESIDENT

SEAL

WITNESSES:

Jim M. [Signature]
[Signature]

FORM OF SERIES 2004A BOND

FORM OF BOND

Unless this Series 2004A Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2004A Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2004A Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

*UNITED STATES OF AMERICA
STATE OF LOUISIANA*

***Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bond
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A***

No. RA- 1

\$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
_____%	_____	_____	_____	_____

REGISTERED OWNER:

CEDE & Co.
TAX ID#13-2555119

PRINCIPAL AMOUNT: _____

The **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2004A Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2004A Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2004A Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2004A Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a Business Day, the next preceding Business Day (the "Record Date") irrespective of any transfer or exchange of this Series 2004A Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2004A Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2004A Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2004A Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2004A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2004A Bond is one of the duly authorized issue of the Authority's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$60,985,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of: (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities, (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004A Bonds, (vii) funding a deposit to the Replacement Fund, and (viii) paying costs of issuance of the Series 2004A Bonds, including the premium for any bond insurance policy insuring the Series 2004A Bonds. Simultaneously with the issuance of the Series 2004A Bonds, the Authority will issue \$15,000,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004B"

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(the "Series 2004B Bonds") and \$925,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004C" (the "Series 2004C Bonds" and, together with the Series 2004A Bonds and the Series 2004B Bonds, the "Series 2004 Bonds"), authorized to be issued on behalf of the Corporation for the purpose of: (i) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (ii) funding the costs of marketing the Facilities, (iii) providing working capital for the Facilities, (iv) funding a deposit to the Debt Service Reserve Fund, (v) paying capitalized interest on the Series 2004B Bonds and the Series 2004C Bonds, and (vi) paying the costs of issuance of the Series 2004B Bonds and the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004B Bonds and the Series 2004C Bonds. The proceeds of the Series 2004A Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of August 1, 2004, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of the University, has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") and the Facilities to the Corporation pursuant to a Ground Lease, and will lease the Facilities from the Corporation pursuant to a Facilities Lease.

The Series 2004A Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated August 1, 2004, between the Authority and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2004A Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2004A Bonds. The registered owner of this Series 2004A Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2004A Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2004A Bonds are on a parity with the Series 2004B Bonds and the Series 2004C Bonds under the Indenture.

The Insurance Policy

Simultaneously with the delivery of the Series 2004A Bonds, in order to provide the registered Owners of the Series 2004A Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2004A Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2004A Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2004A Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. R-1 upwards. The Series 2004A Bonds are limited and

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special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2004A Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2004A BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2004A BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2004A BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2004A Bonds remain outstanding, there shall be permitted the exchange of Series 2004A Bonds at the principal corporate trust office of the Trustee. Any Series 2004A Bond or Series 2004A Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2004A Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2004A Bonds during the fifteen (15) day period next preceding the selection of Series 2004A Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004A Bonds selected for redemption, or (b) any Series 2004A Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2004A Bond to be redeemed in part, the portion thereof not so to be redeemed.

REDEMPTION PROVISIONS

Optional Redemption

The Series 2004A Bonds are subject to redemption prior to maturity at the option of the Authority, upon written direction from the Board, on or after August 1, 2014, as a whole or in part at any time, and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium

Mandatory Redemption

(i) If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the Facilities Lease, the Series 2004A Bonds shall be redeemed as a whole and shall be redeemed on the later of (a) August 1, 2014, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2004A Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Series 2004A Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that any insurance proceeds or proceeds received as a result of Expropriation proceedings with respect to the Facilities will not applied to the restoration, repair or reconstruction of the Facilities at a price equal to the principal amount of the Series 2004A Bonds so redeemed plus accrued and unpaid interest thereon to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds, or Expropriation proceeds not used for restoration, repair or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Series 2004A Bonds is not an Authorized Denomination, the principal amount of Series 2004A Bonds to be redeemed pursuant to this subsection (b) shall be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, the Series 2004A Bonds.

Mandatory Sinking Fund Redemption.

The Series 2004A Bonds maturing on August 1, 2021, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2020	\$2,515,000
2021	2,645,000

The Series 2004A Bonds maturing on August 1, 2024, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

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<u>Redemption Date</u>	<u>Principal Amount</u>
2023	\$2,910,000
2024	3,060,000

The Series 2004A Bonds maturing on August 1, 2027, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2026	\$3,375,000
2027	3,545,000

The Series 2004A Bonds maturing on August 1, 2031 shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2029	\$3,900,000
2030	4,095,000
2031	3,350,000

If on any occasion less than all of the Series 2004A Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in the Indenture, then the principal amount of the Series 2004A Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above shall be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

Unless otherwise specified above, if less than all of the Series 2004A Bonds shall be called for redemption, the maturity of the Series 2004A Bonds to be redeemed shall be designated by the Corporation, on behalf of the Board, and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, however, that the portion of any Series 2004A Bond to be redeemed shall be in the principal amount of an Authorized Denomination. If a portion of any Series 2004A Bond shall be called for redemption, a new Series 2004A Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

At least thirty (30) days before the redemption date of any Series 2004A Bonds redeemed other than by mandatory sinking fund redemption, the Trustee shall cause a notice of any such redemption, signed by an authorized officer of the Trustee to be mailed, postage prepaid, to all Bondholders of record owning Series 2004A Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register, but any defect in such mailing of any such notice shall not affect the validity of the

proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004A Bonds then outstanding shall be called for redemption, the numbers of such Series 2004A Bonds to be redeemed and, in the case of Series 2004A Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Series 2004A Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2004A Bond, a new Series 2004A Bond in principal amount equal to the unredeemed portion of such Series 2004A Bond will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2004A Bond, do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** has caused this Series 2004A Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Secretary-Treasurer on August 13, 2004.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT
AUTHORITY**

[SEAL]

By _____
George L. Grace, Sr., Chairman

Attest:

David C. Butler, II, Secretary - Treasurer

CERTIFICATE OF AUTHENTICATION

This Series 2004A Bond is one of the Series 2004A Bonds described in the within mentioned Indenture.

Date of Authentication:
AUGUST 13, 2004

**THE BANK OF NEW YORK
TRUST COMPANY, N.A.,**
as Trustee

By: _____
Authorized Trust Officer

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$60,985,000
Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification
or Social Security Number of Assignee)

the within Series 2004A Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the Series 2004A within Bond on the books kept for registration
thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by: _____

NOTICE: Signature must be guaranteed by a
Participant in the Securities Transfer Agent
Medallion Program.

NOTICE: The signature to this assignment must
correspond with the name as it appears on the
face of the within Series 2004A Bond in every
particular, without alteration, enlargement or any
change whatever.

TRANSFER FEE MAY BE REQUIRED

LEGAL OPINION CERTIFICATE

I, the undersigned Chairman of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2004A Bonds.

By: _____
George L. Grace, Sr., Chairman

FORM OF SERIES 2004B BOND

Unless this Series 2004B Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2004B Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2004B Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA
STATE OF LOUISIANA

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bond
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B**

No. RB - 1

\$ _____

<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
_____	_____	_____	_____

REGISTERED OWNER:

CEDE & Co.
TAX ID#13-2555119

PRINCIPAL AMOUNT: _____

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the rate of interest described herein and on the dates set forth herein. The principal of and interest on this Series 2004B Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2004B Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2004B Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2004B Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on the Business Day next preceding such Interest Payment Date (the "Record Date") irrespective of any transfer or exchange of this Series 2004B Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2004B Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2004B Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2004B Bond not fewer than fifteen (15) days preceding such special record date.

Interest on this Series 2004B Bond is payable on the Business Day following each Auction Date (as defined in the hereinafter defined Indenture) until maturity or earlier redemption or acceleration or conversion of the interest rate payable on this Series 2004B Bond to a Fixed Rate or a Variable Rate as provided in the Indenture (as defined herein) (each an "Interest Payment Date"). Initially, until any such conversion, this Series 2004B Bond shall bear interest at an Auction Rate. The interest rate payable on this Series 2004B Bond while this Series 2004B Bond bears interest at the Auction Rate for any period from and including the later of the Dated Date or the most recent Interest Payment Date to but excluding the next succeeding Interest Payment Date shall, subject to certain exceptions specified in the Indenture, be equal to the aggregate of the interest accrued at the Auction Rate that the Auction Agent appointed pursuant to the Indenture advises has resulted from implementation of the Auction Procedures set forth in the Indenture. The term "Business Day" means any day other than a Saturday, Sunday, or any other day on which banking institutions located in the State of New York, or the state in which the principal corporate trust office of the Trustee is located, are authorized or required not to be open for the transaction of regular banking business or on which the New York Stock Exchange is closed. Interest payable on this Series 2004B Bond shall not exceed the Maximum Auction Rate as determined pursuant to the Indenture. In no event shall the Maximum Auction Rate exceed the least of (i) the Applicable Percentage multiplied by The Bond Market Association Municipal Swap Index; (ii) 12% per annum; or (iii) the maximum rate permitted by applicable law. The interest rate payable on this Series 2004B Bond may be converted from an Auction Rate to a Variable Rate upon satisfaction of certain conditions set

forth in the Indenture. If a proposed Conversion shall have failed then the rate of interest for the Series 2004B Bond Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

This Series 2004B Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2004B Bond is one of the duly authorized issue of the Authority's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$15,000,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of: (i) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (ii) funding the costs of marketing the Facilities, (iii) providing working capital for the Facilities, (iv) funding a deposit to the Debt Service Reserve Fund, (v) paying capitalized interest on the Series 2004B Bonds, and (vi) paying costs of issuance of the Series 2004B Bonds, including the premium for any bond insurance policy insuring the Series 2004B Bonds. Simultaneously with the issuance of the Series 2004B Bonds, the Authority will issue \$60,985,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004A" (the "Series 2004A Bonds") and \$925,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004C" (the "Series 2004C Bonds" and, together with the Series 2004A Bonds and the Series 2004B Bonds, the "Series 2004 Bonds"), authorized to be issued on behalf of the Corporation for the purpose of: (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities, (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004A Bonds and the Series 2004C Bonds (vii) funding a deposit to the Replacement Fund and (viii) paying the costs of issuance of the Series 2004A Bonds and the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004A Bonds and the Series 2004C Bonds. The proceeds of the Series 2004B Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of August 1, 2004, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of the University, has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") and the Facilities to the Corporation pursuant to a Ground Lease, and will lease the Facilities from the Corporation pursuant to a Facilities Lease.

The Series 2004B Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated August 1, 2004, between the Authority and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2004B Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2004B Bonds. The registered owner of this Series 2004B Bond shall have no rights to

{B0292735.1}

enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2004B Bond, the owner hereof assents to all of the provisions of the Indenture. The Series 2004B Bonds are on a parity with the Series 2004A Bonds and the Series 2004C Bonds under the Indenture. All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Insurance Policy

Simultaneously with the delivery of the Series 2004B Bonds, in order to provide the registered Owners of the Series 2004B Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2004B Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2004B Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2004B Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. R-1 upwards. The Series 2004B Bonds are limited and special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2004B Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2004B BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2004B BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2004B BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2004B Bonds remain outstanding, there shall be permitted the exchange of Series 2004B Bonds at the principal corporate trust office of the Trustee. Any Series 2004B Bond or Series 2004B Bonds upon surrender thereof at the principal corporate trust office of the Trustee

{B0292735.1}

with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Series 2004B Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2004B Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2004B Bonds during the fifteen (15) day period next preceding the selection of Series 2004B Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004B Bonds selected for redemption, or (b) any Series 2004B Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2004B Bond to be redeemed in part, the portion thereof not so to be redeemed.

REDEMPTION PROVISIONS

Optional Redemption

The Series 2004B Bonds shall be subject to redemption at the option of the Issuer upon the written direction of the Board, as a whole or in part on the first day of any Auction Period if there are sufficient moneys to make such redemption on such date, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2004B Bonds are subject to redemption in part at the option of the Issuer, upon written direction from the Board, on any Interest Payment Date from amounts transferred by the Trustee from the Project Fund to the Principal Account of the Debt Service Fund upon completion of construction of the Facilities in accordance with the Indenture hereof, the Series 2004B Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal of the Series 2004B Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

Mandatory Redemption

(i) If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the Facilities Lease, the Series 2004B Bonds shall be redeemed as a whole on the first Interest Payment Date after such purchase, at a price equal to the principal amount of the Series B Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Series 2004B Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that any insurance proceeds or proceeds received as a result of Expropriation proceedings with respect to the Facilities will not be applied to the restoration, repair or reconstruction of the Facilities at a price equal to the principal amount of the Series 2004B Bonds so redeemed plus accrued and unpaid interest thereon to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds, or Expropriation proceeds not used for restoration, repair or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Series 2004B Bonds is not an Authorized Denomination, the principal amount of Series 2004B Bonds to be

redeemed pursuant to this subsection shall be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, the Series 2004A Bonds.

Mandatory Sinking Fund Redemption.

The Series 2004B Bonds maturing on August 1, 2034, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2031	\$950,000
2032	\$4,500,000
2033	\$4,675,000
2034	\$4,875,000

If on any occasion less than all of the Series 2004B Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in the Indenture, then the principal amount of the Series 2004B Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above shall be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

Unless otherwise specified above, if less than all of the Series 2004B Bonds shall be called for redemption, the maturity of the Series 2004B Bonds to be redeemed shall be designated by the Corporation, on behalf of the Board, and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, however, that the portion of any Series 2004B Bond to be redeemed shall be in the principal amount of an Authorized Denomination. If a portion of any Series 2004B Bond shall be called for redemption, a new Series 2004B Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

At least thirty (30) days before the redemption date of any Series 2004B Bonds redeemed other than by mandatory sinking fund redemption, the Trustee shall cause a notice of any such redemption, signed by an authorized officer of the Trustee to be mailed, postage prepaid, to all Bondholders of record owning Series 2004B Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register, but any defect in such mailing of any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004B Bonds then outstanding shall be called for redemption, the numbers of such Series 2004B Bonds to be redeemed and, in the case of Series 2004B Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Series 2004B Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2004B Bond, a new Series 2004B Bond in principal amount equal to the unredeemed portion of such Series 2004B Bond will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance {B0292735.1}

under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2004B Bond, do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** has caused this Series 2004B Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Secretary-Treasurer on August 13, 2004.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT
AUTHORITY**

[S E A L]

By _____
George L. Grace, Sr., Chairman

Attest:

David C. Butler, II, Secretary - Treasurer

CERTIFICATE OF AUTHENTICATION

This Series 2004B Bond is one of the Series 2004B Bonds described in the within mentioned Indenture.

Date of Authentication:
AUGUST 13, 2004

**THE BANK OF NEW YORK
TRUST COMPANY, N.A.,**
as Trustee

By: _____
Authorized Trust Officer

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$15,000,000
Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification
or Social Security Number of Assignee)

the within Series 2004B Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Series 2004B Bond on the books kept for registration
thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by: _____

NOTICE: Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Series 2004B Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

LEGAL OPINION CERTIFICATE

I, the undersigned Chairman of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2004B Bonds.

By: _____
George L. Grace, Sr., Chairman

FORM OF SERIES 2004C BOND

Unless this Series 2004C Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2004C Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2004C Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA
STATE OF LOUISIANA

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Taxable Revenue Bond
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C**

No. RC - 1

\$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
_____%	_____	_____	_____	_____

REGISTERED OWNER:

CEDE & Co.
TAX ID#13-2555119

PRINCIPAL AMOUNT: _____

The **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2004C Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2004C Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2004C Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2004C Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a business Day, the next preceding Business Day (the "Record Date") irrespective of any transfer or exchange of this Series 2004C Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2004C Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2004C Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2004C Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2004C Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2004C Bond is one of the duly authorized issue of the Authority's Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$925,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of: (i) paying capitalized interest on the Series 2004C Bonds; (ii) funding a deposit to the Replacement Fund; and (iii) paying costs of issuance of the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004C Bonds. Simultaneously with the issuance of the Series 2004C Bonds, the Authority will issue \$60,985,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004A" (the "Series 2004A Bonds") and \$15,000,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004B" (the "Series

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2004B Bonds" and, together with the Series 2004A Bonds and the Series 2004C Bonds, the "Series 2004 Bonds"), authorized on behalf of the Corporation for the purpose of: (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities, (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004A Bonds and Series 2004B Bonds, (vii) funding a deposit to the Replacement Fund, and (viii) paying costs of issuance of the Series 2004A Bonds and the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004A Bonds and the Series 2004C Bonds. The proceeds of the Series 2004C Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of August 1, 2004, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of the University, has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") to the Corporation pursuant to a Ground Lease, and will lease the Facilities from the Corporation pursuant to a Facilities Lease.

The Series 2004C Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated August 1, 2004, between the Authority and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2004C Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2004C Bonds. The registered owner of this Series 2004C Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2004C Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2004C Bonds are on a parity with the Series 2004A Bonds and the Series 2004B Bonds under the indenture.

The Insurance Policy

Simultaneously with the delivery of the Series 2004C Bonds, in order to provide the registered Owners of the Series 2004C Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2004C Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2004C Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2004C Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. R-1 upwards. The Series 2004C Bonds are limited and special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to

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exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2004C Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2004C BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2004C BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2004C BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2004C Bonds remain outstanding, there shall be permitted the exchange of Series 2004C Bonds at the principal corporate trust office of the Trustee. Any Series 2004C Bond or Series 2004C Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2004C Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2004C Bonds during the fifteen (15) day period next preceding the selection of Series 2004C Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004C Bonds selected for redemption, or (b) any Series 2004C Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2004C Bond to be redeemed in part, the portion thereof not so to be redeemed.

REDEMPTION PROVISIONS

Mandatory Redemption

- (i) If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the Facilities Lease, the Series 2004C Bonds shall be redeemed as a whole and shall

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be redeemed on the later of (a) August 1, 2014, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2004C Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Series 2004C Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that any insurance proceeds or proceeds received as a result of Expropriation proceedings with respect to the Facilities will not be applied to the restoration, repair or reconstruction of the Facilities at a price equal to the principal amount of the Series 2004C Bonds so redeemed plus accrued and unpaid interest thereon to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds, or Expropriation proceeds not used for restoration, repair or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Series 2004C Bonds is not an Authorized Denomination, the principal amount of Series 2004C Bonds to be redeemed pursuant to this subsection (b) shall be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, the Series 2004A Bonds.

Unless otherwise specified above, if less than all of the Series 2004C Bonds shall be called for redemption, the maturity of the Series 2004C Bonds to be redeemed shall be designated by the Corporation, on behalf of the Board, and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, however, that the portion of any Series 2004C Bond to be redeemed shall be in the principal amount of an Authorized Denomination. If a portion of any Series 2004C Bond shall be called for redemption, a new Series 2004C Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

At least thirty (30) days before the redemption date of any Series 2004C Bonds redeemed other than by mandatory sinking fund redemption, the Trustee shall cause a notice of any such redemption, signed by an authorized officer of the Trustee to be mailed, postage prepaid, to all Bondholders of record owning Series 2004C Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register, but any defect in such mailing of any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004C Bonds then outstanding shall be called for redemption, the numbers of such Series 2004C Bonds to be redeemed and, in the case of Series 2004C Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Series 2004C Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2004C Bond, a new Series 2004C Bond in principal amount equal to the unredeemed portion of such Series 2004C Bond will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to

and in the execution and delivery of the Indenture and the issuance of this Series 2004C Bond, do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** has caused this Series 2004C Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Secretary-Treasurer on August 13, 2004.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT
AUTHORITY**

[S E A L]

By _____
George L. Grace, Sr., Chairman

Attest:

David C. Butler, II, Secretary - Treasurer

CERTIFICATE OF AUTHENTICATION

This Series 2004C Bond is one of the Series 2004C Bonds described in the within mentioned Indenture.

Date of Authentication:
AUGUST 13, 2004

**THE BANK OF NEW YORK
TRUST COMPANY, N.A.,**
as Trustee

By: _____
Authorized Trust Officer

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$925,000

Louisiana Local Government Environmental
Facilities and Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification
or Social Security Number of Assignee)

the within Series 2004C Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Series 2004C Bond on the books kept for registration
thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by: _____

NOTICE: Signature must be guaranteed by a
Participant in the Securities Transfer Agent
Medallion Program.

NOTICE: The signature to this assignment must
correspond with the name as it appears on the
face of the within Series 2004C Bond in every
particular, without alteration, enlargement or any
change whatever.

TRANSFER FEE MAY BE REQUIRED

LEGAL OPINION CERTIFICATE

I, the undersigned Chairman of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2004C Bonds.

By: _____
George L. Grace, Sr., Chairman

FORM OF PROJECT FUND REQUISITION

\$60,985,000

Louisiana Local Government Environmental Facilities and Community
Development Authority Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004A

\$15,000,000

Louisiana Local Government Environmental Facilities and Community
Development Authority Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004B

\$925,000

Louisiana Local Government Environmental Facilities and Community
Development Authority Taxable Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004C

Attention: _____

Date: _____

Requisition Number:

The undersigned Authorized Corporate Representative, acting for and on behalf of University Facilities, Inc. pursuant to a Trust Indenture dated as of August 1, 2004 (the "Indenture") by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and The Bank of New York Trust Company, N.A., as trustee, relating to the above captioned issue of Bonds (the "Bonds") hereby requests payment be made from amounts on deposit in the Project Fund held by the Trustee pursuant to Section 4.4 of the Indenture to the person, firm or corporation in the amount and for the purpose set forth below. Capitalized terms used herein shall have the meanings ascribed thereto in the Indenture.

Name and address of payee:

Amount of Payment: \$ _____

Purpose of Payment and costs heretofore paid and remainder of budgeted costs:

The undersigned Authorized Corporation Representative further certifies with respect to this Requisition as follows:

1. The amount paid to be paid, as set forth herein, has been incurred by the Corporation and is either (i) presently due and payable or (ii) has been paid by the Corporation and is a proper charge against the Project Fund created pursuant to the Indenture and has not been the subject of any prior requisition;

2. This requisition contains no item representing payment on account of any retainage to which the Corporation is entitled as of this date; and

3. All work, materials, supplies and equipment which are the subject of this requisition have been performed or delivered and are in accordance with the description of the Facilities.

By: _____
Name:
Title:

Paid: _____, 20__

Authorized Officer of Trustee:

FORM OF REPLACEMENT FUND REQUISITION

\$60,985,000

Louisiana Local Government Environmental Facilities and Community
Development Authority Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004A

\$15,000,000

Louisiana Local Government Environmental Facilities and Community
Development Authority Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004B

\$925,000

Louisiana Local Government Environmental Facilities and Community
Development Authority Taxable Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004C

Attention: _____

Date: _____

Requisition Number:

The undersigned representative, acting for and on behalf of Southeastern Louisiana University (the "University") pursuant to a Trust Indenture dated as of August 1, 2004 (the "Indenture") by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and The Bank of New York Trust Company, N.A., as Trustee, relating to the above captioned issue of Bonds (the "Bonds") hereby requests payment be made from amounts on deposit in the Replacement Fund held by the Trustee pursuant to Section 4.23 of the Indenture to be used by the University in the amount and for the purpose set forth below. Capitalized terms used herein shall have the meanings ascribed thereto in the Indenture.

Amount of Payment: \$ _____

Purpose of Payment pursuant to Section 4.23 of the Indenture:

By: _____

Name: _____

Title: _____

Paid: _____, 20__

Authorized Officer of Trustee:

BROKER-DEALER AGREEMENT

between

[NAME OF AUCTION AGENT],
as Auction Agent

and

MORGAN KEEGAN & COMPANY, INC.
as Broker-Dealer

Dated as of August 1, 2004

Relating to

\$ _____
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT (the "Agreement") is entered into and dated as of August 1, 2004, by and between [NAME OF AUCTION AGENT], a _____ (together with any successors and assigns, the "Auction Agent"), as agent for the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana (together with any successors and assigns, the "Issuer"), and MORGAN KEEGAN & COMPANY, INC., a municipal securities dealer (together with any successors and assigns, "BD").

WHEREAS, the Issuer proposes to issue its \$[Amount of A Bonds] in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds") pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee");

WHEREAS, the Trustee has entered into an Auction Agency Agreement, dated as of August 1, 2004, with the Auction Agent and the Issuer (the "Auction Agency Agreement") pursuant to which the Auction Agent has agreed to execute and deliver this Broker-Dealer Agreement; and

WHEREAS, the Indenture provides that the Series 2004B will bear interest at the Auction Rate during each Interest Accrual Period after the initial Interest Period, which Auction Rate, except under certain circumstances, shall be determined by the Auction Agent pursuant to the Auction Procedures; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD hereby agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Terms Defined by Reference to Indenture and Auction Agency Agreement.

Capitalized terms not defined herein or in the exhibits hereto shall have the respective meanings specified in the Indenture and the Auction Agency Agreement.

Section 1.2. Terms Defined Herein.

As used herein, in the exhibits hereto and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

- (a) "Auction" shall mean periodic operation of Auction Procedures.
- (b) "Authorized Auction Agent Officer" shall mean each Senior Vice President, Vice President, Assistant Vice President, Assistant Secretary, Assistant Treasurer, and Corporate Financial Services Officer of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Capital Markets Trust Services Division and every other officer or employee of the Auction Agent designated as an "Authorized Auction Agent Officer" for purposes of this Agreement, in this Agreement or in a communication to BD.
- (c) "BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.
- (d) "Broker-Dealer Agreement" or "Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.
- (e) "Notice of Failure to Deliver or Make Payment" shall mean a notice substantially in the form of Exhibit A hereto.
- (f) "Notice of Transfer" shall mean a notice substantially in the form of Exhibit B hereto.
- (g) "Order Form" shall mean the form to be submitted by any Broker-Dealer on or prior to any Auction Date substantially in the form of Exhibit C hereto.
- (h) "Settlement Procedures" shall mean the settlement procedures attached hereto as Exhibit D.

Section 1.3. Rules of Construction.

Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect the meaning, construction or effect of any provision of this Agreement.
- (c) The words "hereof", "herein", "hereto" and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

Section 2.1. Purpose; Incorporation by Reference of Auction Procedures and Settlement Procedures.

(a) The Auction Agent shall conduct Auctions on each Auction Date in accordance with the Auction Procedures for the purpose of determining the Auction Rate for the Series 2004B during each Interest Accrual Period after the Initial Period.

(b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, to assume the obligations of and to be subject to the limitations and restrictions placed upon a Broker-Dealer under this Agreement. BD understands that other Persons meeting the requirements of a Broker-Dealer contained in the Auction Agency Agreement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

Section 2.2. Preparation for Each Auction.

(a) Not later than 9:30 a.m. on each Auction Date, the Auction Agent shall calculate the All-Hold Rate and the Maximum Auction Rate and shall provide notice by telephone or other electronic communication acceptable to the parties thereof to the Broker-Dealers, the Authority and the Trustee.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice of such Auction, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than 9:15 a.m. on the earlier of the new Auction Date or the old Auction Date. Thereafter, BD shall use its best efforts to promptly notify its customers who are Existing Owners of such change in the Auction Date.

(c) From time to time upon request of the Auction Agent, BD shall provide the Auction Agent with a statement in writing of the aggregate amount of Series 2004B held by BD as an Existing Owner for its own account or otherwise.

(d) The Auction Agent shall send to BD by telecopy or other means a copy of any Notice of Bonds Outstanding received from the Trustee in the manner prescribed under Section 4.3 hereof.

Section 2.3. Auction Schedule; Method of Submission of Orders.

(a) The Auction Agent shall conduct Auctions in accordance with the schedule set forth below. Such schedule shall be changed by the Auction Agent if directed in writing by the Trustee and the Market Agent, to reflect then currently accepted market practices for similar auctions. The

Auction Agent shall give written notice of any such change to BD. Such notice shall be given prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

<u>Time</u>	<u>Event</u>
By 9:30 A.M.	Auction Agent advises the Trustee, the Authority and the Broker-Dealers of the All-Hold Rate and the Maximum Auction Rate to be used in determining the Auction Rate under the Auction Procedures, the Indenture and the Auction Agency Agreement.
9:30 A.M. - 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3.15(c)(i) of the Indenture. Submission Deadline is 1:00 P.M.
As soon as practical after 1:00 P.M.	Auction Agent makes determinations pursuant to Section 3.15(c)(i) of the Indenture. Auction Agent then advises the Corporation and the Broker-Dealers of the Auction Rate as provided in Section 3.15(c)(ii).
By approximately 3:00 P.M. but not later than the close of business	Auction Agent advises the Trustee of results of the Auction as provided in Section 3.15(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected as provided in Section 3.15(d) of the Indenture.

The Auction Agent shall follow the notification procedures set forth in paragraph (a) of the Settlement Procedures.

(b) BD agrees to maintain a list of Potential Owners and to contact such Potential Owners on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing by delivering an Order Form. BD shall submit a separate Order to the Auction Agent for each Potential Owner or Existing Owner on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of any such Potential Owners or Existing Owners.

(d) BD shall deliver to the Auction Agent (i) a Notice of Transfer with respect to any transfer of Series 2004B made through BD by an Existing Owner to another Person other than in connection with an Auction, and (ii) a Notice of Failure to Deliver or Make Payment with respect to (A) a seller's failure to deliver any of the Series 2004B to any Person that purchased Series 2004B through BD pursuant to a prior Auction, or (B) a purchaser's failure to make payment to any Person

that sold and delivered Series 2004B through BD pursuant to a prior Auction; provided, however, the Auction Agent shall not be required to accept any such notice(s) delivered by BD in connection with an Auction unless received prior to 3:00 p.m. on the Business Day next preceding the related Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

Section 2.4. Notices.

(a) On each Auction Date, the Auction Agent shall provide notification to BD of the information set forth in paragraph (a) of the Settlement Procedures. Upon the request by BD, by approximately 10:30 a.m. on the Business Day next succeeding each Auction Date, the Auction Agent shall notify BD in writing of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall provide notification to each Existing Owner or Potential Owner (on whose behalf BD submitted an Order) of the information set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD all notices and certificates that the Auction Agent is required to deliver to BD at such times and in such manner set forth in the Auction Agency Agreement.

Section 2.5. Service Charge To Be Paid To BD.

(a) Not later than 2:00 p.m. on the Business Day following each (i) Auction Rate Adjustment Date with respect to each Auction Period of not greater than 180 days, or (ii) calendar quarter when the Auction Period is greater than 180 days, the Auction Agent shall pay to BD a fee, in immediately available funds, from monies received from the Trustee, in an amount equal to the product of (A) a fraction, the numerator of which is the number of days since the latter of the closing date or the date the fee was last paid and the denominator of which is 360, times (B) the Broker-Dealer Fee Rate (as defined in Section 4.5 of the Auction Agency Agreement), times (C) the aggregate principal amount of Series 2004B placed by BD in such period that were (x) the subject of Submitted Bids of Existing Owners submitted by BD and continued to be held as a result of such submission and (y) the subject of Submitted Bids of Potential Owners submitted by BD and purchased as a result of such submission, plus (I) the aggregate principal amount of Series 2004B subject to valid Hold Orders submitted to the Auction Agent by BD, plus (II) the aggregate principal amount of Series 2004B that were covered by Hold Orders deemed to have been submitted by Existing Owners that were acquired by such Existing Owners through BD.

(b) For purposes of subparagraph (a) above, if any Existing Owner who acquired Series 2004B through the BD transfers those Series 2004B to another Person other than in connection with an Auction, then BD shall continue to be the Broker-Dealer through which the Series 2004B so transferred were acquired; provided, however, that if the transfer was effected by, or if the transferee

is a Broker-Dealer other than BD, then such other Broker-Dealer shall be the Broker-Dealer through which such Series 2004B were acquired.

Section 2.6. Settlement.

(a) If BD fails to instruct its Participant to deliver the Series 2004B against payment therefore with respect to a Bid or Sell Order submitted on behalf of any Existing Owner that was accepted, BD may deliver to a Potential Owner on whose behalf BD submitted a Bid that was accepted, the Series 2004B in a principal amount less than such amount specified in such Bid. Notwithstanding the foregoing terms of this Section 2.6(a), any delivery or nondelivery of Series 2004B which departs from the results of an Auction (as determined by the Auction Agent) shall have no effect unless and until notice in writing of such delivery or nondelivery shall have been provided to the Auction Agent in accordance with Section 2.3(e) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.6(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any duty or liability with respect to the failed delivery or nonpayment of Series 2004B sold or purchased by an Existing Owner, a Potential Owner or its respective Participant pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment of the fees paid pursuant to Section 2.5 hereof as a result of any failed delivery or nonpayment described in this Section 2.6(b).

ARTICLE III

THE AUCTION AGENT; REPRESENTATIONS AND WARRANTIES

Section 3.1. Duties and Responsibilities.

(a) The Auction Agent is acting solely as agent of the Issuer hereunder and owes no duties, fiduciary or otherwise, to any other Person by reason of this Agreement or the Auction Agency Agreement and no implied duties, fiduciary or otherwise, shall be read into this Agreement or the Auction Agency Agreement against the Auction Agent.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent, whether acting directly or through agents, attorneys, nominees or custodians as provided in Section 3.15(d), shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment. In no event shall the Auction Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever.

(d) The Auction Agent shall not be: (i) required to, and does not, make any representations or have any responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own; (ii) obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with indemnity satisfactory to the Auction Agent; and (iii) responsible for or liable in any respect on account of the identity, authority or rights of any Person executing or delivering or purporting to execute or deliver any document under this Agreement, the Auction Agency Agreement or any other instrument or agreement executed in connection with the transactions contemplated herein.

Section 3.2. Rights of the Auction Agent.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any such communication authorized hereby (including but not limited to, any telephone communication or other electronic communication acceptable to the parties) authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or any agent thereof. The Auction Agent may record telephone communications with BD.

(b) The Auction Agent may consult with counsel of its choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents, attorneys, nominees or custodians and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, nominee or custodian appointed by it with due care hereunder.

(e) The Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; acts of terrorism; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; and acts of civil or military authority or governmental actions; it being understood that the Auction Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(f) The Auction Agent shall have no obligation to monitor or liability in respect of the registration or exemption therefrom of the Series 2004B (or any beneficial ownership interest

therein) under any federal or state securities laws or in respect of any transfer of the Series 2004B (or any beneficial ownership interest therein) pursuant to the terms of this Agreement, any Broker-Dealer Agreement or any other document contemplated by any thereof, including, but not limited to, compliance with any such laws in regards to any such registration, exemption or transfer or in respect of any of the DTC's procedures applicable to transactions between itself and its agent members or others.

Section 3.3. The Auction Agent's Disclaimer.

The Auction Agent makes no representation as to and assumes no responsibility for the correctness of the recitals in, or the validity, accuracy or adequacy of, this Agreement, the Auction Agency Agreement, the Series 2004B, any offering document used to make offers or sales thereof or any other agreement or instrument executed in connection with the transactions contemplated herein with respect to the other parties hereto or thereto.

Section 3.4. Representations and Warranties of BD.

BD represents and warrants to the Auction Agent that:

(a) This Agreement has been duly and validly authorized, executed and delivered by BD and, assuming due authorization, execution and delivery by the Auction Agent, constitutes the legal, valid and binding obligation of BD, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles;

(b) The execution, delivery and performance of this Agreement by BD do not and will not conflict with, or result in a violation of, the terms, conditions or provisions of, or constitute a default under any law, decree, order, rule or regulation of any court or governmental agency having jurisdiction over the Trustee, or any agreement, indenture, instrument, mortgage or undertaking to which BD is a party or by which it is bound; and

(c) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over BD which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by BD of its obligations under this Agreement have been obtained.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Termination.

Either party may terminate this Agreement at any time on thirty (30) days' notice to the other party. This Agreement and any other Broker-Dealer Agreements shall automatically terminate upon (i) the termination of the Auction Agency Agreement or (ii) a conversion of the Series 2004B to another methodology for determining the rate of interest thereon as provided in the Indenture.

Section 4.2. Participant.

Either (i) BD is, and shall remain until the termination of this Agreement, a participant in, or member of, the Securities Depository, or (ii) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to resign as a participant in, or member of, the Securities Depository, and/or to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two business days notice prior to the effective date of such change.

Section 4.3. Communications.

Except for (i) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and (ii) communications in connection with Auctions (other than those expressly required to be in writing), all notices, requests and other communications to either party hereunder shall be in writing (including telecopy or similar writing or other electronic communication acceptable to the parties) and shall be given to such party, addressed to it, at its address, telecopier number or email address set forth below and, where appropriate, reference the particular Auction to which such notice relates:

If to BD:

Morgan Keegan & Company, Inc.

Memphis, Tennessee _____
Attention: _____

Facsimile No.: (901) _____ - _____
Telephone No.: (901) _____ - _____

If to the Auction Agent:

[Name of Auction Agent]

Attention: _____

Telephone No.: (_____) _____ - _____
Facsimile No.: (_____) _____ - _____

If to Bond Insurer:

MBIA Insurance Corporation

Attention: _____

Facsimile No.: () _____ - _____

Telephone No.: () _____ - _____

or such other address, telecopier number or email address as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective (i) if given by telecopy when such telecopy is transmitted to the telecopier specified herein, or (ii) if given by any other means when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Auction Agent Officer. BD may record, by tape or otherwise, telephone communications with the Auction Agent.

Section 4.4. Entire Agreement.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

Section 4.5. Benefits.

Nothing in this Agreement, express or implied, shall give to any Person, other than the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement. The Bond Insurer is a third party beneficiary of this Agreement.

Section 4.6. Amendment; Waiver.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by an authorized representative of the parties hereto. This Agreement may not be amended without first obtaining the prior written consent of the Issuer.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute any amendment or waiver which effects its rights, powers, immunities or indemnities hereunder.

Section 4.7. Successors and Assigns.

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party, which consents shall not be unreasonably withheld or delayed.

Section 4.8. Severability.

If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 4.9. Execution in Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.10. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana; provided, however, that the rights, powers and duties of the Auction Agent shall be construed in accordance with the laws of the State of New York.

[Execution follows on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

[NAME OF AUCTION AGENT], as Auction Agent

By: _____

Title: _____

MORGAN KEEGAN & COMPANY, INC., as
Broker-Dealer

By _____

Managing Director

\$ _____
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE OF FAILURE TO DELIVER OR MAKE PAYMENT

Complete either I or II

- I. We are a Broker-Dealer for ____ (the "Purchaser"), which purchased \$ ____* of the Series 2004B in the Auction held on __ from the seller of such Series 2004B.

- II. We are a Broker-Dealer for ____ (the "Seller"), which sold \$ ____* of the Series 2004B in the Auction held on __ to the purchaser of such Series 2004B.

We hereby notify you that (check one)--

___ The Seller failed to deliver such Series 2004B to the Purchaser.

___ The Purchaser failed to make payment to the Seller upon delivery of such Series 2004B.

Name:
(Name of Broker-Dealer)

By _____
Name _____
Title _____

* Series 2004B may only be transferred in Units of \$25,000.

(To be used only for transfers made other than pursuant to an Auction)

\$ _____
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE OF TRANSFER

We are (check one):

- ___ the Existing Owner named below;
- ___ the Broker-Dealer named below; or
- ___ the Participant for such Existing Owner.

We hereby notify you that such Existing Owner has transferred \$ ___ * of the above-referenced bonds to _____.

(Name of Existing Owner)

(Name of Broker-Dealer)

(Name of Participant)

By _____
Name _____
Title _____

* Series 2004B may only be transferred in Units of \$25,000.

\$ _____
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

ORDER FORM

AUCTION DATE _____

The undersigned Broker-Dealer submits the following Orders on behalf of the Bidder(s) indicated below:

BIDS BY EXISTING OWNERS

<u>EXISTING OWNER*</u>	<u>PRINCIPAL AMOUNT OF BONDS (\$25,000 OR MULTIPLES)</u>	<u>BID RATE</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____

*Existing Owners may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

\$ _____
 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
 COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
 LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
 PROJECT) SERIES 2004B

BIDS BY POTENTIAL OWNERS

<u>POTENTIAL OWNER*</u>	<u>PRINCIPAL AMOUNT OF BONDS (\$25,000 OR MULTIPLES)</u>	<u>BID RATE</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____
11. _____	_____	_____
12. _____	_____	_____
13. _____	_____	_____
14. _____	_____	_____
15. _____	_____	_____

*Potential Owners may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

NOTES:

1. If one or more Orders covering in the aggregate more than the outstanding principal amount of Series 2004B held by any Existing Owner are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.
2. A Hold or Sell Order may be placed only by an existing Owner covering a principal amount of Series 2004B not greater than the principal amount currently held by such Existing Owner.
3. Potential Owners may only make Bids, each of which must specify a rate. If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate specified herein.
4. Bids may contain no more than three figures to the right of the decimal point (.001 of 1%).
5. An Order must be submitted in principal amounts of \$25,000 or integral multiples thereof.

NAME OF BROKER-DEALER: _____

AUTHORIZED SIGNATURE: _____

TOTAL NUMBER OF ORDERS ON THIS ORDER FORM: _____

Submit to:

_____ Bank

Telephone: _____

Facsimile: _____

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture.

(a) Not later than 3:00 P.M. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

- (i) the Auction Rate fixed for the next Interest Accrual Period;
- (ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Series 2004B, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Series 2004B, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Series 2004B to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Series 2004B to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Series 2004B and the principal amount of Series 2004B to be purchased from one or more Existing Owners on whose behalf such Seller's Broker-Dealer acted by one or more Potential Owners on whose behalf each of such Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Series 2004B to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Series 2004B to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Series 2004B and the principal amount of Series 2004B to be sold to one or more Potential Owners on whose behalf such Buyer's Broker-Dealer acted by one or more Existing Owners on whose behalf each of such Seller's Broker-Dealers acted; and

- (vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Owner on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Participant to pay to such Buyer's Broker-Dealer (or its Participant) through the Securities Depository the amount necessary to purchase the principal amount of Series 2004B to be purchased pursuant to such Bid against receipt of such principal amount of Series 2004B;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Seller's Broker-Dealer (or its Participant) through the Securities Depository the principal amount of Series 2004B to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Accrual Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date, including, without limitation, Existing Owners deemed to have submitted Hold Orders pursuant to the Indenture; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Series 2004B received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to deliver such Series 2004B through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to pay through the Securities Depository to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary to purchase the Series 2004B to be purchased pursuant to (b)(ii) above against receipt of such Series 2004B.

(e) On the Business Day following each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling Series 2004B in an Auction fails to deliver such Series 2004B (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Series 2004B that is less than the principal amount of Series 2004B that otherwise was to be purchased by such Potential Owner. In such event, the principal amount of Series 2004B to be so delivered shall be determined solely by such Broker-Dealer (but only in Authorized Denominations). Delivery of such lesser principal amount of Series 2004B shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Series 2004B which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Owner, Existing Owner or their respective Broker-Dealer or Participant to take delivery of or deliver, as the case may be, the principal amount of the Series 2004B purchased or sold pursuant to an Auction or otherwise.

AUCTION AGENCY AGREEMENT

by and among

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

and

THE BANK OF NEW YORK,
as Auction Agent

Dated as of August 1, 2004

Relating to

\$ _____
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

AUCTION AGENCY AGREEMENT

THIS AUCTION AGENCY AGREEMENT (the "Agreement"), dated as of August 1, 2004, by and among LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY, a political subdivision of the State of Louisiana (together with any successors and assigns, the "Issuer"), THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as Trustee under the Indenture described below (together with any successors and assigns, the "Trustee"), and THE BANK OF NEW YORK, a _____ (together with any successors and assigns, the "Auction Agent"), acting not in its individual capacity but solely as agent for the Issuer.

WHEREAS, the Issuer proposes to issue its \$[Amount of A Bonds]* in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B");

WHEREAS, the Series 2004B will be issued pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and the Trustee; and

WHEREAS, the Trustee is entering into this Agreement at the direction of the Issuer pursuant to the Indenture.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuer, the Trustee, and the Auction Agent hereby agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Terms Defined by Reference to Indenture.

Capitalized terms not defined herein shall have the respective meanings specified in the Indenture.

Section 1.2 Terms Defined Herein.

As used herein, in the exhibits hereto and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

- (a) "Auction" shall have the meaning specified in Section 2.1 hereof.
- (b) "Auction Procedures" shall mean the Auction Procedures set forth in Section 3.15 of the Indenture.
- (c) "Authorized Auction Agent Officer" shall mean each Senior Vice President, Vice President, Assistant Vice President, Assistant Secretary, Assistant Treasurer, and Corporate

Financial Services Officer of the Auction Agent assigned to its Corporate Capital Markets Services Division and every other officer or employee of the Auction Agent designated as an "Authorized Auction Agent Officer" for purposes of this Agreement, by this Agreement or in a communication to the Trustee and the Issuer.

(d) "Authorized Issuer Officer" shall mean the person(s) at the time designated to act under this Agreement and the Loan Agreement and Trust Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

(e) "Authorized Trustee Representative" shall mean each Vice President (whether or not designated by a number or word or words added before or after the title "Vice President"), each Trust Officer, the Secretary, the Treasurer, each Assistant Secretary and each Assistant Treasurer of the Trustee and every other officer, employee or agent of the Trustee designated as an "Authorized Trustee Representative" for purposes of this Agreement in a communication to the Auction Agent and the Issuer.

(f) "Bond Insurer" shall mean MBIA Insurance Corporation, or any successor thereto.

(g) "Broker-Dealer" shall mean a Person listed on Exhibit A hereto as such may be amended from time to time.

(h) "Broker-Dealer Agreement" shall mean each agreement between the Auction Agent and a Broker-Dealer relating to the Series 2004B, substantially in the form attached hereto as Exhibit B.

(i) "Broker-Dealer Fee" shall have the meaning specified in Section 4.5(a) hereof.

(j) "Broker-Dealer Fee Rate" shall mean the rate per annum at which the service charges to be paid to the Broker-Dealers in connection with the Auctions accrue pursuant to Section 4.5(b) hereof.

(k) "Existing Owner Registry" shall mean the register maintained by the Auction Agent pursuant to Section 2.2 hereof.

(l) "Notice of Bonds Outstanding" shall mean a notice substantially in the form of Exhibit C hereto.

(m) "Notice of Continuation of Auction Period" shall mean a notice substantially in the form of Exhibit D hereto.

(n) "Notice of Failure to Deliver or Make Payment" shall mean a notice substantially in the form of Exhibit A to the Broker-Dealer Agreement.

(o) "Notice of Fee Rate Change" shall mean a notice substantially in the form of Exhibit E hereto.

(p) "Notice of Interest Rate" shall mean a notice substantially in the form of Exhibit F hereto.

(q) "Notice of Payment Default" shall mean a notice substantially in the form of Exhibit G hereto.

(r) "Notice of Transfer" shall mean a notice substantially in the form of Exhibit B to the Broker-Dealer Agreement.

(s) "Participant" shall mean a member, or participant in, the Securities Depository.

(t) "Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, incorporated organization or government or any agency or political subdivision thereof.

(u) "Settlement Procedures" shall mean the settlement procedures attached as Exhibit D to the Broker-Dealer Agreement.

Section 1.3 Rules of Construction.

Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect the meaning, construction or effect of any provision of this Agreement.

(c) The words "hereof", "herein", "hereto" and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

Section 2.1 Purpose; Incorporation by Reference of Auction Procedures and Settlement Procedures.

(a) The Indenture provides that the interest rate on the Series 2004B for each Interest Accrual Period after the Initial Period shall, except under certain conditions, be the rate per annum

that results from implementation of the Auction Procedures. The Auction Agent has been duly appointed as auction agent for purposes of implementing the Auction Procedures for the Series 2004B. The Auction Agent accepts such appointment as auction agent and agrees to follow the Auction Procedures and the procedures set forth in this Article II for the purpose of determining the Auction Rate for the Series 2004B. Each periodic operation of the Auction Procedures is hereinafter referred to as an "Auction".

(b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

Section 2.2 Preparation for Each Auction; Maintenance of Existing Owner Registry.

(a) A list of Broker-Dealers is attached as Exhibit A hereto. Not later than seven days prior to any Auction Date for which any change in such list of Broker-Dealers is to be effective, the Trustee, at the direction of an Authorized Issuer Officer, will notify the Auction Agent in writing of such change and, if any such change is the addition of a Broker-Dealer to such list, shall cause to be delivered to the Auction Agent, for execution by the Auction Agent, a Broker-Dealer Agreement signed by such Broker-Dealer. The Auction Agent shall have entered into a Broker-Dealer Agreement with each Broker-Dealer prior to the participation of any such Broker-Dealer in any Auction.

(b) In the event that the Auction Date for an Auction shall be changed after the Auction Agent has given the notice of such Auction Date pursuant to the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to the Broker-Dealers not later than 9:15 a.m. on the earlier of the new Auction Date or the old Auction Date.

(c) (i) The Auction Agent shall maintain a current registry of Persons that are Broker-Dealers, compiled initially on the date of delivery of the Series 2004B, and that hold Series 2004B for purposes of dealing with the Auction Agent in connection with an Auction (such registry being herein referred to as the "Existing Owner Registry"). Such Persons shall constitute the "Existing Owners" for purposes of dealing with the Auction Agent in connection with an Auction. The Auction Agent shall indicate in the Existing Owner Registry for each Existing Owner the identity of the Broker-Dealer which submitted the most recent Order in any Auction which resulted in such Existing Owner continuing to hold or purchasing Series 2004B. Pursuant to the Broker-Dealer Agreements, the Broker-Dealers have agreed to provide to the Auction Agent prior to the execution of this Agreement the names and addresses of the Persons who are to be initially listed on the Existing Owner Registry as constituting the initial Existing Owners of the Series 2004B for purposes of dealing with the Auction Agent in connection with an Auction. The Auction Agent may rely conclusively upon, as evidence of the identities of the Existing Owners, such list, the results of each Auction and notices from any Existing Owner, Participant of any Existing Owner or Broker-Dealer of any Existing Owner as described in Section 2.2(c)(iii) hereof.

(ii) The Trustee shall notify the Auction Agent in writing when any notice of redemption or Conversion of the Series 2004B is sent to the Securities Depository as the owner of

the Series 2004B not later than 11:00 a.m. on the date such notice is sent. Such notice with respect to a redemption shall be substantially in the form of Notice of Bonds Outstanding. In the event the Auction Agent receives from the Trustee written notice of any partial redemption of Series 2004B, the Auction Agent shall, at least two Business Days prior to the next Auction, request each Participant to disclose to the Auction Agent (upon selection by such Participant of the Existing Owners whose Series 2004B are to be redeemed) the aggregate principal amount of such Series 2004B of each such Existing Owner, if any, which are to be redeemed; provided the Auction Agent has been furnished with the name and telephone number of a person or department at such Participant from which it is to request such information. Upon any refusal of an agent member of a Participant to release such information, the Auction Agent may continue to treat such Existing Owner as the beneficial owner of the principal amount of Series 2004B shown on the Existing Owner Registry.

(iii) The Auction Agent shall be required to register in the Existing Owner Registry a transfer of Series 2004B from an Existing Owner to another Person only if (A) such transfer is made to a Person through a Broker-Dealer and if (B)(i) such transfer is pursuant to an Auction or (ii) the Auction Agent has been notified in writing (1) in a notice substantially in the form of a Notice of Transfer by such Existing Owner, the Participant of such Existing Owner or the Broker-Dealer of such Existing Owner of such transfer or (2) in a notice substantially in the form of a Notice of Failure to Deliver or Make Payment by the Broker-Dealer of any Person that purchased or sold Series 2004B in an Auction of the failure of such Series 2004B to be transferred as a result of the Auction. The Auction Agent is not required to accept any Notice of Transfer or Notice of Failure to Deliver or Make Payment delivered prior to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) The Auction Agent may request that the Broker-Dealers, as set forth in the Broker-Dealer Agreements, provide the Auction Agent the aggregate principal amount of Series 2004B held by such Broker-Dealers for purposes of the Existing Owner Registry. Except as permitted by Section 2.10 hereof, the Auction Agent shall keep confidential any such information and shall not disclose any such information so provided to any Person other than the relevant Broker-Dealer, the Issuer and the Trustee, provided that the Auction Agent reserves the right to disclose any such information if (i) it is ordered to do so by a court of competent jurisdiction or a regulatory body, judicial or quasi judicial agency or authority having the authority to compel such disclosure, (ii) it is advised by counsel that its failure to do so would be unlawful or (iii) failure to do so would expose the Auction Agent to liability, loss, claim or damage for which the Auction Agent has not received indemnity satisfactory to it.

(e) The Auction Agent shall send by telecopy or other means a copy of any Notice of Bonds Outstanding received from the Trustee to each Broker-Dealer in accordance with Section 4.3 of the applicable Broker-Dealer Agreement.

Section 2.3 All-Hold Rate and Maximum Auction Rate.

(a) Not later than 9:30 a.m. on each Auction Date, the Auction Agent shall calculate the All Hold Rate and the Maximum Auction Rate and provide notice thereof to the Issuer, the Trustee and the Broker-Dealers by telephone or other electronic communication acceptable to the parties.

(b) (i) If, on any Auction Date for an Auction Period, an Auction is not held for any reason:

- (A) if the Series 2004B have an Auction Period of greater than 180 days, the Standard Auction Period shall automatically convert to an Auction Period of seven (7) days;
- (B) an Auction shall be deemed to have occurred on the scheduled Auction Date;
- (C) the Auction Rate for the deemed Auction to be in effect for the next succeeding Auction Period shall be equal to the Auction Rate for the preceding Auction Period; and
- (D) the succeeding Auction Period shall begin on the calendar day following the scheduled Auction Date; provided, however, in the event that any succeeding Auction is not held for any reason, then the rate of interest on the Series 2004B for the succeeding Auction Periods shall be the Maximum Auction Rate until an Auction can be held.

(ii) If the ownership of the Series 2004B is no longer maintained in book-entry form by the Securities Depository, the Auction Rate on the Series 2004B shall be the Maximum Auction Rate commencing on the date that the book entry-only system for the Series 2004B is discontinued.

(iii) If a Payment Default shall have occurred, the Trustee shall forthwith notify the Auction Agent in writing and upon receipt of such notice by the Auction Agent, the Auction Procedures shall be suspended. The rate of interest on the Series 2004B shall be the Non-Payment Rate on the Auction Date for (A) each subsequent Auction Period commencing after such occurrence and during the continuance of such a Payment Default, and (B) any subsequent Auction Period commencing less than two Business Days after the cure or waiver of any Payment Default in accordance with the Indenture. The Auction Rate on the Series 2004B for each Interest Accrual Period commencing at least two Business Days after any waiver or cure of a Payment Default shall be determined through implementation of the Auction Procedures.

(iv) If a proposed Fixed Rate Conversion under Section 3.21 of the Indenture or a proposed Variable Rate Conversion under Section 3.22 of the Indenture under the circumstances described in Section 4(A) (iii) – (v) of the Notice of Variable Rate Conversion attached as Exhibit L to the Indenture shall have failed, then the rate of interest for the Series 2004B shall be the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date, and the Auction Agent shall provide written notice thereof, by delivery or telecopy or similar means, to the Trustee no later than 12:00 noon on the Business Day immediately following such failed Fixed Rate Conversion Date or Variable Rate Conversion Date.

(v) If a Conversion of the Series 2004B has been effected, as provided in the Indenture, no further Auctions for such Series 2004B shall be held.

Section 2.4 Auction Schedule.

The Auction Agent shall conduct Auctions in accordance with the schedule set forth below. Such schedule may be changed by the Auction Agent at the written direction of the Trustee and the Market Agent to reflect then currently accepted market practices for similar auctions. The Auction Agent shall give written notice of any such change to each Broker-Dealer. Such notice shall be given prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

<u>Time</u>	<u>Event</u>
By 9:30 A.M.	Auction Agent advises the Trustee and the Broker-Dealers of the All-Hold Rate and the Maximum Auction Rate to be used in determining the Auction Rate under the Auction Procedures, the Indenture and this Agreement.
9:30 A.M. - 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3.15(c)(i) of the Indenture. Submission Deadline is 1:00 P.M.
As soon as practical after 1:00 P.M.	Auction Agent makes determinations pursuant to Section 3.15(c)(i) of the Indenture. Auction Agent then advises the Issuer and the Broker-Dealers of the Auction Rate as provided in Section 3.15(c)(ii).
By approximately 3:00 P.M. but not later than the close of business	Auction Agent advises the Trustee of results of the Auction as provided in Section 3.15(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected as provided in Section 3.15(d) of the Indenture.

The Auction Agent shall follow the notification procedures set forth in paragraph (a) of the Settlement Procedures.

Section 2.5 Changes in Auction Period or Auction Date.

(a) *Changes in Auction Period.*

(i) The Auction Agent shall mail any notice delivered to it pursuant to Section 3.18(a) of the Indenture to the Existing Owners within two Business Days of receipt thereof.

(ii) The Auction Agent shall deliver any certificate delivered to it pursuant to Section 3.18(b) of the Indenture to the Broker-Dealers not later than 3:00 p.m. on the Business Day immediately preceding the next Auction Date by telecopy or similar means.

(iii) If, after delivery to the Auction Agent of the notice referred to in Section 3.18(a) of the Indenture, the Auction Agent fails to receive the certificate referred to in Section 3.18(b) of the Indenture by 11:00 a.m. on the Business Day immediately preceding the next Auction Date, the Auction Agent shall deliver a Notice of Continuation of Auction Period to the Broker-Dealers not later than 3:00 p.m. on such Business Day by telecopy or similar means.

(iv) If, after delivery to the Auction Agent of the notice referred to in Section 3.18(a) and the certificate referred to in Section 3.18(b) of the Indenture, one of the conditions described in Section 3.18(b) of the Indenture is not met, the Auction Agent shall deliver a Notice of Interest Rate to the Broker-Dealers not later than 3:00 p.m. on such Auction Date by telephone confirmed in writing the next Business Day.

(b) *Changes in Auction Date.* The Auction Agent shall mail any notice delivered to it pursuant to Section 3.19 of the Indenture to the Broker-Dealers within three Business Days of its receipt thereof.

Section 2.6 Notice of Fee Rate Change.

If the Broker-Dealer Fee Rate is changed pursuant to the terms of Section 4.5(b) hereof, the Auction Agent shall mail a Notice of Fee Rate Change to the Broker-Dealers and the Trustee within two Business Days of such change.

Section 2.7 Notice to Existing Owners.

The Auction Agent shall be entitled to rely conclusively, and shall be fully protected in so relying, upon the address of each Broker-Dealer as provided in Section 4.3 of the applicable Broker-Dealer Agreement in connection with any notice to each Broker-Dealer, as an Existing Owner, required to be given by the Auction Agent.

Section 2.8 Payment Defaults.

(a) The Auction Agent shall deliver a copy of any notice received by it from the Trustee to the effect that a Payment Default has occurred to the Broker-Dealers on the Business Day of the receipt thereof or as soon practicable thereafter by telecopy or other similar means.

(b) The Auction Agent shall deliver a copy of any notice received by it from the Trustee to the effect that a Payment Default has been cured to the Broker-Dealers on the Business Day of the receipt thereof or as soon as practicable thereafter by telecopy or other similar means.

Section 2.9 Broker-Dealers.

(a) If the Auction Agent is provided with a copy of a Broker-Dealer Agreement which has been manually signed, with any person listed on Exhibit A hereto, it shall enter into such Broker-Dealer Agreement with such person.

(b) The Auction Agent may, at the written direction of an Authorized Trustee Representative, which shall have the written approval of an Authorized Issuer Officer, enter into a Broker-Dealer Agreement with any other person who requests to be selected to act as a Broker-Dealer. The Auction Agent shall have entered into a Broker-Dealer Agreement with each Broker-Dealer prior to the participation of any such Broker-Dealer in any Auction. The Auction Agent shall only be required to enter into a Broker-Dealer Agreement if such Broker-Dealer Agreement is in substantially the form attached hereto as Exhibit B and has been duly executed and delivered by the proposed Broker-Dealer.

(c) The Auction Agent shall terminate any Broker-Dealer Agreement as set forth therein if so directed in writing by an Authorized Issuer Officer.

Section 2.10 Access to and Maintenance of Auction Records.

The Auction Agent shall afford to the Trustee, the Issuer, the Bond Insurer and their respective agents, accountants and counsel, access at reasonable times and at the sole expense of the Trustee, the Bond Insurer or Issuer, as applicable, during normal business hours to all books, records, documents and other information concerning the conduct and results of Auctions; provided that any such agent, accountant or counsel shall furnish the Auction Agent with a letter from an Authorized Trustee Representative, an Authorized Issuer Officer or a Bond Insurer representative requesting that the Auction Agent afford such access. The Auction Agent shall not be responsible or liable for any actions of the Trustee, the Issuer, the Bond Insurer or their respective agents, accountants, and counsel for passing on confidential information as a result of access to such records and information. The Auction Agent shall maintain records relating to any Auction for a period of two years after such Auction (unless requested by the Trustee or the Issuer to maintain such records for a longer period not in excess of a total of four years), and such records shall, in reasonable detail, accurately and fairly reflect the actions taken by the Auction Agent hereunder. At the end of such period, the Auction Agent shall deliver such records to the Trustee if so requested in writing.

Section 2.11 Conversion of the Series 2004B.

Pursuant to the Indenture, the Issuer may cause the method of determining the interest rate on the Series 2004B to be changed pursuant to a Fixed Rate Conversion or a Variable Rate Conversion. Assuming a successful conversion on a Fixed Rate Conversion Date or a Variable Rate Conversion Date, upon written notice thereof delivered to the Auction Agent, the Auction Agent shall no longer conduct Auctions with respect to the Series 2004B. If, however, the Auction Agent receives a notice of failed Fixed Rate Conversion or a Variable Rate Conversion, the Auction Agent shall conduct the Auction on the Auction Date next succeeding the Fixed Rate Conversion

Date or Variable Rate Conversion Date applicable to the failed conversion and continue to conduct Auctions thereafter as provided in the Indenture and this Agreement.

Section 2.12 Notice of Conversion.

Pursuant to Section 2.____ of the Indenture, the Trustee shall send a Notice of Conversion to the Auction Agent. The Trustee shall also make available to the Securities Depository such other information as the Securities Depository may reasonably require in order to effect the conversion.

ARTICLE III

**REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE
AND THE ISSUER**

Section 3.1 Representations and Warranties of the Trustee.

The Trustee represents and warrants to the Auction Agent and the Issuer that:

(a) The Trustee has been duly incorporated and is validly existing and in good standing as a banking corporation under the laws of the state of New York.

(b) This Agreement has been duly and validly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the Auction Agent and the Issuer, constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles;

(c) The execution, delivery and performance of this Agreement by the Trustee do not and will not conflict with, or result in a violation of, the terms, conditions or provisions of, or constitute a default under any law, decree, order, rule or regulation of any court or governmental agency having jurisdiction over the Trustee, or any agreement, indenture, instrument, mortgage or undertaking to which the Trustee is a party or by which it is bound; and

(d) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the Trustee which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Trustee of its obligations under this Agreement have been obtained.

Section 3.2 Representations and Warranties of the Issuer.

The Issuer represents and warrants to the Auction Agent and the Trustee that:

(a) This Agreement has been duly and validly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Auction Agent and the Trustee, constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance

with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles;

(b) The execution, delivery and performance of this Agreement by the Issuer do not and will not conflict with, or result in a violation of, the terms, conditions or provisions of, or constitute a default under any law, decree, order, rule or regulation of any court or governmental agency having jurisdiction over the Issuer, or any agreement, indenture, instrument, mortgage or undertaking to which the Issuer is a party or by which it is bound; and

(c) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the Issuer which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under this Agreement have been obtained.

ARTICLE IV

THE AUCTION AGENT

Section 4.1 Duties and Responsibilities.

(a) The Auction Agent is acting solely as agent of the Issuer hereunder and owes no duties, fiduciary or otherwise, to any other Person by reason of this Agreement and no implied duties, fiduciary or otherwise, shall be read into this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are expressly set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent whether acting directly or through agents, attorneys, nominees or custodians as provided in Section 4.2(d) hereof shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment. In no event shall the Auction Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever.

(d) The Auction Agent shall not agree to any amendment to a Broker-Dealer Agreement without the prior written consent of the Issuer, which consent shall not be unreasonably withheld.

(e) The Auction shall not be: (i) required to, and does not, make any representations or have any responsibilities as to the validity, accuracy, value or genuineness of any signatures, endorsements, other than its own, on any document delivered pursuant to or as contemplated by this Agreement; (ii) obligated to take any legal action hereunder that might, in its judgment,

involve any expense or liability, unless it has been furnished with indemnity satisfactory to the Auction Agent; and (iii) responsible for or liable in any respect on account of the identity, authority or rights of any Person executing or delivering or purporting to deliver any document under this Agreement, any Broker-Dealer Agreement, or any other instrument executed in connection with the transactions contemplated herein.

(f) This Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; acts of terrorism; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities computer (hardware or software) or communications service; accidents; labor disputes; and acts of civil or military authority or governmental actions; it being understood that the Auction Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 4.2 Rights of the Auction Agent.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized hereby and upon any written instruction, notice, request, direction, consent, report, certificate, or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any such communication authorized hereby (including but not limited to, any telephone communication or other electronic communication acceptable to the parties) authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee, the Issuer or by a Broker-Dealer or any agent thereof. The Auction Agent may record telephone communications with the Trustee, the Issuer or with any of the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents, attorneys, nominees or custodians and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, nominee or custodian appointed by it with due care hereunder.

(e) The Auction Agent shall have no obligation to monitor or liability in respect of the registration or exemption therefrom of the Series 2004B (or any beneficial ownership interest therein) under any federal or state securities laws or in respect of any transfer of the Series 2004B (or any beneficial ownership interest therein) pursuant to the terms of this Agreement, any Broker-Dealer Agreement or any other document contemplated by any thereof, including, but not limited to, compliance with any such laws in regards to any such registration, exemption or transfer or in

respect of any of the DTC's procedures applicable to transactions between itself and its agent members or others.

Section 4.3 Auction Agent's Disclaimer.

The Auction Agent makes no representation as to the correctness of the recitals in, and assumes no responsibility for, the validity, accuracy or adequacy of, this Agreement (other than its enforceability against the Auction Agent), the Broker-Dealer Agreements, the Series 2004B, any offering document used to make offers or sales thereof or any other agreement or instrument executed in connection with the transactions contemplated herein.

Section 4.4 Compensation.

(a) The Auction Agent shall be entitled to receive an annual fee for all services rendered by it under this Agreement and the Broker-Dealer Agreements. The Initial Auction Agent Fee Rate shall be \$3,500.00 per annum.

(b) To the extent permitted by applicable State law, and only in the manner provided by such law, the Issuer shall indemnify and hold harmless the Auction Agent and its directors, officers, employees and agents against any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of its agency hereunder or under the Broker-Dealer Agreements, including the reasonable costs and expenses of defending itself, and its directors, officers, employees and agents, against any claim or liability in connection with the exercise or performance of any of its duties hereunder or thereunder and of enforcing this indemnification provision; provided that the Issuer shall not indemnify the Auction Agent pursuant to this Section 4.4(b) for any fees and expenses incurred by the Auction Agent in the normal course of performing its duties hereunder and under the Broker-Dealer Agreements.

Section 4.5 Compensation of Broker-Dealers.

(a) Unless the Series 2004B are no longer maintained in the Book-Entry System, not later than 2:00 p.m. on each Business Day following each (i) Auction Rate Adjustment Date with respect to each Auction Period of not greater than 180 days, or (ii) calendar quarter when the Auction Period is greater than 180 days, the Trustee shall pay to the Auction Agent solely from moneys available in the Operating Fund an amount (the "Broker-Dealer Fee") equal to the product of (A) a fraction, the numerator of which is the number of days since the latter of the closing date or the date the fee was last paid and the denominator of which is 360 times (B) the Broker-Dealer Fee Rate times (C) the aggregate principal amount of Outstanding Series 2004B at the close of business on the first Business Day of such period. The Auction Agent shall advise the Trustee of the Broker-Dealer Fee not later than 4:00 p.m. on the Business Day prior. The Auction Agent shall apply such monies as set forth in the Broker-Dealer Agreements.

(b) The Auction Agent shall pay the Broker-Dealer Fee as provided in Section 4.5(a) above solely out of amounts received by the Auction Agent pursuant to the Indenture. The "Broker-Dealer Fee Rate" shall be the prevailing rate received by Broker-Dealers for rendering comparable

services to others. If so requested, the Auction Agent shall advise the Issuer and the Trustee at least annually of the prevailing rate. The Broker-Dealer Fee Rate may be adjusted from time to time with the approval of an Authorized Issuer Officer upon a written request of the Broker-Dealer delivered to the Trustee and the Issuer. The initial Broker-Dealer Fee Rate shall be 0.25 of 1% per annum. If the Broker-Dealer Fee Rate is changed pursuant to the terms hereof, the Trustee shall notify the Auction Agent thereof in writing. Any changes in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

Section 4.6 Representations and Warranties of the Auction Agent. The Auction Agent hereby represents and warrants that:

(a) this Agreement has been duly and validly authorized, executed and delivered by the Auction Agent and constitutes the legal, valid and binding limited obligation of the Auction Agent;

(b) neither the execution and delivery of this Auction Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Auction Agreement will conflict with, or violate or result in a breach of the terms, conditions or provisions of, or constitute a default under the organizational documents of the Auction Agent, any law or regulation, or any order or decree of any court or public Issuer having jurisdiction over the Auction Agent, or any mortgage, resolution, contract, agreement or undertaking to which the Auction Agent is a party or by which it is bound; and

(c) any approvals, consents and orders of any governmental issuer, legislative body, board, agency or commission having jurisdiction over the Auction Agent which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Auction Agent of its obligations under this Agreement have been obtained.

ARTICLE V

MISCELLANEOUS

Section 5.1 Term of Agreement.

(a) This Agreement shall terminate on the earlier to occur of (i) the satisfaction and discharge of the Indenture, (ii) the resignation or removal of the Auction Agent pursuant to the provisions of Section 3.20 of the Indenture and (iii) Conversion of the Series 2004B as provided in the Indenture. Notwithstanding the foregoing, the provisions of Article II shall terminate upon the delivery of certificates representing the Series 2004B pursuant to the Indenture.

(b) Except as otherwise provided in this Section 5.1(b), the respective rights and duties of the Trustee, the Issuer and the Auction Agent under this Agreement shall cease upon termination of this Agreement. The representations and warranties of the Trustee and the Issuer under Article III, the rights of the Auction Agent and the Broker-Dealers to receive payment pursuant to Sections 4.4 and 4.5, respectively, hereof and the Issuer's obligations to the Auction Agent under Section

4.4(b) hereof shall survive the termination of this Agreement. Upon termination of this Agreement, the Auction Agent shall promptly deliver to the Trustee copies of all books and records maintained by it with respect to the Series 2004B in connection with its duties hereunder upon written request of the Trustee.

Section 5.2 Communications.

Except for (i) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and (ii) communications in connection with Auctions (other than those expressly required to be in writing), all notices, requests and other communications to either party hereunder shall be in writing (including teletype or other electronic communication acceptable to the parties) and shall be given to such party, addressed to it, at its address, email address or telecopier number set forth below:

If to the Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Corporate Trust Division

Telephone No.: (904) 645-1943
Facsimile No.: (904) 645-1930

If to the Issuer:

Louisiana Local Government Environmental Facilities and Community
Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809-2233
Attention: Executive Director

Telephone No.: (225) 924-6150
Facsimile No.: (225) 924-6171

If to the Auction Agent:

[Name of Auction Agent]

Attention: _____

Telephone No.: () _____ - _____
Facsimile No.: () _____ - _____

If to the Bond Insurer:

MBIA Insurance Corporation

Attention: _____

Telephone No.: (____) ____ - _____

Facsimile No.: (____) ____ - _____

or such other address, email address or telecopier number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective (i) if given by telecopy when such telecopy is transmitted to the telecopies specified herein, or (ii) if given by another means when delivered at the address specified herein. Communications shall be given on behalf of the Trustee by an Authorized Trustee Representative, on behalf of the Issuer by an Authorized Issuer Officer and on behalf of the Auction Agent by an Authorized Auction Agent Officer.

Section 5.3 Entire Agreement.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written, or inferred, between the parties relating to the subject matter hereof except for agreements relating to the compensation of the Auction Agent.

Section 5.4 Benefits.

Nothing in this Agreement, express or implied, shall give to any Person, other than the Trustee, acting on behalf of the Bondholders, the Issuer and the Auction Agent and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement, provided however the Bond Insurer shall be a third party beneficiary hereunder.

The rights, privileges, immunities and protections granted to the Trustee in the Indenture and the standard of care imposed upon the Trustee in the Indenture shall apply with equal force and effect to the duties and obligations of the Trustee under this Agreement.

Section 5.5 Amendment; Waiver.

This Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by duly authorized representatives of the parties hereto and consented to by the Bond Insurer. Failure of any party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by any other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach. The Auction Agent may, but shall have no obligation to, execute any amendment or waiver which effects its rights, powers, immunities or indemnities hereunder.

Section 5.6 Successors and Assigns.

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of the Trustee, the Issuer and the Auction Agent. This Agreement may not be assigned by any party hereto absent the prior written consent of the other parties hereto and the Bond Insurer, which consents shall not be unreasonably withheld or delayed.

Section 5.7 Severability.

If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 5.8 Execution in Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.9 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana; provided, however, that the rights, powers and duties of the Auction Agent shall be construed in accordance with the laws of the State of New York.

[Execution follows on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Auction Agency Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer

By _____
Executive Director

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By _____
Vice President

[NAME OF AUCTION AGENT], as Auction Agent

By: _____
Title: _____

EXHIBIT A

LIST OF BROKER-DEALERS

Morgan Keegan & Company, Inc.

EXHIBIT B

FORM OF BROKER-DEALER AGREEMENT

[ATTACHED]

EXHIBIT C

NOTICE OF SERIES 2004B OUTSTANDING

\$ _____
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that \$ _____ aggregate principal amount of Series 2004B were Outstanding at the close of business on the immediately preceding Record Date. Such aggregate principal amount of Series 2004B, less \$ _____ aggregate principal amount of Series 2004B to be redeemed by the Issuer pursuant to the Indenture, for a net aggregate principal amount of Series 2004B of \$ _____, will be available on the next Auction scheduled to be held on _____.

Terms used herein have the meanings set forth in the Indenture relating to the above-referenced issue.

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By _____
Title: _____
Date: _____

EXHIBIT D

NOTICE OF CONTINUATION OF AUCTION PERIOD

§ _____

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that a condition for the establishment of a change in the length of one or more Auction Periods for the captioned Series 2004B has not been met. An Auction will therefore be held on the next Auction Date (_____) and the length of the next succeeding Auction Period shall be a Standard Auction Period.

[NAME OF AUCTION AGENT], as Auction Agent

By _____
Title: _____
Date: _____

EXHIBIT E

NOTICE OF FEE RATE CHANGE

§ _____
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that the Broker-Dealer Fee Rate has been changed in accordance with Section 4.5(b) of the Auction Agency Agreement. The new Broker-Dealer Fee Rate shall be ___ of ___% per annum.

Terms used herein have the meanings set forth in the Indenture relating to the above-referenced issue.

[NAME OF AUCTION AGENT], as Auction Agent

By _____
Title: _____
Date: _____

Approval of Fee Rate Change:

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer

By _____
Executive Director
Date: _____

EXHIBIT F

NOTICE OF INTEREST RATE

\$ _____
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that a condition for the establishment of a change in the length of one or more Auction Periods for the captioned Series 2004B has not been met. The Interest Rate for the Auction Period commencing on _____ shall be the Maximum Auction Rate and such Auction Period shall remain an Auction Period of __ days.

[NAME OF AUCTION AGENT], as Auction Agent

By _____
Title: _____
Date: _____

EXHIBIT G

NOTICE OF PAYMENT DEFAULT

§ _____
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that a Payment Default has occurred and not been cured. Determination of the interest rate on the Series 2004B pursuant to the Auction Procedures will be suspended. The interest rate on the Series 2004B for each Auction Period commencing after such occurrence and during the continuance thereof to and including the subsequent Auction Period, if any, during which, or commencing less than two Business Days after, such Payment Default is waived or cured in accordance with the Indenture will equal the Non-Payment Rate on the Auction Date for each such subsequent Auction Period.

Terms used herein have the meanings set forth in the Indenture relating to the above-referenced issue.

[NAME OF AUCTION AGENT], as Auction Agent

By _____
Title: _____
Date: _____

MARKET AGENT AGREEMENT

Between

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

and

MORGAN KEEGAN & COMPANY, INC.,
as Market Agent

Dated as of August 1, 2004

Relating to

\$ _____
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

MARKET AGENT AGREEMENT

THIS MARKET AGENT AGREEMENT (the "Agreement"), dated as of August 1, 2004, between THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as Trustee under the Indenture (as defined below) (together with any successors and assigns, the "Trustee"), and MORGAN KEEGAN & COMPANY, INC., a municipal securities dealer (in its role as market agent hereunder and together with any successors and assigns, the "Market Agent").

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") proposes to issue its \$[Amount of A Bonds]* in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B");

WHEREAS, the Series 2004B will be issued pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and the Trustee;

WHEREAS, the Trustee is entering into this Agreement, upon the direction of the Authority, with the Market Agent pursuant to the Indenture; and

WHEREAS, the Trustee and the Market Agent desire to make additional provisions regarding the role of the Market Agent.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Trustee and the Market Agent hereby agree as follows:

1. Definitions. Capitalized terms not defined herein shall have the respective meanings specified in the Indenture. All references herein to a particular time of day shall be to New York City time.
2. Appointment of Market Agent. The Trustee hereby acknowledges appointment by the Authority of Morgan Keegan & Company, Inc., as Market Agent, with respect to the Series 2004B. The Market Agent hereby accepts such appointment and agrees to perform all duties and obligations of the Market Agent hereunder and under the Indenture.
3. Auction Schedule.

As provided in the Auction Agency Agreement, the Auction Agent will conduct Auctions for the Series 2004B in accordance with the schedule set forth below. Such schedule shall be changed by the Auction Agent if directed in writing by the Trustee and the Market Agent to reflect then currently accepted market practices for similar auctions. The Auction Agent will give written notice of any such change to each Broker-Dealer. Such notice will be given prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

<u>Time</u>	<u>Event</u>
By 9:30 A.M.	Auction Agent advises the Trustee, the Authority and the Broker-Dealers of the All-Hold Rate and the Maximum Auction Rate to be used in determining the Auction Rate under the Auction Procedures, the Indenture and this Agreement.
9:30 A.M. - 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 302(c)(i) of the Indenture. Submission Deadline is 1:00 P.M.
As soon as practical after 1:00 P.M.	Auction Agent makes determinations pursuant to Section 302(c)(i) of the Indenture. Auction Agent advises the Authority and the Broker-Dealers of the Auction Rate as provided in Section 302(c)(ii).
By approximately 3:00 P.M. but not later than the close of business	Auction Agent advises the Trustee of results of the Auction as provided in Section 302(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected as provided in Section 302(d) of the Indenture.

4. Change of Auction Date and Auction Period.

As provided for by, and upon satisfaction of the conditions set forth in, Section 305 of the Indenture, the Authority may change the length of a single Auction Period or the Standard Auction Period. As provided for by, and upon satisfaction of the conditions set forth in, Section 306 of the Indenture, the Market Agent, at the direction of the Authority, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Period is then scheduled to occur.

5. Changes in Auction Agent Fee Rate: Other Duties.

(a) The Market Agent agrees that it will comply with the provisions of Section 4.4(a) of the Auction Agency Agreement and act in good faith from time to time to determine the appropriate amount of the Auction Agent Fee Rate in accordance with said Section.

(b) The Market Agent agrees to perform such other duties of Market Agent in accordance with the Indenture as are set forth therein.

6. Fees. The Market Agent agrees that it will receive no fees for its services as Market Agent under this Agreement.

7. Rights and Liabilities of the Market Agent.

(a) The Market Agent shall incur no liability for, or in respect of, any action taken or omitted to be taken, or suffered by it in reliance upon the Indenture or any Bond, written instruction, notice, request, direction, certificate, consent, report, affidavit, statement, order or other instrument, paper, document or communication reasonably believed by it in good faith to be genuine and on which it reasonably believed it is entitled to rely. Any order, certificate, affidavit, instruction, notice, request, direction, statement or other comment from the Trustee or given by it and sent, delivered or directed to the Market Agent under, pursuant to, or as permitted by, any provision of this Agreement shall be sufficient for purposes of this Agreement if such comment is in writing and signed by any officer of the Trustee. In the absence of bad faith or negligence on its part, neither the Market Agent nor its officers or employees shall be liable for any action taken, suffered or omitted or for any error of judgment made in the performance of its duties under this Agreement. The Market Agent shall not be liable for any error of judgment made in good faith unless the Market Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts. No party shall be liable for any default resulting from force majeure which shall be deemed to include any circumstances beyond the reasonable control of the party affected. No action, regardless of form, arising out of or pertaining to the role of the Market Agent hereunder may be brought by any party hereto or beneficiary hereof more than twelve (12) months after the cause of action arises.

(b) The Market Agent may consult with counsel satisfactory to it, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken or suffered by it hereunder in good faith and in accordance with the advice of such counsel.

(c) The Market Agent, its directors, officers and employees may become the owner of, or acquire any interest in, any Auction Bond, with the same rights that such Market Agent, director, officer or employee would have if the Market Agent were not Market Agent hereunder, and the Market Agent, its directors, officers and employees may engage or be interested in any financial or other transaction with the Authority and may act on, or as depository, trustee or agent for, any committee or body of holders of Series 2004B or other obligations of the Authority as freely as if the Market Agent were not a Market Agent hereunder.

(d) The Market Agent shall not incur any liability with respect to the validity of any of the Series 2004B.

8. Duties of Market Agent. The Market Agent shall be obligated only to perform such duties as are specifically set forth herein and in the Indenture and no other duties or obligations on the part of the Market Agent, in its capacity as such, shall be implied by this Agreement.

9. Termination. This Agreement shall terminate on the earlier of (i) the satisfaction and discharge of the Indenture, (ii) the resignation or removal of the Market Agent pursuant to the

provisions of Section 309 of the Indenture, and (iii) conversion of the Series 2004B to another methodology for determining the rate of interest thereon as provided in the Indenture.

10. Communications.

(a) Except for communications authorized to be by telephone by this Agreement, all notices, requests and other communications to the Authority, the Market Agent, the Auction Agent or the Trustee shall be in writing (including facsimile or similar writing) and shall be given to such entity, addressed to it, at its address or facsimile number set forth below:

If to the Market Agent, addressed to:

Morgan Keegan & Company, Inc.

Memphis, Tennessee _____
Attention: _____

Facsimile No.: (901) _____ - _____
Telephone No.: (901) _____ - _____

If to the Authority:

Louisiana Local Government Environmental Facilities and Community
Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809-2233
Attention: Executive Director

If to the Auction Agent:

[Name of Auction Agent]

Attention: _____

Telephone No.: (_____) _____ - _____
Facsimile No.: (_____) _____ - _____

If to the Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Corporate Trust Division
Telephone No.: (904) 645-1943
Facsimile No.: (904) 645-1930

Each entity listed above may change the address for service of notice upon it by a notice in writing to the other entities named above. Each such notice, request or communication shall be effective when delivered at the address specified herein.

(b) The Market Agent may rely upon, and is authorized to honor, any telephonic requests or directions which the Market Agent reasonably believes in good faith to emanate from an authorized representative of the Trustee, regardless of the source of such request or direction. Any telephonic request or direction to the Market Agent shall promptly be confirmed in writing; provided, however, that failure to receive any such notice shall not affect the authority of the Market Agent to rely and act upon such request or direction.

11. Miscellaneous.

(a) This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

(b) The terms of this Agreement as set forth herein shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by both of the parties hereto with the consent of the Bond Insurer.

(c) This Agreement shall be binding upon, and inure to the benefit of, the Trustee as agent for the registered owners of the Series 2004B and the Market Agent and their respective successors and assigns.

(d) If any clause, provision or section hereof shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

(e) This 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.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

(g) In case of any conflict between the provisions of this Agreement and the provisions of the Indenture, the Indenture will control.

(h) The rights, privileges, immunities and protections granted to the Trustee in the Indenture and the standard of care imposed upon the Trustee in the Indenture shall apply with equal force and effect to the duties and obligations of the Trustee under this Agreement.

12. Amendment. The provisions herein regarding auction procedures may be amended from time to time to conform to industry practices solely upon the written consent of the parties hereto and the Bond Insurer and upon written notice of such amendment to the affected Holders of such Series 2004B, and no prior written consent of any such Holder shall be required in connection with such amendment.

[Execution follows on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By _____
Vice President

MORGAN KEEGAN & COMPANY, INC., as
Market Agent

By _____
Managing Director

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT
HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) SERIES 2004B

NOTICE TO HOLDERS OF PROPOSED FIXED RATE CONVERSION

Notice is hereby given to the registered owners of the above-captioned issue (the "*Series 2004B*") of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "*Issuer*") that:

1. The Issuer is proposing to convert the interest rate on the Series 2004B to a fixed interest rate (the "*Fixed Rate*") on _____ (the proposed "*Fixed Rate Conversion Date*").

2. All Series 2004B are subject to mandatory tender for purchase on the proposed Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof.

3. The Fixed Rate shall take effect only if (A) the Trustee and the Auction Agent shall receive (i) a certificate of the Issuer by no later than the tenth (10th) day prior to the Fixed Rate Conversion Date stating that a written agreement has been entered into by the Issuer and the Remarketing Agent to remarket the Series 2004B on the Fixed Rate Conversion Date at a price of not less than one hundred percent (100%) of the principal amount thereof, which agreement (a) may be subject to such reasonable terms and conditions which in the judgment of the Remarketing Agent reflect current market standards regarding investment banking risk and (b) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Series 2004B to be remarketed and (ii) by 11:00 a.m. (New York City time) on the second (2nd) Business Day prior to the Fixed Rate Conversion Date by telex, telecopy, or other similar means, a certificate from the Issuer authorizing the establishment of the Fixed Rate and confirming that Bond Counsel expects to be able to give an opinion on the Fixed Rate Conversion Date to the effect that the change to the Fixed Rate is authorized by the Trust Indenture (the "*Indenture*") dated as of August 1, 2004, between the Issuer and The Bank of New York Trust Company, N.A., as Trustee, and will not have an adverse effect on the exclusion of interest on the Series 2004B from gross income for federal income tax purposes, and (B) the Trustee and the Auction Agent shall receive (i) by 9:30 a.m. (New York City time) on the Fixed Rate Conversion Date, (a) a Bond Counsel Opinion to the effect that the Fixed Rate Conversion is authorized by the Indenture and will not have an adverse effect on the exclusion of interest on such Series 2004B from gross income for federal income tax purposes and (b) written confirmation from the Rating Agencies of the ratings on the Series 2004 Bonds after the implementation of such Fixed Rate Conversion, and (ii) by 4:00 p.m. (New York City time) on the Fixed Rate Conversion Date, a certificate from the Issuer that all of the Series 2004B tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, plus accrued interest, if any, with funds provided from the remarketing of such Series 2004B and the premium, if any, has been paid from moneys deposited with the Trustee. If any of the conditions set forth in (A)

shall not be met, the Auction Rate shall be established for the next succeeding Auction Period in accordance with the procedures set forth in Article III of the Indenture. If any of the conditions set forth in (B) above shall not be met, the Auction Rate for the next succeeding Auction Period shall be established at the Maximum Auction Rate.

4. Registered owners of Series 2004B are required to deliver their Series 2004B Bonds to the Tender Agent by no later than 12:00 noon, New York City time, on the proposed Fixed Rate Conversion Date at the office of the Tender Agent located at _____, _____, _____, endorsed in blank for transfer by the registered (beneficial) owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer by the registered owner thereof (the Tender Agent being able to refuse payment with respect to any such Bond not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

5. Each registered owner of Series 2004B who shall have properly tendered such Series 2004B in accordance with the above provisions will be paid the purchase price therefor on the proposed Fixed Rate Conversion Date and if such purchase price, plus interest to the Fixed Rate Conversion Date which will be paid to such registered owner in accordance with the Indenture, shall be paid, such registered owner shall have no further rights with respect to said Series 2004B.

6. With respect to any registered owner of Series 2004B who shall not have properly tendered such Series 2004B in accordance with the above provisions of this notice, (A) such registered owner's Series 2004B will be deemed tendered and purchased on such Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus premium, if any, (B) such registered owner will be paid interest on such Series 2004B on the proposed Fixed Rate Conversion Date as provided in the Indenture on and will be paid the purchase price for such Series 2004B upon the tender of such Series 2004B to the Tender Agent and (C) such Series 2004B shall, on and after the proposed Fixed Rate Conversion Date, cease to accrue interest and after the proposed Fixed Rate Conversion Date such registered owner will have no rights with respect to such Series 2004B except the right to receive payment of the purchase price (without interest thereon from and after the Fixed Rate Conversion Date) upon tender of such Series 2004B to the Tender Agent.

7. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture.

Dated: _____

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

By _____

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT
HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B

NOTICE OF PAYMENT DEFAULT

NOTICE IS HEREBY GIVEN that a Payment Default currently exists with respect to the above-captioned issue. The next Auction for the Series 2004B will be held as scheduled on _____, _____. The rate of interest on the Series 2004B for the next succeeding Auction Period shall be determined through application of the Auction Procedures.

Dated: _____

THE BANK OF NEW YORK TRUST COMPANY,
N.A.

By _____
Authorized Signatory

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT
HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B

NOTICE OF CURE OF PAYMENT DEFAULT

NOTICE IS HEREBY GIVEN that the Payment Default with respect to the above-captioned issue has been cured. The next Interest Payment Date is _____,

Dated: _____

THE BANK OF NEW YORK TRUST COMPANY,
N.A.

By _____
Authorized Signatory

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY
DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT
HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B

NOTICE TO PROPOSED CHANGE IN [AUCTION PERIOD]
[AND] [STANDARD AUCTION PERIOD]

NOTICE IS HEREBY GIVEN that Louisiana Local Government Environmental Facilities and Community Development Authority (the "*Issuer*") proposes to change the [Auction Period] [Standard Auction Period] in accordance with Section 3.18 of the Trust Indenture (the "*Indenture*") dated as of August 1, 2004, between the Issuer and The Bank of New York Trust Company, N.A., as Trustee. Assuming the conditions set forth below are met, such change will be effective on _____.

1. The new Auction Period and/or Standard Auction Period shall take effect only if (a) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day prior to the Auction Date, a certificate from the Issuer, by telex, telecopy, or similar means (i) authorizing the establishment of the new Auction Period and/or Standard Auction Period, which shall be specified in such authorization and (ii) confirming that Bond Counsel expects to be able to give an opinion on the date the new Auction Period shall take effect to the effect that the change in the Auction Period and/or Standard Auction Period is authorized by the Indenture, and will not have an adverse effect on the exclusion of interest on the Series 2004B from gross income for federal income tax purposes, (b) the Trustee shall not have delivered to the Auction Agent by 12:15 p.m. (New York City time) on the date the new Auction Period is intended to take effect notice that an Insufficient Funds Event has occurred, (c) Sufficient Clearing Bids shall be received with respect to such Auction Period and/or Standard Auction Period, and (d) the Trustee and the Auction Agent shall receive by 9:30 a.m. (New York City time) on the date the new Auction Period is intended to take effect, an opinion of Bond Counsel to the effect that the change in the Auction Period and/or Standard Auction Period is authorized by the Indenture, and will not have an adverse effect on the exclusion of interest on such Series 2004B from gross income for federal income tax purposes.

2. If any of the conditions referred to in (a) above is not met, the Auction Rate for the next succeeding Auction Period shall be established in accordance with the procedures set forth in Section 3.15 of the Indenture. If any of the conditions set forth in (b), (c), or (d) is not met, the Auction Rate for the next succeeding Auction Period shall be established at the Maximum Auction Rate. If any of the foregoing conditions are not met with respect to a change in the Standard Auction Period, the Standard Auction Period shall remain the Auction Period designated as such and in effect immediately prior to any change proposed pursuant to Section 3.15.

3. [Insert the following if the Auction Date will be changed in conjunction with a change in the Auction Period: The Market Agent will also change the Auction Date in conjunction with such change in the Auction Period. The Auction Date will be _____ as of the effective date set forth above.]

All terms not otherwise defined in this notice shall have the meanings set forth in the Indenture.

Dated: _____

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

By _____,
_____, Chairman

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT
HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B

NOTICE OF CHANGE IN AUCTION DATE

NOTICE IS HEREBY GIVEN that the Auction Date for auctions conducted with respect to the above-captioned bonds has been changed to _____. The next succeeding Auction Date will be _____, _____. In order to accommodate such change, the next succeeding Auction Period will consist of ___ days and shall begin on _____, _____ and end on _____, _____. Interest will be paid on _____, _____.

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Trust Indenture (the "*Indenture*") dated as of August 1, 2004, between the Louisiana Local Government Environmental Facilities and Community Development Authority and The Bank of New York Trust Company, N.A., as Trustee.

Dated: _____

[MARKET AGENT]

By _____
Authorized Officer

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE OF VARIABLE RATE CONVERSION

Notice is hereby given to the registered owners of the above-captioned issue (the "**Series 2004B Bonds**") of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Issuer**") that:

1. In accordance with the Trust Indenture (the "**Indenture**") dated as of August 1, 2004, between the Issuer and The Bank of New York Trust Company, N.A., as Trustee, subject to the conditions hereinafter set forth, if any, the interest rate on the Series 2004B Bonds will be changed to a Variable Rate.

2. The Variable Rate Conversion will be effective from and after _____
(the "**Variable Rate Conversion Date**").

3. The Series 2004B Bonds are subject to mandatory tender for purchase on the Variable Rate Conversion Date at a purchase price equal to the principal amount thereof.

4. A Variable Rate shall take effect only if:

(A) the Trustee and the Auction Agent shall receive (i) a certificate by the Issuer by no later than the tenth (10th) day prior to the Variable Rate Conversion Date of the Variable Rate Conversion stating that a written agreement between the Issuer and the Remarketing Agent to remarket the Series 2004B Bonds on the Variable Rate Conversion Date of the Variable Rate Conversion at a price of 100% of the principal amount thereof has been entered into, which agreement (a) may be subject to such reasonable terms and conditions which in the judgment of the Remarketing Agent reflect the current market standards regarding investment banking risk and (b) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Series 2004B Bonds to be remarketed, and that a Liquidity Facility meeting the requirements set forth in **Exhibit M** to the Indenture is in effect or has been obtained by the Issuer with respect to the Series 2004B Bonds, (ii) by 11:00 a.m. (New York City time) on the second Business Day prior to a Variable Rate Conversion Date by telex, telecopy, or other similar means, a certificate from the Issuer (y) authorizing the establishment of the Variable Rate and the execution of a supplemental Indenture setting forth the terms and provisions described in Section 3.22(a) of the Indenture relating to the Variable Rate Bonds and (z) confirming that bond counsel expects to be able to give an opinion on the Variable Rate Conversion Date of the Variable Rate Conversion to the effect that the Variable Rate Conversion is authorized by the Indenture, and will not have an adverse effect on the exclusion of interest on the Series

2004B Bonds from gross income for federal income tax purposes, (iii) a Liquidity Facility meeting the requirements of the Indenture shall have been delivered to the Tender Agent not less than one Business Day prior to the Variable Rate Conversion Date that is, by its terms, in effect prior to such Variable Rate Conversion Date, (iv) by 9:30 a.m. (New York City time) on the Variable Rate Conversion Date the Trustee, the Auction Agent, the Broker Dealer and the Market Agent shall receive an opinion of bond counsel to the effect that the Variable Rate Conversion is authorized by the Indenture and will not have an adverse effect on the exclusion of interest on such Series 2004B Bonds from gross income for federal income tax purposes, and (v) by 4:00 p.m. (New York City time) on the Effective Date of the Change in the Interest Rate Mode, a certificate from the Issuer that all of the Series 2004B Bonds that bear interest at an Auction Rate tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Series 2004B Bonds in accordance with the Remarketing Agreement or from the proceeds of the Liquidity Facility;

(B) If any of the conditions set forth in (A)(i) or (ii) is not met, the Auction Rate for the next succeeding Auction Period shall be established in accordance with the procedures set forth in Sections 3.14 through 3.19 of the Indenture. If the condition set forth in (A)(iii) - (v) above is not met, the Auction Rate for the next succeeding Auction Period shall be established at the Maximum Auction Rate.

5. Registered owners of Series 2004B Bonds are required to deliver their Series 2004B Bonds to the Tender Agent at no later than 12:00 noon, New York City time, on the Variable Rate Conversion Date at the office of the Tender Agent referred to above, endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed for transfer in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Series 2004B Bond not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Series 2004B Bonds who has properly tendered such Series 2004B Bonds in accordance with the above provisions will be paid the purchase price therefor on the Variable Rate Conversion Date and if such purchase price, plus interest accrued to the Variable Rate Conversion Date which will be paid to such registered owner in accordance with the Indenture, is paid, such registered owner shall have no further rights with respect to said Series 2004B Bonds.

7. With respect to any owner of Series 2004B Bonds who has not properly tendered such Series 2004B Bonds in accordance with the above provisions of this notice, (A) such registered owner's Series 2004B Bonds will be deemed tendered and purchased on the Variable Rate Conversion Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Series 2004B Bonds on the Variable Rate Conversion Date as provided in the Indenture and will be paid the purchase price for such Series 2004B Bonds upon the tender of such Series 2004B Bonds to the Tender Agent and (C) such Series 2004B Bonds shall, on and after the Variable Rate Conversion Date, cease to accrue interest and after the Variable Rate Conversion Date such owner will have no rights with respect

to such Series 2004B Bonds except the right to receive payment of the purchase price equal to the principal amount thereof (without interest thereon from and after the Variable Rate Conversion Date) upon tender of such Series 2004B Bonds to the Tender Agent.

8. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture.

Dated: _____

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

By _____
_____, Chairman

[TO BE REVISED AS PER MBIA'S COMMENTS]

REQUIREMENTS FOR LIQUIDITY FACILITY AND LIQUIDITY FACILITY PROVIDER

(a) Bank Approval; Rating. The issuer of the Liquidity Facility (the "Bank ") must be approved by the Bond Insurer and must qualify for the highest short-term credit rating from S&P and Moody's.

(b) Term and Termination. The Liquidity Facility must be unconditional and irrevocable for its stated term. Termination of the Liquidity Facility prior to its stated expiration date, without notice to bondholders and provision for final tender, is acceptable only for the following reasons:

(i) Failure by the Bond Insurer to pay amounts due under the insurance policy related to the Series 2004 Variable Rate Bonds (the "Policy")

(ii) Insolvency of the Bond Insurer.

(iii) Final non-appealable decision of a court of competent jurisdiction that the Policy is invalid.

(c) Termination of the Liquidity Facility with 30 day's notice is only permitted for non-payment of regularly scheduled commitment fees. The Bond Insurer requires immediate telephonic notice with subsequent written confirmation to its Insured Portfolio Department Manager of any non-payment of regularly scheduled commitment fees.

(d) Bond Insurer Downgrading. The Liquidity Facility may not terminate or suspend for a downgrading of the Bond Insurer's claims paying rating by S&P or Moody's. However, the Indenture may provide that the Bond Insurer may be replaced upon its downgrading below the second highest rating by S&P and Moody's.

(e) Replacement of Liquidity. Replacement of the Bank must be allowed upon any short-term downgrading of the Bank below the top two highest short term ratings by either S&P or Moody ' s or upon any request by the Bank for the payment of increased costs to the Bank to compensate the Bank for increased costs of providing the Liquidity Facility (discussed below).

(f) Liquidity Obligation. The Liquidity Facility must provide for a Commitment Period of at least 364 days. The Commitment Period must be renewable at least 6 months prior to its scheduled expiration date. At the end of such period, there must be a Holding Period during which bonds owned by the Bank will be subject to amortization on an insured basis. The Holding Period must be for a minimum of five years after the expiration of the Commitment

Period. The Liquidity Facility must provide for (i) the purchase of unremarketed bonds on any optional tender date and (ii) the purchase of bonds on any mandatory tender date, including mandatory tenders precipitated by expiration of the Liquidity Facility, conversion to a fixed interest rate or interest rate mode change. The Liquidity Facility commitment must be in an amount equal to the outstanding principal amount of the applicable bonds, plus interest at the fixed maximum bond rate for a specified number of days determined by the structure of the specific financing, unless tenders may only be made on interest payment date.

(g) **Conversion of Bonds To A Fixed Rate or Auction Rate.** Bonds may only be converted to a fixed interest rate mode or auction rate mode upon prior written consent of the Bond Insurer. Such fixed rate Bonds or auction rate bonds, as the case may be, shall bear an interest rate or have an interest rate cap not to exceed the cap rate on the variable rate bonds prior to the conversion.

(h) **Liquidity Rate.** The Bank must negotiate its rate of interest charged for funds provided by it under its Liquidity Facility with the bond obligor; provided, however, that such interest rate must be approved by the Bonds Insurer and should not exceed such Bank's prime rate of interest and, provided further, that the negotiated Bank interest rate must be subject to a fixed rate interest cap (the " Bank Cap"), to be approved by the Bond Insurer.

(i) **Bond Insurer's Obligation.** The Bond Insurer guarantees to the Bank payment of principal and interest on the bonds, while bonds are held by the Bank, at a rate of interest not to exceed the Bank Cap. The Bond Insurer may also provide a program fee surety bond insuring payment of annual commitment fees under the Liquidity Facility. The Bond Insurer requires immediate telephonic notice with subsequent written confirmation to its Insured Portfolio Department Manager of any non-payment of regularly scheduled commitment fees.

(j) **Interest Recapture.** As noted above, a Liquidity Facility should be priced to reflect the rate risk created by the fixed interest maximum rate cap over the term of the facility with no recapture alternatives. However, where a Bank Cap is so low as to generate unacceptable rate risk, limited interest recapture can be provided only as follows:

With regard to bonds held by a Bank, excess interest accrued above the Bank Cap on the bonds may be recaptured for future interest rate periods, but only to the extent the Bank is the owner of the bonds during such future interest rate periods. If the negotiated interest rate charged by the Bank drops below the Bank Cap, the Bank may recapture the difference between the negotiated liquidity rate (the " Bank Rate ") and the Bank Cap, to the extent such rate differential is applied to bonds then held by the Bank. Accrued recapture interest amounts must be extinguished upon: (i) the termination of the Liquidity Facility; (ii) conversion

of the bonds to a fixed interest rate; (iii) payment or prepayment of the obligor's loan in total; or (iv) payment or defeasance of the bonds.

(k) Acceleration. Under no circumstances will MBIA permit acceleration of any of its insured obligations.

(l) Remarketing. The Liquidity Facility must provide that bonds purchased under it will be tendered to the Remarketing Agent upon demand, subject to payment to the Bank of principal and accrued interest at the Bank Rate. If the Bank desires the right to retain bonds, adequate notice to the Remarketing Agent must be provided and bonds so retained would no longer bear interest at the Bank Rate. The Remarketing Agent must have trust powers if they are responsible for holding monies or receiving bonds. Alternately, the documents may provide that if the Remarketing Agent is removed, resigns or is unable to perform its duties, the trustee must assume the responsibilities of remarketing agent until a substitute acceptable to the Bond Insurer is found. The trustee must be a commercial bank with trust powers and be approved by the Bond Insurer.

(m) Enforceability Opinion. The Bank must deliver an opinion of outside counsel that the Liquidity Facility is the legally valid, binding and enforceable obligation of such Bank, subject only to standard bankruptcy exceptions. If the Bank is a U. S. branch of a foreign bank, an opinion of foreign counsel must be delivered.

(n) Yield Equivalency Provisions. In limited circumstances, Liquidity Facilities may include a provision for an additional fee to provide a yield equivalency to the Bank. Such provisions must be limited to a change in law, regulation or interpretation; Banks must price their facilities on the basis of all costs or potential costs that may arise under existing laws and regulations. No yield equivalency increase will be permitted for loss of tax deductible interest on the bonds or the interest carrying deduction for tax-exempt obligations. As noted above, the Liquidity Facility must allow for replacement upon imposition of any such yield equivalency fee.

(o) Beneficiary. The Bond Insurer must be made an explicit third-party beneficiary of the Liquidity Facility; or, at the option of the Bank, be a party to the Liquidity Facility.

(p) Amendments. The Liquidity Facility should provide that no amendments may be made thereto without the prior written consent of the Bond Insurer.

(q) No Set-Off. No set-off allowed as long as the Bond Insurer is not in default under the Policy.

(r) Reimbursement Agreement. The Bond Insurer will require a Reimbursement Agreement with the borrower to reimburse the Bond Insurer for any amounts expended due to a default in payment of the Bonds.

EXHIBIT N**CAPITALIZED INTEREST FUND DISBURSEMENT SCHEDULE**

Draw Date	Disbursement
8/25/2004	30,354.60
9/25/2004	47,858.33
10/25/2004	57,622.67
11/25/2004	38,022.26
12/25/2004	39,333.74
1/25/2005	1,018,468.20
2/25/2005	30,897.18
3/25/2005	34,349.23
4/25/2005	39,761.05
5/25/2005	31,801.29
6/25/2005	30,732.80
7/25/2005	792,105.04
8/25/2005	24,157.45
9/25/2005	23,335.54
10/25/2005	28,844.95
11/25/2005	18,404.03
12/25/2005	16,513.62
1/25/2006	489,174.37

LOAN AGREEMENT

by and between

**Louisiana Local Government Environmental Facilities
and Community Development Authority**

and

UNIVERSITY FACILITIES, INC.

Dated as of August 1, 2004

in connection with:

\$60,985,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

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EXHIBIT A - DESCRIPTION OF FACILITIES
EXHIBIT B - PERMITTED ENCUMBRANCES

Loan Agreement

This Loan Agreement dated as of August 1, 2004 (together with any amendments hereto, the "Agreement"), is between the **Louisiana Local Government Environmental Facilities and Community Development Authority**, a political subdivision of the State of Louisiana (the "Issuer"), and **University Facilities, Inc.**, a nonprofit corporation organized and existing under the laws of the State of Louisiana (the "Corporation").

W i t n e s s e t h :

WHEREAS, the Issuer, a political subdivision established for public purposes under and pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and other constitutional and statutory authority, is authorized by the provisions of the Act to issue revenue bonds payable out of the income, revenues and receipts received by the Issuer from its properties and facilities or from properties or facilities pledged to it or from contracts or agreements relating to such facilities, and to secure its revenue bonds and reimbursement obligations by a pledge of the foregoing revenues or from other moneys which, by law or contract, may be available to the Issuer; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Issuer is authorized to issue revenue bonds and loan the funds derived from the sale thereof to the Corporation for the purpose of allowing the Corporation to pay the amount owed on the Prior Debt (as hereinafter defined) and finance the demolition of certain existing facilities and the renovation, development and construction of additional student housing and related facilities, including all furnishings, fixtures and facilities incidental or necessary in connection therewith (the "Facilities") for University Facilities, Inc. (the "Corporation"), to be located on the campus of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana, and to be leased back to the Board of Supervisors for the University of Louisiana System (the "Board") acting on behalf of the University; and

WHEREAS, the Corporation has requested that the Issuer issue \$60,985,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds"), \$15,000,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds") and \$925,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bonds," and together with the Series 2004A Bonds, the Series 2004B Bonds and any Additional Bonds, the "Bonds") the proceeds of the sale of such Bonds to be

loaned to the Corporation pursuant to this Loan Agreement dated as of the date hereof (the "Agreement") for the purpose of (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities; (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Bonds; (vii) funding a deposit to the Replacement Fund; and (viii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds; and

WHEREAS, the Corporation and the Issuer are empowered to consummate the transactions contemplated hereunder and to do all acts and exercise all powers and assume all obligations necessary or incident thereto; and

WHEREAS, in consideration of the issuance of the Bonds by the Issuer, the Corporation will assign its rights under that certain Agreement to Lease with Option to Purchase (the "Facilities Lease") pursuant to which the Corporation, as Lessor, leases the Facilities to the Board, as Lessee, including its right to all Rental (as defined in the Facilities Lease) received thereunder, to the Issuer, and agree to make payments in an amount sufficient to make timely payments of principal of, premium, if any, and interest on the Bonds and to pay such other amounts as are required by this Agreement; and

WHEREAS, MBIA Insurance Corporation (the "Bond Insurer") will issue its financial guaranty insurance policies unconditionally and irrevocably guaranteeing the full and complete payment of the regularly-scheduled principal of and interest on the Bonds as such payments shall become due but shall be unpaid; and

WHEREAS, the Issuer has adopted a resolution authorizing the sale and the issuance of the Bonds, the execution and delivery of instruments pertaining to the issuance thereof and other actions to be taken by the Issuer in connection with the authorization, issuance, sale and delivery of the Bonds and the application of the proceeds thereof; and

WHEREAS, all acts, conditions and things required by the laws of the State of Louisiana (the "State") to happen, exist and be performed precedent to and in the execution and delivery of this Agreement have happened, exist and have been performed as so required in order to make this Agreement a valid and binding agreement in accordance with its terms; and

WHEREAS, each of the parties hereto represents that it is fully authorized to enter into and perform and fulfill the obligations imposed upon it under this Agreement and the parties are now prepared to execute and deliver this Agreement; and

WHEREAS, in consideration of the respective representations and agreements contained herein, the parties hereto, recognizing that under the Act this Agreement shall not in any way obligate the State or any public corporation thereof, including, without limitation, the Issuer, to raise any money by taxation or use other public moneys for any purpose in relation to the Bonds and that neither the State nor the Issuer, shall pay or promise to pay any debt or meet any financial obligation to any person at any time in relation to the Bonds except from moneys

received or to be received under the provisions of this Agreement and the Indenture or derived from the exercise of the rights of the Issuer thereunder, agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 **Definitions.** All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the preamble hereto or in the Indenture. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

"Additional Bonds" means bonds, if any, issued in one or more series on a parity with the Series 2004 pursuant to Article V of the Indenture.

"Additional Rental" means the amounts specified as such in the Facilities Lease.

"Agreement" means this Loan Agreement dated as of August 1, 2004 between the Corporation and the Issuer, including any amendments and supplements hereof and hereto as permitted hereunder.

"Auction Date" means initially the Wednesday immediately succeeding the Closing Date and every Wednesday thereafter (or such other day that the Market Agent shall establish as the Auction Date therefor); provided, that if such day is not a Business Day, the Auction Date shall be the following Business Day.

"Auction Rate" means, with respect to each Auction Period, the respective rate of interest per annum determined for the Auction Rate Bonds pursuant to the implementation of the Auction Procedures or, if an Auction shall not be held or shall be cancelled hereunder, the rate determined pursuant to the Indenture.

"Auction Rate Bonds" means the Series 2004B Bonds bearing interest at the Auction Rate.

"Authorized Corporation Representative" means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice-Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Authorized Issuer Representative" means the person(s) at the time designated to act under this Agreement and the Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

"Base Rental" means the amounts referred to as such in Section 6(b) of the Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms thereof) but does not include Additional Rental.

"Board" means the Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities or its legal successor as the management board of the University, acting on behalf of the University.

"Bond Counsel" means Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., and its successors, or such other nationally recognized bond counsel as may be selected by the Issuer and acceptable to the Corporation and the Bond Insurer.

"Bond Insurance Policies" means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally and irrevocably guarantees the full and complete payment of the regularly-scheduled principal of and interest on the Bonds as such payments shall become due but shall be unpaid.

"Bond Insurer" means MBIA Insurance Corporation, or any successor thereto.

"Bondholder" or **"owner,"** when used with reference to a Bond or Bonds, means the registered owner of any outstanding Bond or Bonds.

"Bonds" means, collectively, the Series 2004 Bonds and any Additional Bonds issued pursuant to a supplemental Indenture as authorized hereby.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

"Closing Date" means the date on which the Series 2004 Bonds are delivered and payment therefor is received by the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

"Corporation" means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

"Costs of the Facilities" means those costs incurred by the Corporation in connection with the demolition of certain existing facilities and the renovation, development and construction of Facilities, as set forth in Section 4.16 of the Indenture.

"Debt Service Fund" means the fund of that name created under the Indenture.

"Defeasance Obligations" means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"Facilities" means the student housing and related facilities described in **Exhibit A** to this Agreement, as amended and supplemented in accordance with the provisions of this Agreement, which are to be renovated and/or constructed in three (3) phases with the proceeds of the Bonds and Additional Bonds, and Southeastern Oaks and The Village.

"Facilities Documents" means collectively this Agreement, the Ground Lease, the Facilities Lease, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instruments pertaining to the Facilities.

"Facilities Lease" means that certain Agreement to Lease With Option to Purchase dated as of August 1, 2004 by and between the Board, as Lessee, and the Corporation, as Lessor, whereby the Facilities are leased by the Corporation to the Board, on behalf of the University.

"Fiscal Year" means any period of twelve consecutive months adopted by the Corporation as its Fiscal Year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

"Ground Lease" means that certain Ground and Buildings Lease dated as of August 1, 2004 by and between the Board, as Lessor, on behalf of the University, and the Corporation, as Lessee whereby the Land upon which certain existing facilities that are to be demolished are located and upon which the Facilities shall be constructed and/or renovated, and the Facilities, as completed, are leased by the Board to the Corporation.

"Indenture" means the Trust Indenture dated as of August 1, 2004 between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions thereof.

"Interest Account" means the Interest Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

"Interest Payment Date" or **"interest payment date,"** when used with respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate and the Series 2004C Bonds, means each February 1 and August 1, commencing February 1, 2005, when used with respect to Auction Rate Bonds, means the Business Day following each Auction Date, and with respect to Variable Rate Bonds, means the dates set forth in the supplemental indenture executed in connection with the applicable Variable Rate Conversion.

"Issuer" means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Issuer by said provisions shall be given by law.

"Land" means the real property and improvements thereon more particularly described on Exhibit A attached to the Ground Lease upon which certain existing facilities are to be demolished and upon which the Facilities are to be renovated, constructed and located.

"Loan" means the aggregate amount of the moneys loaned to the Corporation pursuant to this Agreement.

"Mortgage" means the Mortgage, Security Agreement and Assignment of Leases and Rents dated as of August 1, 2004, by the Corporation in favor of the Trustee, mortgaging the Corporation's leasehold interest in and to the Land and the Facilities.

"Operating Expenses" means the current expenses of operation, maintenance and current repair of the Facilities, as calculated in accordance with Generally Accepted Accounting Principles, and includes, without limiting the generality of the foregoing, insurance premiums, reasonable accounting and legal fees and expenses relating to the Facilities and the ownership thereof by the Board, payments with respect to worker's compensation claims not otherwise covered by insurance, any payments due from the Board under the Facilities Lease, this Agreement or the Indenture, any Rebate Amount, amounts payable by the Corporation under this Agreement or the Mortgage (other than the principal of, premium, if any, and interest on the Bonds); administrative expenses of the Issuer (including fees and expenses of the Trustee and counsel fees and expenses) relating solely to the Facilities, the cost of materials and supplies used for current operations, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. "Operating Expenses" will not include (1) the Management Fee, but only to the extent that the same is subordinate to the payment of the payments to the same extent as set forth in the initial Management Agreement (2) the principal of and interest on the Bonds; (3) any allowance for depreciation or replacements of capital assets of the Facilities; or (4) amortization of financing costs.

"Outstanding" or **"outstanding,"** when used with reference to Bonds, means all Bonds which have been authenticated and issued under the Indenture except:

- (a) Bonds canceled by the Trustee pursuant to the Indenture;
- (b) Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of the Indenture;
- (c) Bonds which have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in the Indenture;

(d) Bonds in exchange for which other Bonds shall have been authenticated and delivered by the Trustee as provided in the Indenture; and

(e) for all purposes regarding consents and approvals or directions of Bondholders under this Agreement or the Indenture, Bonds held by or for the Issuer, the Corporation or any person controlling, controlled by or under common control with either of them.

"Payments" means the amounts of repayments under this Agreement with respect to the Bonds to be made by the Corporation as provided in Article IV of this Agreement.

"Permitted Encumbrances" means:

(a) any lien arising by reason of any good faith deposit with the Corporation in connection with any lease of real estate, bid or contract (other than any contract for the payment of money);

(b) any lien arising by reason of any deposit with or giving of security to any governmental agency as a condition to the transaction of any business or the participation by the Corporation in any funds established to cover insurance risk or in connection with worker's compensation, unemployment insurance, pension plans or other social security;

(c) any right reserved to any municipality or other public authority by the terms of any franchise, grant, license or provision of law affecting any property of the Corporation and any lien on any property of the Corporation for taxes, assessments or other municipal charges so long as such charges are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(d) mechanics' and materialmen's liens in connection with any property of the Corporation so long as any amounts secured by such lien are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(e) the Indenture, this Agreement, the Mortgage, the Ground Lease or the Facilities Lease;

(f) any lien on property received by the Corporation through a gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest (or the income therefrom), provided that any such lien may not be extended, renewed or modified in any way or applied to any additional property of the Corporation unless it would otherwise qualify as a Permitted Encumbrance;

(g) such easements, rights-of-way, servitudes, restrictions and other defects as are determined not to materially impair the use of the Corporation's facilities for their intended purposes or the value of such facilities, such determination to be made in a certificate of an

authorized officer of the Corporation supported by an opinion of independent counsel or a report or opinion of an independent management consultant (unless the Bond Insurer shall waive the requirement of such supporting opinion or report); and

(h) Any mortgage, pledge, assignment or lien against or affecting the Facilities or any revenues derived therefrom granted by the Corporation in connection with any financing of Additional Facilities (as defined in the Facilities Lease) owned or leased by the Corporation as permitted under Section 3(i) of the Facilities Lease.

In addition, encumbrances in existence as of the date of issuance of the Series 2004 Bonds as set forth in **Exhibit B** hereof are hereby qualified as Permitted Encumbrances. Any such existing encumbrance may not be extended, renewed or modified in any way or applied to any additional Properties of the Corporation unless it would otherwise qualify as a Permitted Encumbrance.

"Plans and Specifications" means the plans and specifications prepared for each phase of the Facilities, as implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of the Facilities in accordance with this Agreement and the Ground Lease.

"Principal Account" means the Principal Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

"Principal Payment Date" when used with respect to the Bonds means each August 1, commencing August 1, 2006.

"Prior Debt" means the amount borrowed by the Corporation pursuant to two Loan Agreements dated each as of June 1, 2000 as part of the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which \$14,590,000 is currently outstanding.

"Project Fund" means the fund of that name created under the Indenture.

"Properties" means any and all rights, title and interests in and to any and all of the Corporation's property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, including the Land. The term "Properties," without intending to limit the generality of the foregoing, as of any particular time, shall include all buildings, structures, fixtures, furnishings, equipment and other property, movable and immovable, and all franchises, land, rights-of-way, privileges, servitudes, easements, licenses, rights and any other interests in immovable property owned, leased, subleased or otherwise acquired by the Corporation and used or useful in connection with or incident to such facilities, or used or useful by the Corporation in connection with or incident to its authorized purposes.

"Reimbursement Agreement" means the Reimbursement and Indemnity Agreement dated as of August 1, 2004 between the Corporation and the Bond Insurer.

"Rental" means and includes the Base Rental and Additional Rental.

"Series 2004 Bonds" means, collectively, the Series 2004A Bonds, the Series 2004B Bonds and the Series 2004C Bonds.

"Series 2004A Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, initially bearing interest at the Fixed Rate and authorized to be issue by the Issuer in the aggregate principal amount of \$60,985,000, including such Series 2004A Bonds issued in exchange for other such Series 2004A Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004A Bonds pursuant to the Indenture.

"Series 2004B Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, initially bearing interest at the Auction Rate and authorized to be issue by the Issuer in the aggregate principal amount of \$15,000,000, including such Series 2004B Bonds issued in exchange for other such Series 2004B Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004B Bonds pursuant to the Indenture.

"Series 2004C Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, authorized to be issue by the Issuer in the aggregate principal amount of \$925,000, including such Series 2004C Bonds issued in exchange for other such Series 2004C Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004C Bonds pursuant to the Indenture.

"State" means the State of Louisiana.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement and Arbitrage Certificate dated August 13, 2004 by and among the Issuer, the Corporation, the Board and the Trustee.

"Trust Estate" means all the property assigned by the Issuer to the Trustee pursuant to the Indenture as security for the Bonds.

"Trustee" means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of the Indenture, initially The Bank of New York Trust Company, N.A.

"University" means Southeastern Louisiana University in Hammond, Louisiana.

"Variable Rate Bonds" means any principal amount of Series 2004B Bonds bearing interest at the Variable Rate.

Section 1.02 **Rules of Construction**. (a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, the word "person" shall include the plural as well as the singular number, and "person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

(c) Provisions calling for the redemption of Bonds or the calling of Bonds for redemption do not mean or include the payment of Bonds at their stated maturity or maturities.

(d) All references in this Agreement to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

ARTICLE II REPRESENTATIONS

Section 2.01 **Representations by the Issuer.** The Issuer represents and warrants as follows:

- (a) The Issuer is a political subdivision of the State.
- (b) Under the provisions of the Act, the Issuer is duly authorized to enter into, execute and deliver this Agreement, to undertake the transactions contemplated by this Agreement and to carry out its obligations hereunder.
- (c) The Issuer has duly authorized the execution and delivery of this Agreement, the Indenture and the Bonds.
- (d) The Issuer agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

Section 2.02 **Representations of the Corporation.** The Corporation makes the following representations and warranties:

- (a) The Corporation is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State, has all requisite power and authority and all necessary licenses and permits to own and operate its properties and to carry on its business as it is now being conducted and as it is currently proposed to be conducted. The Corporation has power to execute and deliver this Agreement, the Tax Regulatory Agreement, the Ground Lease, the Facilities Lease, and the Mortgage and by proper action has been duly authorized to execute and deliver this Agreement, the Tax Regulatory Agreement, the Ground Lease, the Facilities Lease, and the Mortgage.
- (b) Each of the statements made with respect to the Corporation in the recitals of this Agreement is true, correct and complete.
- (c) The Corporation is not in breach of or in default under any of the provisions of (i) the Articles of Incorporation of the Corporation, as amended, or By-laws, as amended, (ii) any judgment, decree, order, statute, rule or regulation applicable to it or to its Properties, or (iii) any material provision of any material indenture, mortgage, loan agreement, financing agreement or other contract or instrument to which it is a party or by which it or any of its Properties are bound.
- (d) The Corporation is not required in connection with the transactions contemplated by this Agreement, the Ground Lease, the Facilities Lease, and the Mortgage to obtain any consent not already obtained.
- (e) The Corporation has or timely will obtain as required all authority, permits, licenses, consents and authorizations as are necessary to own, lease and operate its Properties and

to carry on its business and to carry out and consummate all the transactions contemplated by this Agreement, the Ground Lease, the Facilities Lease, and the Mortgage.

(f) This Agreement, the Ground Lease, the Facilities Lease, and the Mortgage, are legal, valid and binding obligations of the Corporation in accordance with their terms, and the authorization, execution and delivery hereof and thereof and compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the Corporation a violation of, breach of, or default under (i) any provision of any indenture, mortgage, deed of trust, loan agreement or other contract or instrument to which the Corporation is a party or by which it or any of its Properties are bound, (ii) any order, injunction or decree of any court or governmental authority, or (iii) the provisions of its charter, as amended, or by-laws, as amended.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against the Corporation, wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of this Agreement, the Ground Lease, the Facilities Lease, the Mortgage, or any other agreement or instrument to which the Corporation is a party used in consummation of the transactions contemplated hereunder.

(h) The Corporation has obligated itself to demolish certain existing facilities and renovate, develop and construct the Facilities pursuant to this Agreement, the Ground Lease and the Facilities Lease, and the Corporation has the full power, right and authority to demolish certain existing facilities and renovate, develop and construct the Facilities and has obtained, or timely will obtain, all permits, licenses and approvals of governmental agencies necessary to undertake and complete such renovation, development and construction in accordance with the Plans and Specifications.

(i) As of the date of this Agreement, (i) the Corporation is an organization described in §501(c)(3) of the Internal Revenue Code (the "Code") that is not a "private foundation" within the meaning of §501(c)(3) of the Code, (ii) the Corporation received a determination letter from the IRS to the effect that it is a tax-exempt organization, (iii) the Corporation is in full compliance with all terms, conditions, and limitations, if any, contained in such determination letter, (iv) such status as a tax-exempt organization has not been adversely modified, limited, or revoked, (v) the facts and circumstances that formed the basis for the status of the Corporation, as represented to the IRS in the Corporation's application for a determination letter, either substantially exist for the Corporation or differ in a manner consistent with the requirements of §501(c)(3) of the Code. The Corporation has conducted its operations and has filed all required reports and documents with the IRS so as to maintain its status as a tax-exempt organization. The Corporation is organized and operated exclusively for religious, educational, and charitable purposes, and not for pecuniary profit, and no part of its net earnings inures to the benefit of any person, private stockholder, or individual. The Corporation has received no notice or communication of any kind from the IRS directly or indirectly questioning its status under §501(c)(3) or indicating that the Corporation is or will be audited with respect to such status.

ARTICLE III
TERM, NATURE AND BENEFITS OF AGREEMENT;
CONSTRUCTION OF FACILITIES

Section 3.01 **Term**. The term of this Agreement shall commence on the Closing Date for the Series 2004 Bonds, and shall terminate (unless discharged upon prepayment of all sums due hereunder by the Corporation prior thereto as hereinafter provided) on the date on which the Series 2004 Bonds and all other sums secured hereunder or under the Reimbursement Agreement shall have been paid or provision for their payment shall have been made in accordance herewith. Notwithstanding the foregoing, the indemnification provisions of this Agreement shall survive the termination hereof and the defeasance of the Series 2004 Bonds under the Indenture.

Section 3.02 **Nature and Benefits**. This Agreement has been executed and delivered in part to induce concurrently herewith the purchase by others of the Series 2004 Bonds, and, accordingly, all covenants and agreements on the part of the Corporation and the Issuer, as set forth therein and herein, are hereby declared to be for the benefit of the Trustee for the owners from time to time of the Series 2004 Bonds. The Corporation consents and agrees to the assignment by the Issuer to the Trustee under the Indenture of all of the Issuer's right, title and interest (except for certain rights relating to exculpation, indemnification and payment of expenses) in, to and under this Agreement and agrees that the provisions hereof may be enforced by the Trustee under the provisions of the Indenture. The Corporation agrees to do all things within its power in order to comply with, and to enable the Issuer to comply with, all requirements and to fulfill, and to enable the Issuer to fulfill, all covenants of the Indenture and the Series 2004 Bonds.

This Loan Agreement is a limited obligation of the Corporation, payable solely from the Base Rental, and this Agreement shall remain in full force and effect until the Bonds and the interest therein have been fully paid or otherwise provided for or discharged.

Section 3.03 **Demolition, Renovation, Development and Construction of the Facilities**. The Corporation shall lease the Land, demolish certain existing facilities and renovate, develop and construct, or cause to be renovated, developed and constructed, the Facilities with all reasonable dispatch and in accordance with the Facilities Documents, and shall take all action necessary to enforce the provisions of the Facilities Documents.

Section 3.04 **Revision of Facilities Documents**. The Corporation may revise the Facilities Documents and the description of the Facilities in **Exhibit A** hereto from time to time (including, without limitation, the deletion or revision of any of the facilities included in the Facilities and/or the substitution therefor of other facilities) in accordance with the Ground Lease without the consent of the Issuer, the Trustee or the holders of the Bonds but with the consent of the Board and the Bond Insurer; provided, however, that no such revision shall impair the exclusion from gross income of interest on the Series 2004A Bonds or Series 2004B Bonds for federal income tax purposes. In the case of any change that would render materially inaccurate the description of the Facilities in **Exhibit A** hereto, there shall be delivered to the Trustee and the Issuer a revised **Exhibit A** containing a description of the Facilities that reflects the change in the Facilities Documents, the accuracy of which shall have been certified by an Authorized Corporation Representative.

Prior to effecting any change in or revision of the Facilities Documents, the Corporation shall deliver to the Issuer evidence of all governmental or regulatory approvals required therefor.

Section 3.05 **Disbursements from Project Fund.** The money in the Project Fund shall be applied by the Trustee, and in connection therewith requisitions shall be presented by the Corporation signed by an Authorized Corporation Representative, for payment of the Costs of the Facilities in accordance with Article IV of the Indenture and Article III of this Agreement, and pending such application such money shall be invested and reinvested in accordance with Article IV of the Indenture.

Section 3.06 **Completion of Payment of Costs of the Facilities.** At such time as the Corporation has notice that the funds initially deposited in the Project Fund on the date of delivery of the Bonds issued to finance the Facilities, together with the investment earnings thereon, are insufficient to pay the completion Costs of the Facilities, the Corporation shall deliver to the Trustee and the Issuer written estimates by an architect and an Authorized Corporation Representative of the additional funds required to pay the completion Costs of the Facilities, and such additional information and data as may be reasonably requested by the Issuer and the Trustee. The Corporation shall complete demolition of certain existing facilities and the renovation, development and construction of the Facilities and pay that portion of the completion Costs of the Facilities as may be in excess of the money available therefor in the Project Fund. The obligation of the Corporation to pay in full the completion Costs of the Facilities shall be a limited obligation of the Corporation payable solely from the Base Rental.

Upon the request of the Corporation, the Issuer will use its best efforts to issue and sell, upon terms and at prices acceptable to the Issuer and the Corporation, one or more series of Additional Bonds for the purpose of financing the completion Costs of the Facilities; provided, however, that the failure of the Issuer to issue such bonds shall not relieve the Corporation of its obligation to provide the additional money required to pay the completion Costs of the Facilities. If after exhaustion of the money in the Project Fund the Corporation should pay any portion of the Costs of the Facilities, it shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee, and shall not be entitled to any abatement, diminution or postponement of payments required to be made by it under this Agreement.

Section 3.07 **Establishment of Completion Date.** The date upon which the demolition of certain existing facilities and the renovation, development and construction of the Facilities are substantially complete shall be evidenced to the Issuer and the Trustee by a certificate signed by an Authorized Corporation Representative. The certificate shall set forth the Costs of the Facilities and state that, except for amounts not then due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Corporation, (a) the demolition of certain existing facilities and the renovation, development and construction of the Facilities have been completed substantially in accordance with the Plans and Specifications and the Costs of the Facilities have been paid, and (b) all other facilities necessary in connection with the Facilities have been acquired, constructed and installed in accordance with the Plans and Specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently come into being.

Section 3.08 **No Warranty of Condition or Suitability.** The Corporation acknowledges its full familiarity with the Facilities and that the Issuer has no responsibility for the Plans and Specifications and other Facilities Documents. The Issuer makes no representation or warranty, either express or implied, and offers no assurance that the proceeds of the Bonds will be sufficient to pay in full the Costs of the Facilities in accordance with the Facilities Documents.

ARTICLE IV
DISBURSEMENT OF BOND PROCEEDS; PAYMENTS;
CREDITS; OBLIGATIONS UNCONDITIONAL; PREPAYMENT

Section 4.01 **Disbursement of Series 2004 Bond Proceeds.** In order to provide funds for paying the Costs of the Facilities, the Issuer, as soon as practicable after the execution of this Agreement will proceed to issue, sell and deliver the Series 2004 Bonds to the purchasers thereof and will deposit the proceeds thereof as provided by Section 4.2 of the Indenture with the Trustee for disbursement in accordance with the provisions of the Indenture.

Section 4.02 **Amounts Payable.** Upon the terms and conditions of this Agreement, the Issuer shall lend to the Corporation the proceeds of the sale of the Series 2004 Bonds. The proceeds of the Loan shall be deposited with the Trustee and applied in accordance with the Indenture.

The Corporation, for and in consideration of the issuance of the Series 2004 Bonds under the Indenture by the Issuer and the application of the proceeds thereof by the Issuer as provided in the Indenture for the benefit of the Corporation, hereby promises to repay the Loan, but solely from the Base Rental, by making the following payments (collectively called the "Payments") to or for the account of the Issuer in an amount sufficient for the payment in full of all Series 2004 Bonds from time to time issued under the Indenture and then outstanding, including (i) the total interest becoming due and payable on the Bonds to the date of payment thereof, and (ii) the total principal amount of and premium, if any, on the Bonds. The Payments with respect to the Bonds shall be payable directly to the Trustee for the account of the Issuer in installments as follows:

(a) With respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate and the Series 2004C Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2004, in an amount equal to one-sixth (1/6th) of the interest due and payable on such Series 2004 Bonds on the next February 1 and August 1, or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date; and

(b) With respect to the Auction Rate Bonds, two (2) Business Days prior to each Interest Payment Date for the Auction Rate Bonds, commencing August 18, 2004, in an amount equal to the interest due and payable on the Auction Rate Bonds on such Interest Payment Date, or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date; and

(c) With respect to the Variable Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing on the Interest Payment Date immediately succeeding the applicable Variable Rate Conversion Date, an amount equal to the interest due and payable on the Variable Rate Bonds on such Interest Payment Date, or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date;

(d) On the twenty-fifth (25th) day of each month, commencing August 25, 2005, in an amount equal to one-twelfth (1/12th) of the principal of the Series 2004 Bonds payable on the next Principal Payment Date; and

(e) On the dates required in the Indenture, into any of the funds established in the Indenture, including, without limitation, the Debt Service Reserve Fund and the Replacement Fund, an amount sufficient to make up any deficiency in any prior payment required to be made into such fund and to restore any loss resulting from investment or other causes from such fund and any other payment required to be made to such fund by the Indenture.

If the interest rate on the Auction Rate Bonds or the Variable Rate Bonds is subject to adjustment pursuant to the Indenture after the date of such required payment deposit and prior to such Interest Payment Date, interest accruing on such bonds from such adjustment date shall be assumed to accrue at the rate in effect on such bonds as of the date of such required deposit plus 100 basis points or at such other rate as may from time to time direct in writing to the Trustee, the Corporation and the Issuer.

Each installment of the Payments payable by the Corporation hereunder shall be in an amount which, without regard to the payments required under Section 4.02(e) above, but including moneys in the Debt Service Fund then available, shall be designed to provide for the timely payment in full of the principal of, premium, if any, and interest on the Bonds.

Notwithstanding anything to the contrary contained herein, the Corporation promises that it will pay the Payments from the Base Rental, at such times and in such amounts as to assure that no default in the payment of the principal of, premium, if any, or interest on the Bonds shall at any time occur.

Whenever the Corporation shall fail to pay the full amount of any installment of Payments payable under Sections 4.2(a) through 4.2(e) above by the day of the month in which such installment is due, the Trustee shall give immediate telephonic notice thereof, promptly confirmed in writing, to an Authorized Corporation Representative.

The Corporation shall also cause the Board to promptly pay when due under the Facilities Lease all amounts of Additional Rental owed by the Board thereunder, including, but not limited to, all Default or Delay Rentals and Administrative Expenses (each as defined in the Facilities Lease) owed to the Corporation, the Issuer and/or the Trustee thereunder.

Section 4.03 **Credits Against Payments.** A credit against and reduction of the Payments shall be derived only from the following sources:

- (a) Accrued interest, if any, derived from the sale of the Bonds;
- (b) Any capitalization of interest from the proceeds of the Bonds contained in the Capitalized Interest Fund under the Indenture;

(c) Rents and any other moneys deposited with the Trustee in the Receipts Fund in accordance with the Indenture and the Management Agreement.

(d) Surplus moneys (including investment earnings) contained in the Funds and Accounts held by the Trustee under the Indenture, including the Debt Service Fund, the Debt Service Reserve Fund and the Replacement Fund;

Section 4.04 **Obligation to Make Payments**. The obligation of the Corporation to repay the Loan by making the Payments from the Base Rental shall be absolute and unconditional and shall not be subject to, nor shall the Corporation be entitled to assert, any rights of abatement, deduction, reduction, deferment, recoupment, setoff, offset or counterclaim by the Corporation or any other person, nor shall the same be abated, abrogated, waived, diminished, postponed, delayed or otherwise modified under or by reason of any circumstance or occurrence that may arise or take place, irrespective of what statutory rights the Corporation may have to the contrary, including but without limiting the generality of the foregoing:

(a) Any damage to or destruction of part or all of the Facilities;

(b) The taking or damaging of part or all of the Facilities or any temporary or partial use thereof by any public authority or agency in the exercise of the power of eminent domain, sequestration or otherwise;

(c) Any assignment, novation, merger, consolidation, transfer of assets, leasing or other similar transaction of, by or affecting the Corporation, except as otherwise provided in this Agreement;

(d) Any change in the tax or other laws of the United States, the State or any governmental authority;

(e) The termination of the Ground Lease or the Facilities Lease, any failure of title or any lawful or unlawful prohibition of the Corporation's use of the Facilities or any portion thereof or the interference with such use by any person or any commercial frustration of purpose or loss or revocation of any permits, licenses or other authorizations required for the operation of the Facilities; and

(f) Any failure of the Issuer or the Trustee to perform and observe any agreement or covenant, expressed or implied, or any duty, liability or obligation arising out of or in connection with this Agreement, the invalidity, unenforceability or disaffirmance of any of this Agreement, the Indenture or the Bonds or for any other cause similar or dissimilar to the foregoing.

Furthermore, the Corporation covenants and agrees that it will remain obligated under this Agreement in accordance with its terms, and that it will not take or participate or acquiesce in any action to terminate, rescind or avoid this Agreement.

Section 4.05 **Prepayment of Payments.** The Corporation is obligated to prepay the Payments, in whole or in part, on any date on which the Bonds are subject to optional redemption pursuant to the Indenture, including, without limitation, redemption at the direction of the Board pursuant to Section 3.4 of the Indenture.

To exercise such option, the Corporation shall give written notice to the Issuer, the Bond Insurer and the Trustee and shall specify therein the date of such prepayment, which prepayment date shall be not less than forty-five (45) days from the date such notice is received by the Trustee. The Issuer and the Trustee shall make all necessary arrangements satisfactory to the Trustee for the redemption of Bonds to be redeemed under the Indenture in accordance with the provisions thereof.

The prepayment price payable by the Corporation, in the event of its exercise of the option granted in this Section, or in the case of its obligation to prepay the Payments shall be the sum of the following:

(a) An amount of money which, when added to the moneys and investments held by the Trustee pursuant to the provisions of the Indenture and available for such redemption, is sufficient to pay and discharge the Bonds to be redeemed (including the total principal amount of such Bonds and interest to accrue thereon to the date fixed for redemption of such Bonds to be redeemed, plus a premium equal to the amount of premium required to be paid in connection with the redemption of such Bonds) on the date fixed for redemption; plus

(b) An amount of money equal to the fees and expenses of the Trustee and the Issuer accrued and to accrue through the date of such redemption and any amounts due under the Reimbursement Agreement.

ARTICLE V
NON-ARBITRAGE

Section 5.01 **Covenants as to Arbitrage.** The Corporation hereby agrees to prepare and provide instructions to the Trustee as to the investment and reinvestment of moneys held as part of any fund or account relating to the Bonds. Any such moneys so held as part of any fund or account shall be invested or reinvested by the Trustee in Permitted Investments as specified in Section 4.12 of the Indenture. The Corporation hereby covenants that it will comply with the terms of the Tax Regulatory Agreement and that it will make such use of the proceeds of the Bonds and all other funds held by the Trustee under the Indenture, regulate the investment of such proceeds and other funds and take such other and further action as may be required so that the Series 2004A Bonds and Series 2004B Bonds will not constitute arbitrage bonds under Section 148 of the Code and the regulations promulgated thereunder. The Corporation agrees that it will comply with the terms of any letter of instructions provided to it by Bond Counsel relating to compliance with the provisions of Section 148 of the Code.

If the Corporation determines that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Trustee hereunder or under the Indenture in order to avoid classification of the Series 2004A Bonds and Series 2004B Bonds as arbitrage bonds within the meaning of the Code, the Corporation may issue to the Trustee an instrument to such effect (along with appropriate written instructions), in which event the Trustee will take such action as is necessary to restrict or limit the yield on such moneys in accordance with such instrument and instructions.

**ARTICLE VI
CERTAIN COVENANTS OF THE CORPORATION**

Section 6.01 **General Covenants of Corporation**. The Corporation further expressly represents, covenants and agrees:

(a) To comply with the terms, covenants and provisions expressed or implied, of all contracts pertaining to, affecting or involving the Facilities or the business of the Corporation, the violation or breach of which would materially and adversely affect the ability of the Corporation to fulfill its obligations hereunder;

(b) Whenever and so often as requested so to do by the Trustee or the Issuer, promptly to execute and deliver or cause to be executed and delivered all such other and further instruments and documents, and to promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Issuer, the Trustee and the owners of the Bonds all rights, interests, powers, benefits, privileges and advantages conferred upon them under the Mortgage, this Agreement and the Indenture;

(c) To defend against every suit, action or proceeding at any time brought against the Issuer or the Trustee based on any claim arising out of the receipt, application or disbursement of any of the Trust Estate or involving the Issuer's or the Trustee's rights or obligations under this Agreement or under the Indenture (except in the case of the Issuer's or the Trustee's negligence or willful misconduct), to indemnify and hold harmless the Trustee and each officer, employee, agent, or other representative of the Trustee against claims arising out of the Trustee's responsibilities under this Agreement, the Indenture or any other document entered into by the Trustee in connection with the Bonds (except in the case of the Trustee's negligence or willful misconduct), to indemnify and hold harmless the Issuer and any officer, employee, agent, servant or trustee of the Issuer against claims during the term of this Agreement that may be occasioned by any cause (other than the negligence or willful misconduct of the Issuer, its officers, employees, agents, servants and trustees) pertaining to the construction, use, possession, operation, service, design or management or leasing or subleasing of the Facilities and any liabilities or losses resulting from violations by the Corporation of conditions, agreements and requirements of law affecting the Facilities or the ownership, occupancy or use thereof or arising from any defect in or from the operation of the Facilities, and to protect and insulate the Issuer and its members individually from any and all financial responsibility or liability whatsoever with respect to the Facilities;

(d) At all times to maintain the Corporation's rights to carry on the business of the Corporation and to duly procure all licenses and other authorizations required for the carrying on of its business and to provide all renewals and replacements and improvements to, and extensions of, the Facilities and to diligently maintain, preserve and renew all the rights, powers, privileges, approvals, licenses and franchises required for the carrying on of its business;

(e) To fulfill its obligations and to perform punctually its duties and obligations under this Agreement and to otherwise carry on its business in accordance with the terms hereof to assure the continued proper operation, management, repair and maintenance of the Facilities;

(f) To cause compliance with all material provisions of applicable federal, State and local laws;

(g) To pay, discharge, indemnify and save the Issuer and the Trustee, except in the case of their negligence or willful misconduct, and their respective officers, agents, employees, servants and trustees harmless of, from and against any and all costs, claims, damages, expenses, liabilities, liens, obligations, penalties and taxes of every character and nature, by or on behalf of any person, firm, corporation, entity or governmental Issuer regardless of by whom advanced, asserted, held, imposed or made, which may be imposed upon, incurred by or asserted against the Issuer and the Trustee and their respective officers, agents, employees, servants and trustees arising out of, resulting from or in any way connected with this Agreement, the Bonds or the Indenture. The Corporation also covenants and agrees, at its expense, to pay and to indemnify and to save the foregoing harmless of, from and against, all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand; and

(h) To maintain its status as an exempt organization under Section 501(c)(3) of the Code organized and operated exclusively for religious, charitable, scientific and educational purposes and it shall not perform any act or enter into any agreement which shall adversely affect its ability to obtain such status as set forth in this Section.

Section 6.02 **Covenants Regarding Operation and Maintenance by the Corporation of its Properties.** The Corporation acknowledges and agrees that it shall pay during the term hereof all Payments and other sums required hereunder and shall cause the Board to pay, as Additional Rental under the Facilities Lease, all Operating Expenses. The Corporation also expressly covenants and agrees:

(a) That it shall cause the Board and/or the University to maintain the Facilities, and each and every portion thereof, including all additions and improvements and all facilities adjoining and/or appurtenant thereto, in good operating order and condition, reasonable and ordinary wear and tear alone excepted, and make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen, and otherwise to make all replacements, alterations, improvements and modifications to the Facilities necessary to ensure that the same at all times shall be suitable for the efficient operation thereof for the purpose intended;

(b) That the Issuer, the Bond Insurer, the Trustee and their agents shall have the right to inspect the Facilities at any reasonable time in a manner which will not interfere unreasonably with the Corporation's use thereof; however, any right of access to any portion of the Facilities leased to the students, faculty, staff and Permitted

Sublessees, as defined in the Facilities Lease, shall be subject to their rights pursuant to their rental agreements and University policy;

(c) That no construction undertakings, including the demolition of certain existing facilities and the renovation, development and construction of the Facilities, shall be commenced until the Corporation shall have first procured, so far as the same may be required from time to time, all necessary approvals and authorizations from municipal departments and governmental subdivisions having jurisdiction, and all construction undertakings shall be made and effected promptly and in a good and workmanlike manner and in full compliance with the Ground Lease, all applicable permits, authorizations and laws and in accordance with all such requirements as insurers of the Properties, and all components thereof, may reasonably establish;

(d) That it shall cause the Board to pay, as Additional Rental under the Facilities Leases, as the same respectively become due, all taxes and assessments, whether general or special, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities. The Corporation shall not allow any part of the Facilities to become and remain subjected to any mechanics', laborer's or materialmen's liens of record. Notwithstanding the foregoing, the Corporation may, at its own expense and in its own name, contest any such item of tax, assessment, liens or other governmental charge and, in the event of such contest, may permit the item so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Issuer or the Trustee shall notify the Corporation that, in the opinion of nationally recognized bond counsel by nonpayment of any such items the security afforded the Bonds pursuant to the terms of the Indenture or this Agreement will be materially endangered, in which event such taxes, assessments or charges shall be paid forthwith. The Issuer will cooperate to the extent reasonably necessary with the Corporation in any such claim, defense or contest. In the event the Corporation fails to do so, the Issuer or the Trustee may, but shall be under no obligation to, pay any such item and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Corporation to the one making the advancement, which amount the Corporation agrees to pay together with interest thereon at the rate of the Trustee's prime lending rate, but solely from Base Rental;

(e) That it shall comply promptly with all material provisions of present and future laws, ordinances, orders, rules, regulations and requirements of every duly constituted governmental authority or agency and all material orders, rules and regulations of any regulatory, licensing, insurance underwriting or rating organization or other body exercising similar functions. The Corporation shall likewise perform and comply with all duties and obligations of any kind imposed by law, covenant, condition, agreement or easement and the requirements of all policies of insurance at any time in force with respect to the Facilities;

(f) That it shall not use or allow the Facilities to be used or occupied for any unlawful purpose or in violation of any private covenant, restriction, condition, easement or agreement covering or affecting the use of the Facilities. The Corporation likewise

shall not suffer any act to be done or any condition to exist in the Facilities or any article to be brought therein or thereon which may be dangerous, unless safeguarded as required by law, or which, under law, constitutes a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto;

(g) That it shall provide or cause to be provided all equipment, furnishings, supplies, facilities, services and personnel required for the proper demolition of certain existing facilities and the renovation, development and construction of the Facilities in an economical and efficient manner, consistent with standards of operation and administration generally acceptable for facilities of comparable size and scope of operations; and

(h) That it shall take all action, if any, that may be required to obtain such consents, exceptions, exemptions or approvals of governmental authorities as may be necessary to permit it to comply fully with all covenants, stipulations, obligations and agreements of the Corporation contained in this Agreement.

(i) The Corporation agrees that, if Capstone On-Campus Management, L.L.C. shall cease to serve as Manager, the Corporation, with the consent of the Bond Insurer (which consent shall not be unreasonably withheld), will promptly employ and at all times thereafter employ as the Manager either the University or a recognized manager of student housing facilities that then manages, and shall have for the past five (5) years managed, at least five thousand (5,000) beds of student housing. If the Corporation requests the Bond Insurer's consent to employ the University as Manager, the Corporation and/or the University shall provide the Bond Insurer with information detailing the University's plan for managing the Facilities. The Corporation agrees that the Manager shall be replaced at the Bond Insurer's request if the Debt Service Coverage Ratio for the Facilities is less than 1:10:1.0 for two consecutive Fiscal Years. Prior to the entering into a contract with any successor Manager, the Corporation shall first deliver to the Trustee and the Bond Insurer an opinion of Bond Counsel to the effect that the terms of the proposed Management Agreement will not cause interest on the Series 2004A Bonds, the Series 2004B Bonds or any Additional Bonds that are Tax Exempt Bonds to be includable in gross income of the beneficial owners thereof for Federal income tax purposes.

Section 6.03 **Covenant as to Encumbrances.** The Corporation covenants that, so long as any of the Bonds remain outstanding, it shall not hereafter create or suffer to be created any assignment, pledge, mortgage, hypothecation or lien on the Facilities, its interest in the Facilities Lease or any Base Rental under any circumstances, except for Permitted Encumbrances.

Section 6.04 **Covenants, Representations and Warranties Relating to Federal Income Taxation.** The Corporation covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds thereof and take such other and further actions as may be required by the Code and applicable temporary, proposed and final regulations and procedures, necessary to assure that interest on the Series 2004A Bonds and Series 2004B Bonds is excludable from gross income for federal income tax purposes. Without limiting the generality

of the foregoing covenant, the Corporation hereby covenants, represents and warrants, as follows:

(a) The Corporation will not take, fail to take or permit the commission of any action within its control necessary to be taken in order that interest on the Series 2004A Bonds and Series 2004B Bonds will continue to be excludable from gross income for federal income tax purposes;

(b) The Corporation will preserve its status as an organization described in Section 501(c)(3) of the Code or corresponding provisions of prior law and to not be determined to be a private foundation as defined in Section 509 of said Code; the Corporation shall not perform any act or enter into any agreement which shall adversely affect its ability to obtain such federal income tax status; the Corporation shall not perform any act, enter into any agreement or use or permit any property of the Corporation to be used in any manner (including any unrelated trade or business) which could adversely affect the exclusion from gross income of interest on the Series 2004A Bonds or Series 2004B Bonds for federal income tax purposes pursuant to Section 103 of the Code; the Corporation shall not carry on or permit to be carried on in any property of the Corporation or permit any property of the Corporation to be used in or for any trade or business to the extent that such use of such property would adversely affect the exclusion from gross income of interest on the Series 2004A Bonds and Series 2004B Bonds for federal income tax purposes; and the Corporation is duly organized and existing as a nonprofit corporation under the laws of the State of Louisiana and it will maintain, extend and renew its corporate existence under the laws of the State of Louisiana and will not do, suffer or permit any act or thing to be done whereby its right to transact its functions might or could be terminated or its activities restricted;

(c) The Corporation will assist the Issuer in preparing Form 8038G to be filed pursuant to Section 149(e) of the Code.

(d) The average term of the Series 2004A Bonds and Series 2004B Bonds, calculated in proportion to the "issue price" (as defined in Section 1273 of the Code) of the bonds of each stated maturity of such Series 2004A Bonds and Series 2004B Bonds, will not exceed 120% of the average reasonably expected economic life of the Facilities financed with the proceeds of the Series 2004A Bonds and Series 2004B Bonds or the investment earnings thereon, weighted in proportion to the respective cost of each item comprising the Facilities financed with the proceeds of such Series 2004A Bonds and Series 2004B Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the date on which the Series 2004A Bonds and Series 2004B Bonds are issued or (ii) the date on which such property is placed in service (or expected to be placed in service);

(e) The Corporation will not cause the Series 2004A Bonds or Series 2004B Bonds to be treated as "federally guaranteed" obligations within the

meaning of Section 149(b) of the Code (as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to "federally guaranteed" obligations described in Section 149(b) of the Code);

(f) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Series 2004A Bonds and Series 2004B Bonds are delivered, the Corporation reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Series 2004A Bonds or Series 2004B Bonds or any portion thereof to be an "arbitrage bond" within the meaning of Section 148 of the Code;

(g) As provided in Article V hereof, the Corporation will monitor the yield on the investment of the proceeds of the Series 2004A Bonds and Series 2004B Bonds and moneys pledged to the repayment of the Series 2004A Bonds or Series 2004B Bonds, other than amounts not subject to yield restriction and will restrict the yield on such investments to the extent required by the Code;

(h) The Corporation (or any "related person," within the meaning of the Code) shall not, pursuant to an arrangement, formal or informal, purchase the Bonds in an amount related to the principal amounts advanced to the Corporation pursuant to this Agreement; and

(i) The Corporation agrees to comply with all the terms and provisions of the Tax Regulatory Agreement executed in connection with the issuance and sale of the Series 2004A Bonds and Series 2004B Bonds, and to perform the covenants and duties imposed on it contained therein.

All officers, employees and agents of the Corporation are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Corporation as of the date the Series 2004A Bonds and Series 2004B Bonds are delivered. In complying with the foregoing covenants, the Corporation may rely from time to time upon an opinion issued by Bond Counsel to the effect that any action by the Corporation or reliance upon any interpretation of the Code contained in such opinion will not cause interest on the Series 2004A Bonds and Series 2004B Bonds to be includable in gross income for federal income tax purposes under existing law.

Section 6.05 **Information.** The Corporation agrees, whenever reasonably requested by the Issuer, the Bond Insurer or the Trustee, to provide and certify or cause to be provided and certified such information concerning the Properties, the Facilities, the Corporation, its finances, and other topics as the Issuer, the Bond Insurer or Trustee, as the case may be, considers necessary to enable counsel to the Issuer, the Bond Insurer or the Trustee, as the case may be, to issue its opinions and otherwise advise the Issuer, the Bond Insurer or the Trustee, as the case may be, as to the transaction or the legal capacity of the parties to enter into the same, or to enable it to make any reports required by law, governmental regulation or the Indenture. When

any such information is provided by the Corporation pursuant to this Section 6.05 the Corporation shall provide such information to the Issuer, the Bond Insurer and the Trustee. The Bond Insurer shall have the right to inspect and make copies of all books and records of the Corporation, the Trustee and the Issuer.

Section 6.06 **Source of Payments**. The Corporation agrees to pay or cause to be paid the payments required by this Agreement solely from the Base Rental in the manner and at the times provided by this Agreement.

Section 6.07 **Insurance**. The Corporation shall or it shall cause the Board to maintain insurance covering such risks and in such amounts as is required by Section 9 of the Facilities Lease, the provisions of which are incorporated herein by reference.

Insurance proceeds and condemnation awards shall be applied in accordance with the Indenture and the Corporation shall be obligated to repair or restore the Facilities upon a casualty or an Expropriation to the extent provided therein.

Section 6.08 **Annual Reports**. Annually, within one hundred eighty (180) days from the end of each Fiscal Year, the Corporation will have made a complete audit of its records and accounts by an independent certified public accountant. A signed counterpart of its audited financial statements shall be furnished to the Issuer, the Bond Insurer and the Trustee, and a copy thereof shall be furnished by the Corporation to any Bondholder who requests the same in writing.

Any independent accountant which audits and reports on the Corporation's financial statements or provides any certificate, report or opinion under the Indenture, this Agreement or the Mortgage shall be (i) a nationally recognized firm of independent certified public accountants or (ii) shall otherwise be acceptable to the Bond Insurer.

Section 6.09 **Merger or Consolidation**. The Corporation shall not merge into, or consolidate with, one or more corporations, or allow one or more of such corporations to merge into it, or sell or convey all or substantially all of its assets to any person or entity or acquire all or substantially all of the assets of any person or entity (any such merger, consolidation, sale, conveyance or acquisition being referred to as a "Merger"), unless it has obtained the prior written consent of the Bond Insurer and:

(a) Any successor corporation to the Corporation (including, without limitation, any purchaser of all or substantially all the Properties of the Corporation (the "Successor Corporation") is a 501(c)(3) corporation organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Trustee an appropriate instrument, satisfactory to the Bond Insurer, the Issuer and the Trustee, containing the agreement of such successor corporation to assume, jointly and severally and in solido, the due and punctual payment of the principal of, premium, if any, and interest on all obligations of the Corporation (including, without limitation, the Bonds) according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Indenture, this Agreement and the

Mortgage to be kept and performed by the Corporation, accompanied by an opinion of counsel as to the validity and enforceability of such assumption (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Bond Insurer, the Issuer and the Trustee);

(b) Immediately after such Merger, there would not be a default in the performance or observance of any covenant or condition of the Indenture, this Agreement, the Ground Lease, the Facilities Lease and the Mortgage; and

(c) There shall be delivered to the Bond Insurer, the Issuer and the Trustee an opinion of Bond Counsel (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Bond Insurer and the Trustee) to the effect that under existing laws the consummation of such Merger, whether or not contemplated on the original date of delivery of the Series 2004A Bonds and Series 2004B Bonds, would not adversely affect the validity of the Series 2004 Bonds or the exclusion otherwise available from gross income of interest on the Series 2004A Bonds and Series 2004B Bonds for federal or state income tax purposes.

In case of any such Merger and upon any such assumption by the Successor Corporation, the Successor Corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named in the Indenture, this Agreement or the Mortgage as the Corporation.

Section 6.10 **Disposition of Assets.** The Corporation covenants that, so long as any of the Bonds remain outstanding, it shall not hereafter alienate its interest in the Facilities, the Ground Lease or the Facilities Lease or enter into any termination of, or amendment to, the Facilities Lease or the Ground Lease without the prior written consent of the Bond Insurer.

Section 6.11 **Debt Service Coverage Ratios.** The Corporation shall or it shall cause the Board to maintain a Debt Service Coverage Ratio for the Facilities as provided in Section 3 (h) of the Facilities Lease, the provisions of which, including the applicable cure and default provisions, are incorporated herein by reference.

Section 6.12 **Bond Hedges.** Other than the Auction Rate Bonds, the Bonds shall bear interest at a fixed rate and neither the Issuer nor the Corporation shall enter into any swap agreements, payment exchange agreements, forward purchase agreements or any other agreement providing for payments between parties based on levels of or changes in interest rates including, without limitation, interest rate floors or caps, options, puts or calls, which allow the Corporation to manage or hedge payment, rate, spread or similar risk with respect to any Bonds without the prior written consent of the Bond Insurer.

ARTICLE VII ASSIGNMENT

Section 7.01 **Assignment of this Agreement.** With the consent of the Bond Insurer, the rights of the Corporation under this Agreement may be assigned as a whole or in part but no such assignment shall constitute a release of the Corporation from its obligations hereunder.

Each transferee of the Corporation's interest in this Agreement shall assume the obligations of the Corporation hereunder to the extent of the interest assigned, sold or leased, and the Corporation shall, not more than sixty (60) nor less than thirty (30) days prior to the effective date of any such assignment or lease, furnish or cause to be furnished to the Issuer, the Bond Insurer and the Trustee a true and complete copy of each such assignment or lease.

Section 7.02 **Restrictions on Transfer of Issuer's Rights.** The Issuer agrees that, except for the assignment of certain of its rights, title and interest under this Agreement (including its rights to receive payments to be made hereunder) to the Trustee pursuant to the Indenture, it will not during the term of this Agreement sell, assign, transfer or convey its interests in this Agreement except pursuant to the Indenture and as hereinafter in Section 7.03 provided.

Section 7.03 **Assignment by the Issuer.** It is understood, agreed and acknowledged that the Issuer will assign to the Trustee pursuant to the Indenture certain of its rights, title and interests in and to this Agreement (reserving its rights, however, pursuant to sections of this Agreement providing that notices, reports and other statements be given to the Issuer and also reserving its rights to reimbursement and payment of costs and expenses under Sections 4.02 and 9.05 hereof, its rights to indemnification under Section 6.01(g) hereof and its individual and corporate rights to exemption from liability under Section 10.12 hereof), and the Corporation hereby assents to such assignment and pledge.

**ARTICLE VIII
SUPPLEMENTS AND AMENDMENTS**

Section 8.01 **Amendment to Agreement Without Consent**. The Issuer and the Corporation, with the consent of the Bond Insurer but without the consent of the owners of any of the Bonds outstanding under the Indenture, may enter into supplements to this Agreement which shall not be inconsistent with the terms and provisions hereof for any of the purposes heretofore specifically authorized in this Agreement or the Indenture, and in addition thereto for the following purposes:

- (a) To cure any ambiguity or formal defect, inconsistency or omission in this Agreement or to clarify matters or questions arising hereunder;
- (b) To add covenants and agreements for the purpose of further securing the obligations of the Corporation hereunder;
- (c) To confirm as further assurance any mortgage or pledge of additional property, revenues, securities or funds;
- (d) To conform the provisions of this Agreement in connection with the provisions of any supplements or amendments to the Indenture entered into pursuant to the provisions of Section 10.1 thereof;
- (e) To provide any other modifications which, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders; or
- (f) to conform the covenants and provisions of the Corporation contained herein to any different financial statement presentation required by the Financial Accounting Standard Board which is different than the presentation required as of the date of issuance of the Bonds, so long as the effect of such conformed covenants and provisions is substantially identical to the effect of the covenants and provisions as in effect on the date of issuance of the Bonds.

Section 8.02 **Amendment to Agreement Upon Approval of a Majority of Bondholders**. The provisions of this Agreement may be amended in any particular with the written consent of the Bond Insurer and the owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding; provided, however, that no such amendment may be adopted which decreases the percentage of owners of Bonds required to approve an amendment, or which permits a change in the date of payment of the principal of or interest on any Bonds or of any redemption price thereof or the rate of interest thereon without the consent of the owners of all of the aggregate principal amount of the Bonds then Outstanding.

If at any time the Issuer and the Corporation shall request the Trustee to consent to a proposed amendment for any of the purposes of this Section 8.02, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such proposed amendment to be given in the manner required by the Indenture to redeem Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that

copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If, within ninety (90) days or such longer period as shall be prescribed by the Issuer, as advised by the Corporation, following such notice, the owners of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such proposed amendment shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the Corporation or the Issuer from executing or approving the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such proposed amendment as in this Section permitted and provided, this Agreement shall be and be deemed to be modified and amended in accordance therewith.

Section 8.03 Amendments to Facilities Lease or the Ground Lease Not Requiring Owner Consent. Subject to the terms and provisions of Section 8.05 and 8.07 of this Agreement, with the written consent of the Bond Insurer, the Facilities Lease or the Ground Lease may be amended or modified in any manner not inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (1) to cure any ambiguity or formal defect or omission in the Facilities Lease or the Ground Lease which does not have an adverse effect upon the interest of the Owners; (2) to grant to or confer upon the Issuer or the Trustee, for the benefit of the Owners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Issuer or the Trustee; (3) to more clearly identify the Facilities or to add to or subtract from the Facilities any property; (4) to amend or modify the Facilities Lease or the Ground Lease in any manner specifically required or permitted by the terms thereof, including as may be necessary to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; (5) to make any amendment or modification required as a condition to obtaining any rating by Moody's or S&P with respect to the Bonds; (6) to make any amendment or modification required as a condition to the issuance of the Bond Insurance Policy; and (7) to amend or modify the Facilities Lease or the Ground Lease in any other manner that, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds, the Bond Insurer or the Trustee and which does not involve a change described in Section 8.05 hereof.

Section 8.04 Amendments to the Facilities Lease or the Ground Lease Requiring Owner Consent. Exclusive of amendments and modifications covered by Section 8.03 hereof, the Facilities Lease or the Ground Lease may be amended or modified only as provided in Section 8.04 and 8.05 of this Agreement. Subject to the terms and provisions contained in Section 8.05 of this Agreement, the Bond Insurer, the Issuer and the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Agreement to the contrary notwithstanding, to consent to and approve the amendment or modification of the Facilities Lease or the Ground Lease. If at any time there is a proposed amendment or modification to the Facilities Lease or the Ground Lease, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such modification or amendment to be mailed to the Bond Insurer and to each of the owners of the Bonds at the address indicated on the registration books of the Trustee. Such notice shall briefly set forth the nature of the proposed amendment or modification and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bond owners. If, within sixty (60) days, or such longer period as shall be

prescribed by the Issuer, as advised by the Corporation, following the mailing of such notice, the owners of the requisite percentage in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such amendment or modification shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof; or to enjoin or restrain the parties thereto from executing the same or from taking any action pursuant to the provisions hereof.

Section 8.05 **Consent Required Under Certain Circumstances for Amendment of Facilities Lease or Ground Lease.** Nothing contained in Sections 8.03 and 8.04 of this Agreement shall permit, or be construed as permitting, without the approval and consent of the Bond Insurer and all of the owners of the Bonds, (1) a reduction in the amount of, or the extension of the time for, any payment of Base Rental due under the Facilities Lease or any amount due under the Bond Insurance Policy; or (2) the termination of the Facilities Lease or the Ground Lease prior to the expiration of their stated term.

Section 8.06 **Opinion Required for Amendment of Facilities Lease or Ground Lease.** Anything to the contrary herein notwithstanding, no amendment or modification of the Facilities Lease or the Ground Lease shall become effective unless and until the Trustee has been provided with an opinion of Bond Counsel to the effect that such amendment or modification will not have an adverse effect upon the validity of the Bonds and to the effect that such amendment or modification will maintain the exclusion from gross income of interest on the Series 2004A Bonds and Series 2004B Bonds for federal income tax purposes.

Section 8.07 **Consent of the Board.** Anything herein to the contrary notwithstanding, an amendment to the Facilities Lease or the Ground Lease under this Article VIII shall not become effective unless and until the Board shall have consented to the execution and delivery of such amendment to the Facilities Lease or the Ground Lease, unless an Event of Default has occurred and is continuing, and no amendment to the Facilities Lease or the Ground Lease shall not be effective without the prior written consent of the Board that would affect the date or amounts of payments required on the Bonds or required under the Facilities Lease.

Section 8.08 **Filing.** Copies of any such supplement or amendment to this Agreement, the Ground Lease or the Facilities Lease shall be filed with the Trustee and delivered to the Issuer and the Corporation before such supplement or amendment may become effective.

Section 8.09 **Reliance on Counsel.** The Issuer and the Trustee shall be entitled to receive, and shall be fully protected in relying upon the opinion of counsel satisfactory to the Trustee, who may be counsel for the Issuer, as conclusive evidence that any such proposed supplement or amendment to this Agreement, the Ground Lease or the Facilities Lease complies with the provisions of this Agreement and the Indenture and that it is proper for the Issuer and the Trustee under the provisions of this Article to execute or approve such supplement or amendment.

Section 8.10 **Notice to Rating Agencies and Bond Insurer.** No supplemental agreement or amendment to this Agreement, the Ground Lease or the Facilities Lease shall be executed and delivered pursuant hereto without prior written notice having been given by the

Corporation to the Bond Insurer and Standard & Poor's Ratings Group (Attention: Bond Insurance Administration) of the Corporation's intention to execute such supplemental agreement or amendment thereof not less than fifteen (15) days in advance of the execution of said supplemental agreement or amendment. The Corporation shall provide the Bond Insurer a full transcript of all proceedings relative to said supplemental agreement or amendment.

**ARTICLE IX
EVENTS OF DEFAULT AND REMEDIES**

Section 9.01 **Events of Default Defined.** The terms "Event of Default" and "Default" shall mean any one or more of the following events:

(a) The Corporation shall default in the timely payment of any Payment pursuant to Article IV of this Agreement.

(b) An Event of Default shall exist under the Indenture, the Mortgage, the Facilities Lease or the Tax Regulatory Agreement.

(c) The termination of the Facilities Lease.

(d) The Corporation shall fail duly to perform, observe or comply with any other covenant, condition or agreement on its part under this Agreement (other than a failure to make any payment required under this Agreement), and such failure continues for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Trustee; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as the Corporation shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion.

(e) The entry of a decree or order by a court having jurisdiction in the premises adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.

(f) The institution by the Corporation of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of the Corporation 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.

Section 9.02 **Remedies**. Whenever any Event of Default under Section 9.01 hereof shall have happened and be continuing, any one or more of the following remedial steps may be taken with the consent of the Bond Insurer and shall be taken at the direction of the Bond Insurer:

(a) The Issuer or the Trustee may declare all installments of Payments under Section 4.02 hereof to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) The Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement;

(c) The Issuer or the Trustee may have access to and inspect, examine and make copies of any and all books, accounts and records of the Corporation;

(d) The Issuer or the Trustee (or the owners of the Bonds in the circumstances permitted by the Indenture) may exercise any option and pursue any remedy provided by the Indenture; and/or

(e) The Trustee may foreclose the lien of the Mortgage.

Section 9.03 **No Remedy Exclusive; Selective Enforcement**. No remedy conferred upon or reserved to the Issuer or the Trustee by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement and as now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any event of nonperformance shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event the Issuer or the Trustee shall elect to selectively and successively enforce its rights under this Agreement, such action shall not be deemed a waiver or discharge of any other lien, encumbrance or security interest securing payment of the indebtedness secured hereby or thereby until such time that it shall have been paid in full all sums secured hereunder and thereunder. The foreclosure of any lien provided pursuant to this Agreement without the simultaneous foreclosure of all such liens shall not merge the liens granted which are not foreclosed with any interest which the Issuer or the Trustee might obtain as a result of such selective and successive foreclosure.

Section 9.04 **Indenture Overriding**. All of the provisions of this Article are subject to and subordinate to the rights and remedies of the Bond Insurer, the Bondholders and the Trustee pursuant to the Indenture. The Issuer shall have no power to waive any event of default hereunder, except with respect to indemnification and its administrative payments, without the consent of the Trustee and the Bond Insurer to such waiver.

Section 9.05 **Agreement to Pay Attorneys' Fees and Expenses.** In any Event of Default, if the Issuer or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Corporation herein contained, whether or not such suit is commenced, the Corporation agrees that it will on demand therefor pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee.

Section 9.06 **Issuer and Corporation to Give Notice of Default.** The Issuer and the Corporation severally covenant that they will, at the expense of the Corporation, promptly give to the Trustee written notice of any Event of Default under this Agreement of which they shall have actual knowledge or written notice, but the Issuer shall not be liable (except as provided in Section 6.01(c) hereof) for failing to give such notice.

Section 9.07 **Correlative Waivers.** If an Event of Default under Section 8.2 of the Indenture shall be cured or waived and any remedial action by the Trustee rescinded, any correlative default under this Agreement shall be deemed to have been cured or waived.

**ARTICLE X
MISCELLANEOUS**

Section 10.01 **References to the Bonds Ineffective After Bonds Paid.** Upon payment of the Bonds, all references in this Agreement to the Bondholders shall be ineffective and the Issuer and any holder of the Bonds shall not thereafter have any rights hereunder, excepting those that shall have theretofore vested.

Section 10.02 **Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in the funds and accounts existing pursuant to the Indenture upon the expiration or sooner cancellation or termination of this Agreement, as provided herein, after payment in full of all Bonds then outstanding under the Indenture (or provisions for payment thereof having been made in accordance with the provisions of the Indenture), and the fees, charges and expenses of the Issuer and the Trustee and all other amounts required to be paid hereunder and under the Indenture (other than amounts payable as arbitrage rebate pursuant to the Code) and payment of amounts due under the Reimbursement Agreement, shall belong to and be paid to the University.

Section 10.03 **Notices.** All notices demands and requests to be given or made hereunder to or by the Issuer, the Trustee or the Corporation, or their designated successors, shall be in writing and shall be properly made if hand delivered or sent by United States mail, postage prepaid, and addressed as follows:

If to the Issuer: Louisiana Local Government Environmental Facilities and
Community Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809
Attention: Executive Director

If to the Corporation: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director

If to the Trustee: The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

If to the Bond Insurer: MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management

Notice hereunder shall be deemed effective on the date of its receipt by the addressee. The Corporation, the Issuer and the Trustee may, by notice given hereunder, designate any further or different addresses, counsel or counsel addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 10.04 **Binding Effect**. This Agreement shall inure to the benefit and shall be binding upon the Issuer, the Corporation and their respective successors and assigns, subject to the limitation that any obligation of the Issuer created by or arising out of this Agreement shall not be a general debt of the Issuer, but shall be payable solely out of the proceeds derived from this Agreement and the sale of the Bonds under the Indenture.

Section 10.05 **Performance on Legal Holidays**. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption or purchase of any Bonds or the date fixed for the giving of notice or the taking of any action under the Indenture shall not be a Business Day, then payment of such interest, principal, purchase price and redemption premium, if any, the giving of such notice or the taking of such action need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or purchase, and no interest on such payment shall accrue for the period after such date.

Section 10.06 **Execution in Counterparts**. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument; provided, however, that upon the assignment and pledge to the Trustee provided for in Section 3.02 hereof, the Issuer shall deliver to the Trustee an executed counterpart of this Agreement which executed counterpart shall be deemed to be collateral of which the Trustee has taken possession and no other counterpart shall be deemed to be collateral for any other purpose.

Section 10.07 **Applicable Law**. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.08 **Severability**. If any clause, provision or Section of this Agreement be held illegal or invalid by any court, the invalidity of such clause, provision or Section shall not affect any of the remaining clauses, provisions or Sections hereof and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or Section had not been contained herein. In case any agreement or obligation contained in this Agreement be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Corporation, as the case may be, only to the extent permitted by law.

Section 10.09 **Captions**. The table of contents, captions or headings of the several articles and sections of this Agreement are for convenience only and shall not control, affect the meaning of or be taken as an interpretation of any provisions of this Agreement.

Section 10.10 **Consents and Approvals**. Whenever the consent or approval of the Issuer, the Corporation or the Trustee shall be required under the provisions of this Agreement, such consent or approval shall not be unreasonably withheld or delayed.

Section 10.11 **Third Party Beneficiaries**. It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of any part of this Agreement to make the public or any member thereof, other than the Trustee and the Bond Insurer and except as expressly provided herein or as contemplated in the Indenture, a third party beneficiary hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement. The duties, obligations and responsibilities, if any, of the parties to this Agreement with respect to third parties shall remain as imposed by law.

Section 10.12 **Exculpatory Provision**. In the exercise of the powers of the Issuer, the Trustee and their respective trustees, directors, officers, employees and agents (each, an "Indemnified Party") under this Agreement, each Indemnified Party shall not be accountable or liable to the Corporation (i) for any actions taken or omitted by such Indemnified Party in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred upon them (other than the negligence or willful misconduct of such Indemnified Party), or (ii) for any claims based on this Agreement against any such Indemnified Party, all such liability, if any, being expressly waived by the Corporation by the execution of this Agreement. The Corporation shall indemnify and hold harmless each Indemnified Party against any claim or liability based on the foregoing asserted by any other person.

In case any action shall be brought against an Indemnified Party in respect of which indemnity may be sought against the Corporation, such Indemnified Party shall promptly notify the Corporation in writing and the Corporation shall assume the defense thereof, including the employment of counsel of the Corporation's choice and the payment of all expenses. Such Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless the employment of such counsel has been authorized by the Corporation. The Corporation shall not be liable for any settlement of any such action without its consent but if any such action is settled with the consent of the Corporation or if there be final judgment for the plaintiff of any such action, the Corporation agrees to indemnify and hold harmless such Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

Section 10.13 **Accounts and Audits**. The Issuer shall cause the Trustee to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Bonds.

Section 10.14 **Reliance**. It is expressly understood and agreed by the parties to this Agreement that:

- (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any

Bondholder or the Corporation as to the existence of a fact or state of affairs required under this Agreement to be noticed by the Issuer;

(b) the Issuer shall not be under any obligation to perform any recordkeeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee or the Corporation; and

(c) none of the provisions of this Agreement or the Mortgage shall require the Issuer to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights under this Agreement or the Mortgage unless it first shall have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

Section 10.15 **Issuer Not Liable**. Notwithstanding any other provision of this Agreement, the Indenture, the Mortgage, the Bond Purchase Agreement or the Tax Regulatory Agreement, (a) the Issuer shall not be required to take action under this Agreement, the Indenture, the Mortgage, the Bond Purchase Agreement or the Tax Regulatory Agreement unless the Issuer (i) is requested in writing by an appropriate Person to take such action; and (ii) is assured of payment of or reimbursement for any expense incurred in taking such action, and (b) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Issuer nor any official, officer, member, director, agent, employee or servant of the Issuer shall be liable to the Corporation, the Trustee or any other Person for any action taken by the Issuer or by its officials, officers, members, directors, agents, employees, or servants, or for any failure to take action under this Agreement, the Indenture, the Mortgage, the Bond Purchase Agreement, or the Tax Regulatory Agreement. In acting or in refraining from acting under this Agreement, the Indenture, the Mortgage, the Bond Purchase Agreement or the Tax Regulatory Agreement, the Issuer may conclusively rely on the advice of its counsel.

Section 10.16 **No Violations of Law**. Any other term or provision in this Agreement to the contrary notwithstanding:

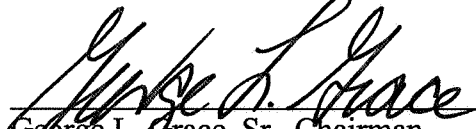
- (a) In no event shall this Agreement be construed as:
- (1) depriving the Issuer of any right or privilege; or
 - (2) requiring the Issuer or any member, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else;

which deprivation or requirement would violate, or result in the Issuer's being in violation of the Act or any other applicable state or federal law; and


(b) At no time and in no event will the Corporation permit, suffer or allow any of the proceeds of this Agreement or the Bonds to be transferred to any Person in violation of, or to be used in any manner that is prohibited by, the Act or any other state or federal law.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed by its Chairman or Vice Chairman and has caused the seal of the Issuer to be affixed hereto and attested by its Secretary/Treasurer and the Corporation has caused this Agreement to be executed in its behalf by its ~~Chairperson~~ all as of the day and year above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

By: 
George L. Grace, Sr., Chairman

ATTEST:

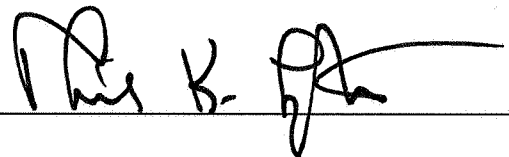
By: 
David C. Butler, II, Secretary/Treasurer

[SEAL]

WITNESSES:




UNIVERSITY FACILITIES, INC.

By: 

WITNESSES:




DESCRIPTION OF FACILITIES

Phase One

Phase One of the housing development is comprised of two primary elements:

1. Hazardous material abatement and demolition of the following existing residence halls:
 - (a) Holloway Smith Hall (to occur March, 2004)
 - (b) Hammond Hall (to occur March, 2004)
 - (c) Carter Harris Hall (to occur May / June, 2004)

2. Construction of a new residence hall ("Residence Hall I") to provide approximately seven hundred fourteen (714) student beds in a mix of private and shared occupancy suites (scheduled to open January, 2005)

The total scope has yet to be determined. It is anticipated that the project shall include: (1) removal of existing built-in furniture; (2) renovation of the building to bring the facility up to code compliance; (3) installation of life-safety equipment; (4) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility.

Construction of Residence Hall I (169,032 square feet)

Residence Hall I shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately three hundred sixty-four (357) units of two-bedroom / one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred twenty-eight (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, the Residence Hall I phase shall include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

The first phase of development includes a park at the main entrance and an approximately 2,000 square feet maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 1, 2005.

Phase Two

Phase Two of the housing development is comprised of:

- a. Construction of a new residence hall ("Residence Hall II") to provide approximately eight hundred (800) student beds in a mix of private and shared occupancy suites (scheduled to open August, 2005).
- b. Hazardous materials abatement and demolition of Lee Hall.
- c. Full renovation of the existing Cardinal Newman Hall.

Construction of Residence Hall II (185,616 square feet)

Residence Hall II shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately four hundred (400) units of housing configured in two-bedroom / one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, the Residence Hall II phase shall include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. The second phase of development includes relocation of the campus police facility into one of the buildings, along with office / meeting space for the property manager. Residence Hall II is scheduled for completion by August 1, 2005.

Residence Hall II unit mix and design is subject to further revision based upon University input.

Phase Three

Phase Three of the housing development is comprised of two primary elements and is subject to further revision based upon input from the University. The following is preliminary scope and design:

1. Hazardous material abatement and demolition of the following existing residence hall:
 - a. Taylor Hall (to occur June / July 2006)
2. Construction of a new residence hall ("Residence Hall III") to provide approximately two hundred (200) student beds in private occupancy suites (scheduled to open August, 2006).

(d) Construction of Residence Hall III (56,640 square feet)

Residence Hall III shall be comprised of two wood-frame buildings with partial brick and hardiplank exteriors. There shall be approximately one hundred (100) units of two-bedroom / one-bathroom suites configured for private occupancy, yielding a total of approximately two hundred (200) beds. Additionally, the Residence Hall III phase shall include a common area laundry facility in one of the buildings and a resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

Residence Hall III is scheduled for completion by August 1, 2006.

Residence Hall III unit mix and design is subject to further revision based upon University input.

**EXHIBIT B
TO THE LOAN AGREEMENT**

PERMITTED ENCUMBRANCES

1. Amended and Restated Ground Lease Agreement dated July 27, 2000 by and between the Board of Supervisors for the University of Louisiana System, as lessor, and University Facilities, Inc., as lessee, relating to the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease and the portion of the Facilities located thereon.
2. Amended and Restated Agreement to Lease with Option to Purchase dated July 27, 2000 by and between University Facilities, Inc., as lessor, and the Board of Supervisors for the University of Louisiana System, as lessee, relating to the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease and the portion of the Facilities located thereon.
3. Assignment of Leases and Rents dated July 27, 2000 by and between University Facilities, Inc., as assignor, and Hibernia National Bank, as assignee, relating to all leases and rents from the portion of the Facilities located on the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease.

EXECUTION COPY**GROUND AND BUILDINGS LEASE AGREEMENT**

by and between

**Board of Supervisors for the University of Louisiana System,
on behalf of Southeastern Louisiana University
(as Lessor)**

and

**University Facilities, Inc.
(as Lessee)**

Dated as of August 1, 2004

in connection with:

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project)
Series 2004

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GROUND AND BUILDINGS LEASE AGREEMENT

This GROUND AND BUILDINGS LEASE AGREEMENT (together with any amendment hereto or supplement hereof, the "Ground Lease") dated as of August 1, 2004, is entered into by and between the BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM (the "Board"), a public constitutional corporation organized and existing under the laws of the State of Louisiana, acting herein on behalf of Southeastern Louisiana University (the "University"), which Board is represented herein by Randy Moffett, President of the University, duly authorized, and UNIVERSITY FACILITIES, INC., a Louisiana, nonprofit corporation represented herein by Phil K. Livingston, its Vice Chairperson, (the "Corporation").

WITNESSETH

WHEREAS, the Board is a public constitutional corporation organized and existing under the laws of the State of Louisiana and the University is a university under its management pursuant to Louisiana Revised Statutes 17:3217;

WHEREAS, the Corporation is a private nonprofit corporation organized and existing under the Louisiana Nonprofit Corporation Law (La. R.S. 12:201 et seq.), whose purpose is to support and benefit the educational, scientific, research and public service missions of the University;

WHEREAS, pursuant to La. R.S. 17:3361 through 17:3366, the Board is authorized to lease to a private entity, such as the Corporation, any portion of the campus of the University (the "Campus") provided the Corporation is thereby obligated to construct improvements for furthering the educational, scientific, research or public service functions of the Board;

WHEREAS, in order to further these functions of the Board, by development of housing and related facilities for students, faculty and staff on the Campus, the Board deems it advisable that a portion of the Campus be leased to the Corporation for the purpose of demolishing certain existing facilities and renovating, developing and constructing such student housing and related facilities and leasing such facilities back to the Board; and

WHEREAS, the Board and the Corporation have agreed to enter into this Ground Lease whereby the Board will lease certain tracts of land owned by the Board and located on the Campus to the Corporation; and

WHEREAS, the Board and the Corporation have agreed that the Corporation shall demolish certain existing facilities and renovate, develop and construct student housing and related facilities on the land leased hereunder which student housing and related facilities will be owned by the Board as constructed and leased to the Corporation pursuant to this Ground Lease; and

WHEREAS, the Corporation shall lease the student housing and related facilities back to the Board pursuant to a lease of even date herewith (the "Facilities Lease") for use by students, faculty and staff of the University and such other persons as set forth in the Facilities Lease;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree as follows:

ARTICLE ONE LEASE OF PROPERTY - TERMS OF GROUND LEASE

Section 1.01 Lease of Land. The Board does hereby let, demise, and rent unto the Corporation, and the Corporation does hereby rent and lease from the Board, the real property (the "Land") more particularly described on **Exhibit A** attached hereto, together with all existing and future improvements, alterations, additions and attached fixtures located or to be located on the Land (the "Facilities") and the right of uninterrupted access to and from all streets and roads now or hereafter adjoining the Land for vehicular and pedestrian ingress and egress. Notwithstanding Article VIII of the Loan Agreement, the Board shall have the right to release from this Ground Lease, after demolition has been completed, any portion of the Land upon which existing facilities were demolished, if no portion of the Facilities is thereafter constructed thereon. The Corporation, by execution of this Ground Lease, accepts the leasehold estate herein demised subject only to the matters described on **Exhibit B** attached hereto.

Section 1.02 Habendum. To have and to hold the Land and the Facilities, together with all and singular the rights, privileges, and appurtenances thereto attaching or anywise belonging, exclusively unto the Corporation, its successors and assigns, for the term set forth in Section 1.03 below, subject to the covenants, agreements, terms, provisions, and limitations herein set forth.

Section 1.03 Term. Unless sooner terminated as herein provided, this Ground Lease shall continue and remain in full force and effect for a term commencing on the effective date hereof and ending on the earlier of (i) August 1, 2044, or (ii) the date on which any of the following events occur: (a) repayment of the Bonds in full, including principal, premium, if any, interest and all Administrative Expenses with respect to the Bonds or the defeasance of the Bonds, all as set forth in the Indenture, or (b) the exercise by the Board of the Option to Purchase and the purchase of the Corporation's interest in the Facilities pursuant to the Option.

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. In addition to such other defined terms as may be set forth in this Ground Lease, the following terms shall have the following meanings:

"**Affiliate**" means, with respect to a designated Person under this Ground Lease, any other Person that, directly or indirectly, controls is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person.

"Agreement" means the Loan Agreement dated as of August 1, 2004, between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

"Applicable Laws" means all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority which are applicable to the parties performing their obligations under this Ground Lease.

"Award" means any payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

"Board" means Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities or its legal successor as the management board of the University, acting on behalf of the University.

"Board Representative" means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Ground Lease; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Corporation has been notified in writing.

"Board's Interest" means the Board's ownership interest in and to the Land and the Facilities.

"Bond Documents" shall have the meaning set forth in Section 3.12 of the Indenture.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

"Campus" means the campus of the University.

"Commencement of Construction" means the date on which demolition, excavation or foundation work is begun for the Facilities, which date shall occur on or before August 14, 2004.

"Commencement Date" means the effective date of this Ground Lease, which is August 13, 2004.

"Construction Contract" means the Development Agreement between the Corporation and the Developer for the design and construction of each phase of the Facilities.

"Corporation" means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

"Date of Opening" means the date the demolition is complete and the Facilities are opened for occupancy or use, which date shall be on or before January 7, 2005 with respect to Phase One of the Facilities and July 29, 2005 with respect to Phase Two of the Facilities.

"Developer" means Capstone Development Corporation.

"Event of Default" means any matter identified as an event of default under Section 11.01 hereof.

"Expiration Date" means the expiration date of this Ground Lease as set forth in Section 1.03 hereof.

"Facilities" means the student housing and related facilities described in **Exhibit D** attached hereto, as amended and supplemented in accordance with the provisions of the Agreement, which are to be renovated and/or constructed in three (3) phases with the proceeds of the Bonds and Additional Bonds, and Southeastern Oaks and The Village.

"Facilities Lease" means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby the Facilities are leased by the Corporation to the Board, on behalf of the University.

"Force Majeure" means any (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, act of terrorism, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of the Corporation; (d) adoption of or change in any Applicable Laws after the date of execution of this Ground Lease; (e) any actions by the Board which may cause delay; or (f) any other similar cause or similar event beyond the reasonable control of the Corporation.

"Governmental Authority" means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

"Independent Architect" means the architect, engineer, or consultant selected and retained by the Board to inspect the Facilities on behalf of the Board.

"Issuer" means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana created by the provisions of the Act (as defined in the Indenture), or any agency, board, body, commission,

department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Issuer by said provisions shall be given by law.

"Land" means the real property more particularly described on **Exhibit A** attached hereto upon which certain existing facilities are to be demolished and upon which the Facilities are to be renovated, constructed and located.

"Mortgage" shall have the meaning set forth in the Agreement.

"Permitted Sublessees" means persons other than University students, faculty and staff who are participants in any activities related to the mission of the University and who are using the Facilities for a period of one (1) month or less pursuant to a concession or other housing arrangement with the University.

"Permitted Use" means the operation of the Facilities for the housing of University students, faculty, staff and Permitted Sublessees and for purposes related to or associated with the foregoing.

"Person" means an individual, a trust, an estate, a Governmental Authority, partnership, joint venture, corporation, company, firm or any other entity whatsoever.

"Plans and Specifications" means the plans and specifications for the construction of each phase of the Facilities, as implemented and detailed from time to time, as the same may be revised from time to time prior to the completion of the Facilities in accordance with the Agreement and this Ground Lease.

"Rent" means the annual rent paid by the Corporation as set forth in Section 3.01 hereof.

"RFP" means the Request for Proposals relating to the selection of the developer that will construct the Facilities, the lessee of the portion of the Campus upon which the Facilities will be located pursuant to this Ground Lease and the manager of the Facilities.

"Taking" means the actual or constructive condemnation, or the actual or constructive acquisition by condemnation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

"Term" means the term of this lease as set forth in Section 1.03 hereof.

"Trustee" shall have the meaning set forth in the Facilities Lease.

"University" means Southeastern Louisiana University in Hammond, Louisiana.

ARTICLE THREE RENT

Section 3.01 Rent. Commencing on the Commencement Date and continuing throughout the Term the Corporation shall pay to the Board, at the address set forth in Section

18.02 hereof or such other place as the Board may designate from time to time in writing, as annual rent for the Land ("Rent"), the sum of \$1.00 per year. Rent shall be due and payable annually in advance, with the first such payment of Rent being due on the Commencement Date and a like installment due on each anniversary thereafter during the Term.

Section 3.02 Additional Obligations. As further consideration for the entering into of this Ground Lease by the Board, the Corporation agrees to perform its construction obligations as set forth in Article Five herein, and to execute and perform its obligations under the Facilities Lease and all other documents contemplated by and ancillary to this Ground Lease and the Facilities Lease. Title to all improvements constructed or placed in service on the Land by the Corporation shall vest in the Board and the cost thereof incurred by the Corporation shall constitute additional rent hereunder. In addition, the Corporation agrees to pay the costs of demolishing, developing and/or constructing the Facilities pursuant to the terms of this Ground Lease and the Facilities Lease, title to which shall vest in the Board, which payment obligation shall constitute additional rent hereunder.

ARTICLE FOUR USE OF LAND

Section 4.01 Purpose of Lease. The Corporation enters into this Ground Lease for the purpose of demolishing certain existing facilities and renovating, developing and constructing the Facilities in accordance with the Plans and Specifications and leasing the Facilities to the Board in accordance with the Facilities Lease. Except as otherwise provided herein, the Facilities are to be used for no other purpose.

Section 4.02 Benefit of the Board and the University. The Board shall own the Facilities subject to the Corporation's rights under this Ground Lease and, for so long as the Facilities Lease remains in full force and effect, the Board shall lease back the Facilities from the Corporation for the support, maintenance and benefit of the Board and the University. The Facilities shall be owned and leased solely for a public purpose related to the performance of the duties and functions of the Board and the University. Under no circumstances shall the Facilities be used for any purpose other than the Permitted Use.

Section 4.03 Data and Voice Communication Systems. The Board, at its expense, agrees to provide to the Facilities appropriate cabling to tie its computer system into the Facilities. The Board shall provide the Facilities access to its computer system at no charge to the Corporation. The internal installation of such computer wiring within the Facilities in accordance with the Plans and Specifications shall be at the expense of the Corporation.

Section 4.04 Compliance with Statutory Requirements. Section 3361, et, seq. of Title 17 of the Louisiana Revised Statutes prescribes rules and regulations for leases of any portion of the campus by a college or university. By execution of this Ground Lease, the Board represents that it has complied with applicable statutory requirements of such Title 17 including, without limitation:

- A. the waiver by written consent of the formulation and adoption of rules, regulations and requirements, if any, relative to the erection, construction and maintenance of the Facilities referenced in Section 3362 A of Title 17 of the Louisiana Revised Statutes, other than those set forth in this Ground Lease or specifically referenced in this Ground Lease;
- B. the waiver by written consent of the Board's right to require removal of the Facilities referenced in Section 3362 B of Title 17 of the Louisiana Revised Statutes, except as set forth in this Ground Lease; and
- C. the waiver by written consent of the Board's right to adopt such rules or regulations as it deems necessary or desirable relative to the conduct and social activities of people in structures erected on the leased grounds referenced in Section 3364 of Title 17 of the Louisiana Revised Statutes, except as may be specified in this Ground Lease.

**ARTICLE FIVE
CONSTRUCTION OF THE FACILITIES**

Section 5.01 The Corporation's Construction Obligations. The Corporation will demolish certain existing facilities and renovate, develop and construct the Facilities on the Land at its own cost and expense. The Corporation shall lease the Facilities to the Board pursuant to the Facilities Lease. The Board shall not have any financial obligation or other obligation of any kind under this Ground Lease except to review and approve the Corporation's activities and as specifically set forth herein.

- A. The Corporation shall furnish or cause to be furnished all supervision, tools, implements, machinery, labor, materials and accessories such as are necessary and proper for the demolition of certain existing facilities and the construction of the Facilities, shall pay all applicable permit and license fees, and shall demolish certain existing facilities and construct, build, and complete the Facilities in a good, substantial and workmanlike manner all in accordance with this Ground Lease, and generally in compliance with the Plans and Specifications and all documents executed pursuant hereto and thereto. The Corporation and the Board agree to cooperate fully to the end that fee and permit exemptions available with respect to the Facilities under applicable law are obtained by the party or parties entitled thereto.
- B. Subject to the provisions of this Section 5.01, all decisions regarding construction matters shall be made by the Corporation, working with the Developer. The Developer has been selected as developer to demolish certain existing facilities and design and construct the Facilities in accordance with the RFP. The parties hereto acknowledge that the Board Representative and any other party whose consent is necessary to the Board's authority have previously reviewed and approved the Plans and Specifications and the form of the Construction Contract

for phase one of the Facilities. Prior to the application of Bond proceeds or the issuance of any Additional Bonds (as defined in the Indenture) to finance any subsequent phase of the Facilities, the Board Representative and any other party whose consent is necessary to the Board's authority shall review and approve the Plans and Specifications and the form of the Construction Contract relating to such subsequent phase of the Facilities.

- C. Changes in work and materials are subject to review and approval of the Board Representative; however minor changes in work or materials, not affecting the general character of the Facilities or increasing the cost of construction may be made in the Plans and Specifications at any time by the Corporation without the approval of the Board Representative, but a copy of the altered Plans and Specifications shall promptly be furnished to the Board Representative. The Corporation shall notify the Board Representative of any changes in work or materials that require the Board Representative's approval and the Board Representative shall either approve or disapprove any such changes within ten (10) business days after receipt of such notice from the Corporation. Notification shall include sufficient information for the Board Representative to make a determination and to approve or disapprove any changes in work or materials.
- D. After completion of the Facilities, at least sixty (60) days prior to undertaking any structural alteration, renovation, or remodeling of the Facilities during the Term, the Corporation shall submit plans for such renovation or remodeling to the Board Representative for approval which approval must be obtained prior to the Corporation making or causing to be made any such structural alteration, renovation, or remodeling of the Facilities. The Board Representative shall either approve or disapprove any such alteration within thirty (30) days after receipt of such plans from the Corporation. All alterations, renovations or additions to the Facilities undertaken by the Corporation shall be in conformance with all applicable laws, codes, rules and regulations, and amendments thereto, including 1988 Standard Building Code with 1989 and 1990 revisions, ANSIA 1117.1 1986 edition, and NFPA 101 Life Safety Code and all local and state building codes. The Corporation shall have the right to contest any such codes for reasonable grounds by ordinary and proper procedures.
- E. Subject to Force Majeure, the Corporation covenants that the Corporation shall substantially complete construction of the Facilities, subject to punch list items, on or before January 1, 2005 for Phase One, July 29, 2005 for all of Phase Two other than the renovation of Cardinal Newman Hall and August 1, 2006 for Cardinal Newman Hall with all units ready for occupancy. Notwithstanding anything to the contrary contained herein, a breach by the Corporation of the covenant set forth in this Section 5.01. E. shall not be an Event of Default hereunder. The Board shall be entitled to institute an action seeking specific performance of this covenant by the Corporation.

- F. Prior to the commencement of construction of any phase of the Facilities, the Corporation and the Developer shall meet with the Board Representative to coordinate construction activity under the Construction Contract. Upon commencement of construction of such phase of the Facilities, the Corporation shall deliver to the Board Representative, (1) a copy of the signed Construction Contract between the Corporation and the Developer for the design and construction of such phase of the Facilities, and (2) a copy of the labor and materials payment and performance bonds in an amount equal to the contract price set forth in the Construction Contract for such phase of the Facilities issued by a company qualified, permitted or admitted to do business of the State of Louisiana and approved by the Board. The Corporation shall take the action specified by La. R.S. 9:4802(C) to be taken by an owner to protect the premises from any liens related to the design or construction of the Facilities.
- G. Prior to the Commencement of Construction of any phase of the Facilities, any architect whose services have been retained shall provide a standard errors and omissions policy, with such additional provisions as may be approved by counsel to the Corporation.
- H. Any performance bond, labor and material payment bond, or completion bond provided by a contractor hired by the Corporation shall be for 100% of the amount of the contract with such contractor, and shall contain a dual obligee rider in favor of the Board; subject, however, to the reasonable underwriting guidelines of the surety issuing the bond and rules of the Governmental Authorities regulating the surety.
- I. The Corporation shall, upon written request of the Board, make, in such detail as may reasonably be required, and forward to the Board Representative, reports in writing as to the actual progress of the construction of the Facilities. During such period, the construction work shall be subject to inspection by the Independent Architect and by authorized personnel of the Board in order to verify reports of construction, determine compliance with safety, fire, and building codes, determine compliance with approved construction plans, or such other inspections as may be necessary in the reasonable opinion of the Board Representative.
- J. The Corporation shall inspect the Land and arrange for boundary surveys, topographical surveys, soil borings and other site investigations at its expense to the extent these things have not been done by the Board. The Board does not guarantee that the Land is suitable for construction of the Facilities. Subject to the matters shown on **Exhibit B** attached to this Ground Lease, the Corporation accepts the Land in its present condition. However, the Board represents that to the best of its knowledge and belief there are no Hazardous Materials or other materials on or under the Land that would materially impact the construction of the Facilities.

- K. Except as provided in Section 4.03 hereof, part of the cost of construction of the Facilities shall include all costs necessary for the contractor or applicable utility company to bring lines for all such utilities to the Facilities so that such utilities will be available when required for construction and operation of the Facilities.

ARTICLE SIX ENCUMBRANCES

Section 6.01 Mortgage of Leasehold or the Facilities. Except for the Mortgage, the Corporation shall not mortgage, lien or grant a security interest in the Corporation's leasehold interest in the Land or the Facilities or any other right of the Corporation hereunder without the prior written consent of the Board.

ARTICLE SEVEN MAINTENANCE AND REPAIR

Section 7.01 Maintenance, Repairs and Renovations. (a) For as long as the Facilities Lease is in effect, the University, at the direction of the Board, shall be responsible for maintaining and repairing the Facilities in accordance with Section 7 of the Facilities Lease. The Corporation, acting as agent for the Board, will initially contract with Capstone On-Campus Management, LLC to provide these services.

(b) In the event that the Facilities Lease has been terminated, the Corporation will: (1) maintain or cause to be maintained the Facilities, and will keep the Facilities in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; and (2) make from time to time any additions, modifications or improvements to the Facilities the Corporation may deem desirable for its business purposes that do not materially impair the effective use of the Facilities, provided that all such additions, modifications and improvements will become a part of the Facilities.

ARTICLE EIGHT CERTAIN LIENS PROHIBITED

Section 8.01 No Mechanics' Liens. Except as permitted in Section 8.02 hereof the Corporation shall not suffer or permit any mechanics' liens or other liens to be enforced against the Board's ownership interest in the Land or the Facilities nor against the Corporation's leasehold interest in the Land or the Facilities by reason of a failure to pay for any work, labor, services, or materials supplied or claimed to have been supplied to the Corporation or to anyone holding the Land or Facilities or any part thereof through or under the Corporation.

Section 8.02 Release of Recorded Liens. If any such mechanics' liens or materialmen's liens shall be recorded against the Land or Facilities, the Corporation shall cause the same to be released of record or, in the alternative, if the Corporation in good faith desires to contest the same, the Corporation shall be privileged to do so, but in such case the Corporation hereby agrees to indemnify and save the Board harmless from all liability for damages occasioned

thereby and shall in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and released prior to the execution of such judgment. In the event the Board reasonably should consider the Board's interest in the Land or the Facilities endangered by any such liens and should so notify the Corporation and the Corporation should fail to provide adequate security for the payment of such liens, in the form of a surety bond, cash deposit or cash equivalent, or indemnity agreement reasonably satisfactory to the Board within thirty (30) days after such notice, then the Board, at the Board's sole discretion, may discharge such liens and recover from the Corporation immediately as additional Rent under this Ground Lease the amounts paid, with interest thereon from the date paid by the Board until repaid by the Corporation at the rate of ten percent (10%) per annum.

Section 8.03 Memorandum of Recitals. The memorandum of lease to be filed pursuant to Section 18.04 of this Ground Lease shall state that any third party entering into a contract with the Corporation for improvements to be located on the Land, or any other party claiming under said third party, shall be on notice that neither the Board nor the Board's property shall have any liability for satisfaction of any claims of any nature in any way arising out of a contract with the Corporation.

ARTICLE NINE OPERATION AND MANAGEMENT OF FACILITIES

Section 9.01 Management of Facilities. For as long as the Facilities Lease is in effect, the University, at the direction of the Board, shall operate and manage the Facilities or cause the Facilities to be operated and managed in accordance with the Section 7 of the Facilities Lease. The Corporation, as approved by the Board, will initially contract with Capstone On-Campus Management, LLC to provide operations and management services for the Facilities. In the event the Facilities Lease is terminated, the Corporation will be responsible for the operations and management of the Facilities and the Board will no longer have the right to operate or manage the Facilities.

Section 9.02 Books and Records. The Corporation shall keep, or cause to be kept, accurate, full and complete books, including bank statements, and accounts showing exclusively its assets and liabilities, operations, transactions and the financial condition of the Corporation.

Section 9.03 Audits. The Board may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of the Corporation. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of the Board, by the Louisiana Legislative Auditor or by independent auditors retained by the Board desiring to conduct such audit, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs by the Corporation.

ARTICLE TEN INDEMNIFICATION

Section 10.01 Indemnification by the Corporation. Excluding the acts or omissions of the Board, its employees, agents or contractors, the Corporation shall and will indemnify and save harmless the Board, its agents, officers, and employees, from and against any and all liability, claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions, and causes of action of any and every kind and nature arising or growing out of or in any way connected with the Corporation's construction of the Facilities. This obligation to indemnify shall include reasonable fees of legal counsel and third-party investigation costs and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand has been made; however, the Corporation and the Board shall use the same counsel if such counsel is approved by the Board, which approval shall not be unreasonably withheld or delayed. If the Board does not approve such counsel then the Board may retain independent counsel at the Board's sole cost and expense. It is expressly understood and agreed that the Corporation is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that the Board shall in no way be responsible therefor.

Section 10.02 Contributory Acts. Whenever in this Ground Lease any party is obligated to pay an amount or perform an act because of its negligence or misconduct (or that of its agents, employees, contractors, guests, or invitees), such obligations shall be mitigated to the extent of any comparative fault or misconduct of the other party (or that of its agents, employees, contractors, guests, or invitees) as determined by a court of law, and in any disputes damages shall be apportioned based on the relative amounts of such negligence or willful misconduct as determined by a court of law.

ARTICLE ELEVEN TERMINATION, DEFAULT AND REMEDIES

Section 11.01 Events Of Default. Any one of the following events shall be deemed to be an "Event of Default" by the Corporation under this Ground Lease.

- A. The Corporation shall fail to pay any sum required to be paid to the Board under the terms and provisions of this Ground Lease and such failure shall not be cured within thirty (30) days after the Corporation's receipt of written notice from the Board of such failure.
- B. The taking by execution of the Corporation's leasehold estate (other than a foreclosure of the Mortgage) for the benefit of any Person.
- C. The Corporation shall fail to perform any other covenant or agreement, other than the payment of money, to be performed by the Corporation under the terms and provisions of this Ground Lease, other than the covenant set forth in Section 5.01. E. hereof, and such failure shall not be cured within ninety (90) days after receipt of written notice from the Board of such failure; provided that if during such ninety (90) day period, the Corporation takes action to cure such failure but is unable, by reason of the nature of the

work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure.

- D. A court of competent jurisdiction shall enter an order for relief in any involuntary case commenced against the Corporation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction over the Facilities appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation or ordering the winding up or liquidation of the affairs of the Corporation, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.
- E. The commencement by the Corporation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Corporation to the commencement of a case under such Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation.
- F. The Corporation, after Commencement of Construction but prior to substantially completing construction of the Facilities, abandons (with no intent to continue) demolition, renovation or construction for a period of forty-five (45) consecutive days.

Section 11.02 The Board's Rights Upon Default. Upon the occurrence and during the continuance of an Event of Default, the Board may at its option seek any and all damages occasioned by the Event of Default or may seek any other remedies available at law or in equity, including specific performance.

Section 11.03 Termination of Right of Occupancy. Notwithstanding any provision of law or of this Ground Lease to the contrary, except as set forth in Section 1.03 hereof, the Board shall not have the right to terminate this lease prior to the Expiration Date hereof. However, in the event there is an Event of Default by the Corporation hereunder, the Board shall have the right to terminate the Corporation's right to occupancy of the Land and the Facilities, except that the Facilities, at the option of the Board, shall remain thereon. The Board shall have the right upon ninety (90) days' written notice and opportunity to cure provided to the Bond Insurer and the Trustee, to take possession of the Land and the Facilities and to re-let the Land and the Facilities or take possession in its own right for the remaining Term of the Ground Lease upon such terms and conditions as the Board is able to obtain. Upon such re-letting, the Corporation hereby agrees to release its leasehold interest and all of its rights under this Ground Lease and the Facilities Lease to the new lessee of the Land (or to the Board, if the Board wishes to remain in possession on its own behalf) in consideration for the new lessee (or the Board, as applicable) agreeing to assume all of the Corporation's obligations under the Ground Lease, the Facilities Lease and under any debt incurred by the Corporation in connection with the construction of the Facilities.

Section 11.04. Rights of The Board Cumulative. All rights and remedies of the Board provided for and permitted in this Ground Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. The Board shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by the Board of a breach of any of the covenants, conditions or restrictions of this Ground Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of the Board to insist in any one or more cases upon the strict performance of any of the covenants of this Ground Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option.

ARTICLE TWELVE TITLE TO THE FACILITIES

Section 12.01 Title to Facilities. Title to the existing Facilities and any new Facilities as they are constructed or placed in service upon completion thereof shall be vested in the Board. The Board's right to obtain title to the Facilities unencumbered by the leasehold interest of the Corporation granted hereunder shall be as set forth in the Facilities Lease. All furniture, fixtures, equipment and furnishings permanently affixed to the Facilities shall be the property of the Board upon termination of this Ground Lease whether such termination be by expiration of the Term or an earlier termination under any provision of this Ground Lease.

Section 12.02 The Board's Option to Require Demolition. Upon the Expiration Date of the Term or earlier termination hereof, in the event the Facilities are no longer suitable for the Board's purposes, the Board in its sole discretion may require the Corporation to demolish the Facilities and remove the Facilities from the Land, and restore the Land to substantially the same condition as it existed on the date of this Ground Lease, to be accomplished within one hundred eighty (180) days of such Expiration Date or earlier termination hereof. However, such demolition and removal of the Facilities shall be at the Board's sole cost and expense. In the event of such election upon the expiration of the Term, the Board shall notify the Corporation no later than six (6) months prior to the expiration of the Term. If this Ground Lease is terminated earlier, the Board shall notify the Corporation within thirty (30) days after the termination.

Section 12.03 Termination of Facilities Lease. Upon the termination of the Facilities Lease as a result of the Board's exercise of its option to purchase the Facilities granted under the Facilities Lease, all right and interest of the Corporation in and to this Ground Lease, the Facilities Lease and the Facilities shall be transferred to the Board, and the Corporation hereby agrees to execute any documents necessary to effectuate such transfer, or the Board may require the demolition of the Facilities as set forth in Section 12.02 above.

Section 12.04 Insurance Proceeds. Notwithstanding the fact that title to the Facilities is vested in the Board, if the Facilities Lease is no longer in force and effect, and all or any portion of the Facilities is damaged or destroyed by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise

(collectively "Casualty"), the proceeds of any insurance received on account of any such Casualty shall be disbursed in accordance with the provisions of the Bond Documents, or if the Bond Documents are no longer in effect shall be disbursed to the Corporation as though the Corporation were the owner of the Facilities.

Section 12.05 Condemnation, Casualty and Other Damage. The risk of loss or decrease in the enjoyment and beneficial use of the Facilities due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise (collectively "Casualty") or in consequence of any foreclosures, attachments, levies or executions; or the taking of all or any portion of the Facilities by condemnation, expropriation, or eminent domain proceedings (collectively "Expropriation") is expressly assumed by the Board. The Corporation and the Trustee shall in no event be answerable, accountable or liable therefor, nor shall any of the foregoing events entitle the Board to any abatements, set-offs or counter claims with respect to its Base Rental, Additional Rental or any other obligation hereunder.

ARTICLE THIRTEEN CONDEMNATION

Section 13.01 Condemnation. If the Facilities Lease has been terminated, upon the permanent Taking of all the Land and the Facilities, this Ground Lease shall terminate and expire as of the date of such Taking, and both the Corporation and the Board shall thereupon be released from any liability thereafter accruing hereunder except for Rent and all other amounts secured by this Ground Lease owed to the Board apportioned as of the date of the Taking or the last date of occupancy, whichever is later. The Corporation shall receive notice of any proceedings relating to a Taking and shall have the right to participate therein.

Section 13.02 Partial Condemnation if Facilities Lease is No Longer in Effect. Upon a temporary Taking or a Taking of less than all of the Land and the Facilities and if the Facilities Lease is no longer in effect, the Corporation, at its election, may terminate this Ground Lease by giving the Board notice of its election to terminate at least sixty (60) days prior to the date of such termination. Upon any such termination, the Rent accrued and unpaid hereunder shall be apportioned to the date of termination. In the event there is a partial condemnation of the Land and the Corporation decides not to terminate this Ground Lease, the Board and the Corporation shall either amend this Ground Lease or enter into a new lease so as to cover an adjacent portion of property, if necessary to restore or replace any portion of the Land and/or Facilities.

Section 13.03 Partial or Total Condemnation if Facilities Lease is in Effect. If this Ground Lease is terminated under Section 13.01 or in the event of a Taking of less than all of the Land and the Facilities while the Facilities Lease is in force and effect, and the Board decides to restore or replace the Facilities in accordance with the Facilities Lease, the Board and the Corporation agree to enter into a new lease (in form and substance substantially the same as this Ground Lease) of a portion of property necessary to place thereon the Facilities and to enter into a new Facilities Lease (in form and substance substantially the same as the Facilities Lease) covering such replacement Facilities.

Section 13.04 Payment of Awards - If Facilities Lease is in Effect. Upon the Taking of all or any portion of the Land or the Facilities while the Facilities Lease remains in full force and effect (a) the proceeds of the Award allocable to the value of the Facilities shall be disbursed in accordance with the provisions of the Facilities Lease and the Bond Documents, and (b) the Board shall be entitled (free of any claim by the Corporation) to the Award for the value of the Board's Interest (such value to be determined as if this Ground Lease were in effect and continuing to encumber the Board's Interest); and (c) the Corporation shall be entitled to the Award for the value of the Corporation's interest in the Land under this Ground Lease that is the subject of the Taking.

Section 13.05 Payment of Awards - If Facilities Lease is not in Effect. Upon the Taking of all or any portion of the Land or the Facilities at any time after the Facilities Lease is no longer in force and effect, (a) the proceeds of the Award allocable to the value of the Facilities shall be disbursed in accordance with the provisions of the Bond Documents, or if the Bond Documents are no longer in effect shall be disbursed to the Corporation, (b) the Board shall be entitled (free of any claim of the Corporation) to the Award for the value of the Board's Interest in the Land (such value to be determined as if this Ground Lease were in effect and continuing to encumber the Board's Interest) and (c) the Corporation shall be entitled to the Award for the value of the Corporation's interest in the Land under this Ground Lease that is the subject of the Taking.

Section 13.06 Bond Documents Control. Notwithstanding anything in this Ground Lease to the contrary, in the event of a Casualty or a Taking of all or any portion of the Facilities, the provisions in the Bond Documents shall control the division, application and disbursement of any insurance proceeds or Award paid as a result thereof for so long as the Bond Documents remain in effect.

ARTICLE FOURTEEN ASSIGNMENT, SUBLETTING, AND TRANSFERS OF THE CORPORATION'S INTEREST

Section 14.01 Assignment of Leasehold Interest. Except as expressly provided for in Article Six and in this Article Fourteen, the Corporation shall not have the right to sell or assign the leasehold estate created by this Ground Lease, or the other rights of the Corporation hereunder to any Person without the prior written consent of the Board.

Section 14.02 Subletting. The Corporation is not authorized to sublet the leasehold estate to any entity other than the Board; provided, however, that if the Facilities Lease terminates, the Corporation shall have the right to sublease the Facilities to University students, faculty and staff and Permitted Sublessees.

Section 14.03 Transfers of the Corporation's Interest. Except as otherwise expressly provided herein, any Person succeeding to the Corporation's interest as a consequence of any permitted conveyance, transfer or assignment shall succeed to all of the obligations of the Corporation hereunder and shall be subject to the terms and provisions of this Ground Lease.

**ARTICLE FIFTEEN
COMPLIANCE CERTIFICATES**

Section 15.01 The Corporation Compliance. The Corporation agrees, at any time and from time to time upon not less than thirty (30) days prior written notice by the Board, to execute, acknowledge and deliver to the Board or to such other party as the Board shall request, a statement in writing certifying (a) that this Ground Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of the Corporation to be performed (and if so specifying the same), (c) the dates to which the Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of the Board's Interest or by any other Person.

Section 15.02 The Board's Compliance. The Board agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by the Corporation, to execute, acknowledge and deliver to the Corporation a statement in writing addressed to the Corporation or to such other party as the Corporation shall request, certifying (a) that this Ground Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Rent and other charges have been paid; (c) to the best of its knowledge after due inquiry, whether an Event of Default has occurred and is continuing hereunder (and stating the nature of any such Event of Default; (d) during the construction period, the status of construction of the Facilities and the estimated date of completion thereof; and (e) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective (and permitted) assignee, sublessee or mortgagee of this Ground Lease or by any assignee or prospective assignee of any such permitted mortgage or by any undertenant or prospective undertenant of the whole or any part of the Facilities, or by any other Person.

**ARTICLE SIXTEEN
TAXES AND LICENSES**

Section 16.01 Payment of Taxes. The Board shall pay, and, upon request by the Corporation, shall provide evidence of payment to the appropriate collecting authorities of, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon the Corporation's interest in the Land or in the Facilities or upon any of the Corporation's property used in connection therewith or upon the Board or the Board's Interest. The Board may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of the Board to pay taxes and fees under this Section 16.01 shall apply only to the extent that the Board or the Corporation are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated. The Board and the Corporation agree to cooperate fully with each other to the end that tax exemptions available

with respect to the Land and the Facilities under applicable law are obtained by the party or parties entitled thereto.

Section 16.02 Contested Tax Payments. The Board shall not be required to pay, discharge or remove any such taxes or assessments so long as the Board is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. The Corporation shall cooperate with the Board in completing such contest and the Corporation shall have no right to pay the amount contested during the contest. The Corporation, at the Board's expense, shall join in any such proceeding if any law shall so require.

ARTICLE SEVENTEEN FORCE MAJEURE

Section 17.01 Discontinuance During Force Majeure. Whenever a period of time is herein prescribed for action to be taken by the Corporation, the Corporation shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. The Board shall not be obligated to recognize any delay caused by Force Majeure unless the Corporation shall within ten (10) days after the Corporation is aware of the existence of an event of Force Majeure, notify the Board thereof.

ARTICLE EIGHTEEN MISCELLANEOUS

Section 18.01 Nondiscrimination, Employment and Wages. Any discrimination by the Corporation or its agents or employees on account of race, color, sex, age, religion, national origin or handicap, in employment practices or in the performance of the terms, conditions, covenants and obligations of this Ground Lease, is prohibited.

Section 18.02 Notices. Notices or communications to the Board or the Corporation required or appropriate under this Ground Lease shall be in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) registered or certified United States mail, postage prepaid, or (d) prepaid telecopy if confirmed by expedited delivery service or by mail in the manner previously described, addressed as follows:

If to the Board:

Board of Supervisors for the University of Louisiana System
1201 North Third Street, Suite 7-300
Baton Rouge, Louisiana 70802

Attention: Assistant Vice President for Facilities Planning

with copies to:

Southeastern Louisiana University
Western Avenue
Friendship Circle (SLU Box 10709)
Hammond, Louisiana 70402

Attention: Vice President for Administration and Finance

and

Southeastern Louisiana University
Auxiliary Services
SLU Box 11850
Hammond, Louisiana 70402

Attention: Director of Auxiliary Services

If to the Corporation:

University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director

with a copy to:

Seale & Ross
200 North Cate Street
Hammond, LA 70404

Attention: T. Jay Seale

If to Bond Insurer:

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management

If to Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Corporate Trust Division

or to such other address or to the attention of such other person as hereafter shall be designated in writing by such party. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of deposit in the mail in the manner provided herein, or in the case of telecopy, upon receipt.

Section 18.03 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any acts of the parties hereto creates a relationship other than the relationship of Lessor and Lessor hereunder.

Section 18.04 Memorandum of Lease. Neither the Board nor the Corporation shall file this Ground Lease for record in Tangipahoa Parish, Louisiana or in any public place without the written consent of the other. In lieu thereof the Board and the Corporation agree to execute in recordable form a memorandum of this Ground Lease in the form of **Exhibit C** attached hereto. Such memorandum shall be filed for record in Tangipahoa Parish, Louisiana.

Section 18.05 Attorney's Fees. If either party is required to commence legal proceedings relating to this Ground Lease, the prevailing party shall be entitled to receive reimbursement for its reasonable attorneys' fees and costs of suit.

Section 18.06 Louisiana Law to Apply. This Ground Lease shall be construed under and in accordance with the laws of the State of Louisiana, and all obligations of the parties created hereunder are performable in Tangipahoa Parish, Louisiana.

Section 18.07 Warranty of Peaceful Possession. The Board covenants that the Corporation, on paying the Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Corporation, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Land and the Facilities during the Term, subject to the Facilities Lease, and may exercise all of its rights hereunder; and the Board agrees to warrant and forever defend the Corporation's right to such occupancy, use, and enjoyment and the title to the Land against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof subject only to the provisions of this Ground Lease, the Facilities Lease, and the matters listed on **Exhibit B** attached hereto.

Section 18.08 Curative Matters. Except for the express representations and warranties of the Board set forth in this Ground Lease, any additional matters necessary or desirable to make the Land useable for the Corporation's purpose shall be undertaken, in the Corporation's sole discretion, at no expense to the Board. The Corporation shall notify the Board in writing of all

additional matters (not contemplated by the Plans and Specifications) undertaken by the Corporation to make the Land usable for the Corporation's purpose.

Section 18.09 Nonwaiver. No waiver by the Board or the Corporation of a breach of any of the covenants, conditions, or restrictions of this Ground Lease shall constitute a waiver of any subsequent breach of any of the covenants, conditions or restrictions of this Ground Lease. The failure of the Board or the Corporation to insist in any one or more cases upon the strict performance of any of the covenants of the Ground Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by the Board or acceptance of payment by the Board of Rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach. No waiver, change, modification or discharge by the Board or the Corporation of any provision of this Ground Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

Section 18.10 Terminology. Unless the context of this Ground Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; (d) the word "or" shall have the inclusive meaning represented by the phrase "and/or"; (e) the words "hereof," "herein," "hereunder," and similar terms in this Ground Lease shall refer to this Ground Lease as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Ground Lease and the Table of Contents to this Ground Lease are for reference purposes and shall not control or affect the construction of this Ground Lease or the interpretation hereof in any respect. Article, section and subsection and exhibit references are to this Ground Lease unless otherwise specified. All exhibits attached to this Ground Lease constitute a part of this Ground Lease and are incorporated herein. All references to a specific time of day in this Ground Lease shall be based upon Central Standard Time (or the other standard of measuring time then in effect in Hammond, Louisiana).

Section 18.11 Counterparts. This agreement may be executed in multiple counterparts, each of which shall be declared an original.

Section 18.12 Severability. If any clause or provision of this Ground Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Ground Lease, then and in that event, it is the intention of the parties hereto that the remainder of Ground Lease shall not be affected thereby.

Section 18.13 Authorization. By execution of this Ground Lease, the Corporation and the Board each represent to the other that they are entities validly existing, duly constituted and in good standing under the laws of the jurisdiction in which they were formed and in which they presently conduct business; that all acts necessary to permit them to enter into and be bound by this Ground Lease have been taken and performed; and that the persons signing this Ground Lease on their behalf have due authorization to do so.

Section 18.14 Ancillary Agreements. In the event it becomes necessary or desirable for the Board to approve in writing any ancillary agreements or documents concerning the Land or concerning the construction, operation or maintenance of the Facilities or to alter or amend any such ancillary agreements between the Board and the Corporation or to give any approval or consent of the Board required under the terms of this Ground Lease, all agreements, documents or approvals shall be forwarded to the Board Representative.

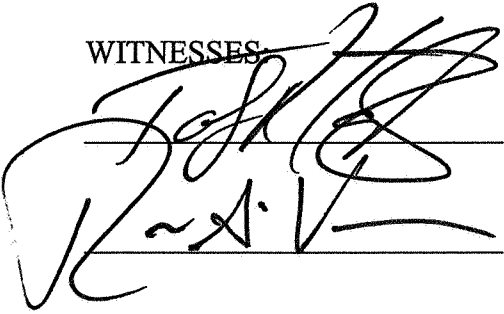
Section 18.15 Amendment. No amendment, modification, or alteration of the terms of this Ground Lease shall be binding unless the same be in writing dated on or subsequent to the date hereof and duly executed by the parties hereto and consented to the extent required by Article VIII of the Agreement. No such amendment to this Ground Lease shall alter the obligations of the parties hereto in any manner inconsistent with the scope of their obligations as contemplated by the RFP.

Section 18.16 Successors and Assigns. All of the covenants, agreements, terms and conditions to be observed and performed by the parties hereto shall be applicable to and binding upon their respective successors and assigns including any successor by merger or consolidation of the University into another educational institution or the Board into another educational management board.

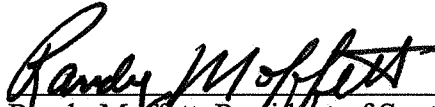
Section 18.17 Entire Agreement. This Ground Lease, together with the exhibits attached hereto, contains the entire agreement between the parties hereto with respect to the Land and contains all of the terms and conditions agreed upon with respect to the lease of the Land, and no other agreements, oral or otherwise, regarding the subject matter of this Ground Lease shall be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written.

IN WITNESS WHEREOF, the undersigned representative has signed this Ground Lease on behalf of the Board of Supervisors for the University of Louisiana System on the 12th day of August, 2004.

WITNESSES:

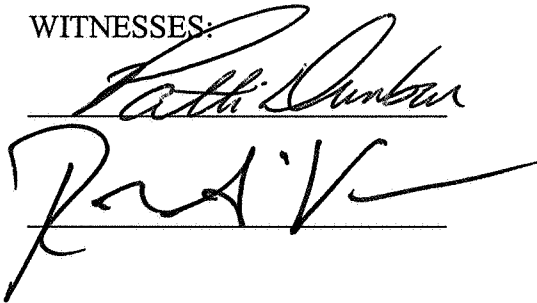


BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM

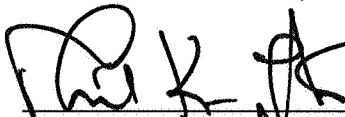
By: 
Randy Moffett, President of Southeastern
Louisiana University

IN WITNESS WHEREOF, the undersigned representative has signed this Ground Lease on behalf of University Facilities, Inc. on the 12th day of August, 2004.

WITNESSES:



UNIVERSITY FACILITIES, INC.

By: 
Phil K. Livingston, Vice Chairperson

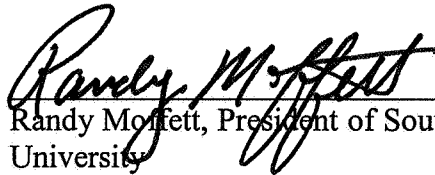
STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 12th day of August, 2004, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:


Randy Moffett


to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the President of Southeastern Louisiana University and the authorized representative of the Board of Supervisors for the University of Louisiana System (the "Board"), that the aforesaid instrument was signed by him, on this date, on behalf of the Board and that the above named person acknowledges said instrument to be the free act and deed of the Board.



Randy Moffett, President of Southeastern Louisiana University

WITNESSES:







NOTARY PUBLIC

STATE OF LOUISIANA

PARISH OF ORLEANS


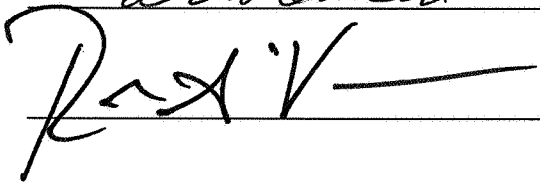
BE IT KNOWN, that on this 12th day of August, 2004, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:

Phil K. Livingston

to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the Vice Chairperson of University Facilities, Inc. (the "Corporation"), and that the aforesaid instrument was signed by him, on this date, on behalf of the Corporation and that the above named person acknowledges the approval of said instrument to be the free act and deed of the Corporation.


Phil K. Livingston, Vice Chairperson

WITNESSES:


NOTARY PUBLIC

EXHIBIT "A"

LEGAL DESCRIPTIONS

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land containing 0.46 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey

Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana” prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

EXHIBIT B

PERMITTED ENCUMBRANCES

1. Amended and Restated Ground Lease Agreement dated July 27, 2000 by and between the Board of Supervisors for the University of Louisiana System, as lessor, and University Facilities, Inc., as lessee, relating to the 11.28 acre tract described as Tract 2 herein and the portion of the Facilities located thereon.
2. Amended and Restated Agreement to Lease with Option to Purchase dated July 27, 2000 by and between University Facilities, Inc., as lessor, and the Board of Supervisors for the University of Louisiana System, as lessee, relating to the 11.28 acre tract described as Tract 2 herein and the portion of the Facilities located thereon.
3. Assignment of Leases and Rents dated July 27, 2000 by and between University Facilities, Inc., as assignor, and Hibernia National Bank, as assignee, relating to all leases and rents from the portion of the Facilities located on the 11.28 acre tract described as Tract 2 herein.

Lessor: Board of Supervisors for the University of Louisiana System
1201 North 3rd Street, Suite 7300
Baton Rouge, Louisiana 70802
Attention: Assistant Vice President for Facilities Planning

Lessee: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director

This Memorandum is executed for the purpose of recordation in the public records of Tangipahoa Parish, Louisiana in order to give notice of all the terms and provisions of the Lease and is not intended and shall not be construed to define, limit, or modify the Lease. All of the terms, conditions, provisions and covenants of the Lease are incorporated into this Memorandum by reference as though fully set forth herein, and both the Lease and this Memorandum shall be deemed to constitute a single instrument or document.

THUS DONE AND PASSED on the ___ day of August, 2004, in New Orleans, Louisiana, in the presence of the undersigned, both competent witnesses, who herewith sign their names with Phil K. Livingston, Vice Chairperson, of University Facilities, Inc, and me, Notary.

WITNESSES:

UNIVERSITY FACILITIES, INC.

By: _____
Phil K. Livingston, Vice Chairperson

NOTARY PUBLIC

FACILITIES

Phase One

Phase One of the housing development is comprised of two primary elements:

1. Hazardous material abatement and demolition of the following existing residence halls:
 - (a) Holloway Smith Hall (to occur March, 2004)
 - (b) Hammond Hall (to occur March, 2004)
 - (c) Carter Harris Hall (to occur May / June, 2004)

2. Construction of a new residence hall ("Residence Hall I") to provide approximately seven hundred fourteen (714) student beds in a mix of private and shared occupancy suites (scheduled to open January, 2005)

The total scope has yet to be determined. It is anticipated that the project shall include: (1) removal of existing built-in furniture; (2) renovation of the building to bring the facility up to code compliance; (3) installation of life-safety equipment; (4) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility.

(a) Construction of Residence Hall I (169,032 square feet)

Residence Hall I shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately three hundred sixty-four (357) units of two-bedroom / one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred twenty-eight (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, the Residence Hall I phase shall include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

The first phase of development includes a park at the main entrance and an approximately 2,000 square feet maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 1, 2005.

Phase Two

Phase Two of the housing development is comprised of:

1. Construction of a new residence hall ("Residence Hall II") to provide approximately eight hundred (800) student beds in a mix of private and shared occupancy suites (scheduled to open August, 2005).
2. Hazardous materials abatement and demolition of Lee Hall.
3. Full renovation of the existing Cardinal Newman Hall.

(i) Construction of Residence Hall II (185,616 square feet)

Residence Hall II shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately four hundred (400) units of housing configured in two-bedroom / one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, the Residence Hall II phase shall include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. The second phase of development includes relocation of the campus police facility into one of the buildings, along with office / meeting space for the property manager. Residence Hall II is scheduled for completion by August 1, 2005.

Residence Hall II unit mix and design is subject to further revision based upon University input.

Phase Three

Phase Three of the housing development is comprised of two primary elements and is subject to further revision based upon input from the University. The following is preliminary scope and design:

1. Hazardous material abatement and demolition of the following existing residence hall:
 - a. Taylor Hall (to occur June / July 2006)
2. Construction of a new residence hall ("Residence Hall III") to provide approximately two hundred (200) student beds in private occupancy suites (scheduled to open August, 2006).

(b) Construction of Residence Hall III (56,640 square feet)

Residence Hall III shall be comprised of two wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately one hundred (100) units of two-bedroom / one-bathroom suites configured for private occupancy, yielding a total of approximately two hundred (200) beds. Additionally, the Residence Hall III phase shall include a common area laundry facility in one of the buildings and a resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

Residence Hall III is scheduled for completion by August 1, 2006.

Residence Hall III unit mix and design is subject to further revision based upon University input.

ASSIGNMENT OF AGREEMENTS AND DOCUMENTS

by

UNIVERSITY FACILITIES, INC.

in favor of

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

securing the

\$60,985,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

DATED AS OF AUGUST 1, 2004

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THE LIABILITY OF THE CORPORATION UNDER THIS ASSIGNMENT OF AGREEMENTS AND DOCUMENTS IS LIMITED AS DESCRIBED IN SECTION 24 HEREOF.

ASSIGNMENT OF AGREEMENTS AND DOCUMENTS

This ASSIGNMENT OF AGREEMENTS AND DOCUMENTS, made and entered into as of the first day of August, 2004, is by UNIVERSITY FACILITIES, INC. (the "*Corporation*"), a non-profit corporation organized and existing under the laws of the State of Louisiana (the "*State*"), in favor of THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association duly organized and having its principal corporate trust office in the City of Jacksonville, Florida, as Trustee (together with its successors and assigns, the "*Trustee*").

WITNESSETH:

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana (the "Issuer") has, pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 to 4548.16, inclusive) (the "Act") and other constitutional and statutory authority, issued (i) its \$60,985,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds"); (ii) its \$15,000,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds"); and its (iii) \$925,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bonds", and together with the Series 2004A Bonds, the Series 2004B Bonds, the "Series 2004 Bonds") for the purpose of (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities; (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004 Bonds; (vii) funding a deposit to the Replacement Fund; and (viii) paying costs of issuance of the Series 2004 Bonds, including the premium for any bond insurance policy insuring the Series 2004 Bonds.

WHEREAS, the land on which the Facilities will be constructed and which is described in Exhibit A attached hereto and made a part hereof (the "*Land*") is being leased to the Corporation pursuant to a Ground and Buildings Lease Agreement (the "*Ground Lease*") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "*Board*"), as lessor, and the Corporation, as lessee; and

WHEREAS, the Board and the Corporation have agreed that the Corporation shall demolish certain existing facilities and renovate, develop and construct student housing and related facilities on the land leased under the Ground Lease, which student housing and related

facilities will be owned by the Board as constructed and leased to the Corporation pursuant to the Ground Lease; and

WHEREAS, the Corporation shall lease the student housing and related facilities back to the Board pursuant to an Agreement to Lease with Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004 for use by students, faculty and staff of the University and such other persons as set forth in the Facilities Lease; and

WHEREAS, the Issuer has, pursuant to a Loan Agreement (as now or hereafter, amended, supplemented, modified, and/or restated, the "**Loan Agreement**") of even date herewith between the Issuer and the Corporation, loaned the proceeds of the Series 2004 Bonds to the Corporation for the purpose of (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities; (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004 Bonds; (vii) funding a deposit to the Replacement Fund; and (viii) paying costs of issuance of the Series 2004 Bonds, including the premium for any bond insurance policy insuring the Series 2004 Bonds and in return, the Corporation has assigned its rights under the Facilities Lease, including its right to all Rental (as defined in the Facilities Lease) received thereunder, to the Issuer, and agrees to make payments in an amount sufficient to make timely payments of principal of, premium, if any, and interest (collectively, the "**Debt Service Payments**") on the Series 2004 Bonds and to pay such other amounts as are required by the Loan Agreement.

WHEREAS, it is anticipated that additional amounts may be necessary to improve or expand the Facilities, and as a result, provision should be made for the issuance of additional parity bonds of the Issuer from time to time as specified in the Trust Indenture (as now or hereafter, amended, supplemented, modified, and/or restated, the "**Indenture**") of even date herewith between the Issuer and the Trustee or other debt incurred by the Corporation for such purposes (collectively, the "**Additional Debt**"); and

WHEREAS, MBIA Insurance Corporation (the "**Bond Insurer**") has issued its bond insurance policies with respect to the payments of principal of and interest on the Series 2004 Bonds; and

WHEREAS, the Corporation has, simultaneously with the execution and delivery of this Assignment, executed and delivered to the Trustee an Act of Mortgage, Assignment of Leases and Security Agreement (as now or hereafter amended, modified, supplemented, and/or restated, the "**Mortgage**") pursuant to which the Corporation has granted a mortgage in its leasehold interest in the immovable property leased under the Ground Lease (the "**Land**") and all the buildings and improvements situated on the Land (the "**Facilities**") and, to the extent the following are not part of the Facilities, all of the Corporation's leasehold interest in appurtenances, rights, ways, privileges, servitudes, prescriptions and advantages thereunto belonging or in anywise appertaining, including, but without limitation, all component parts of the Land, and all component parts of any building or other construction located on the Land, now or hereafter a part of or attached to said Land or used in connection therewith; granted a security interest in certain movable property and assigned its rights to all leases and rents relating to the Facilities for the benefit of the Trustee; and

WHEREAS, the Corporation has entered into a Management Agreement (the "**Management Agreement**") with Capstone On-Campus Management, LLC (the "**Manager**") pursuant to which the Manager has agreed to manage and maintain the Facilities; and

WHEREAS, the Corporation wishes to assign to the Trustee all of its right, title, and interest in and to all agreements, instruments, documents, and obligations described below, all of which relate to the Facilities,

NOW, THEREFORE, to secure the payment by the Corporation of the loan payments to be made under the Loan Agreement and any loan payments required by any amendment or supplement thereto relating to Additional Debt or any loan, financing, or similar agreement relating to Additional Debt (collectively, the "**Additional Loan Agreements**," and together with the Loan Agreement, the "**Loan Agreements**"), including any judgments thereon, and the performance and observance by the Corporation of all covenants and conditions contained in the Loan Agreements, in this Assignment, in the Mortgage and in all other agreements, instruments, or documents executed by the Corporation governing or securing the payment of any of the obligations of the Corporation under the Loan Agreements (collectively, the "**Secured Obligations**"), and all extensions, renewals, modifications, and substitutions of all of the foregoing (each, a "**Security Document**," and collectively, the "**Security Documents**"); and in order to charge the properties, interests, and rights hereinafter described with such payment, performance, and observance; and for and in consideration of the sum of One and No/100 Dollar (\$1.00) paid by the Trustee to the Corporation this date, and for other valuable consideration, the receipt of which is acknowledged, the parties hereto agree as follows:

Section 1. Creation of Security Interest; Description of the Agreements and Documents. The Corporation hereby grants to the Trustee a present and continuing security interest in all of the Corporation's right, title, and interest in and to the following collateral (the "**Agreements and Documents**"), and in its expectancy to acquire the Agreements and Documents in the ordinary course of business:

(a) that certain Development Agreement (the "**Development Agreement**") dated as of August 1, 2004, between the Corporation, as owner, and Capstone Development Corporation (the "**Developer**"), as developer, pursuant to which the Developer has agreed to design and build the Facilities, and any amendments thereof and/or supplements thereto;

(b) that certain Collateral Assignment of even date herewith from the Developer to the Corporation;

(c) all those other contracts and/or agreements between the Corporation and any person or firm rendering services or supplying material in connection with the construction of the Facilities, including, without limitation, all construction, architectural, engineering, and landscaping or landscape improvement contracts or agreements and all plans, specifications, and drawings prepared by pursuant to such contracts or agreements, and any amendments thereof and/or supplements thereto;

(d) all surveys, building permits, fill permits, sewer connection or tap-in permits, water connection or tap-in permits, curb-cut permits, certificates of occupancy, concurrency certificates, entitlements, development rights, zoning and variance approvals, utility service bonds and/or cash deposits, site improvement bonds and/or cash deposits, utility service agreements, site work agreements with any governmental authority or public utility, and all other agreements, contracts, contract rights, documents of title, choses in action, intangible property, permits, licenses, approvals, consents, authorizations, plans, franchises, trademarks, project logos, building names, insurance policies, bonds, escrow funds, easements, and exclusive agency licenses or leases of any kind now existing or hereafter arising or created or entered in to relating to the acquisition, construction, renovation, or development of the Land and the Facilities or any portion thereof;

(e) all warranties and guaranties covering any appliances and fixtures now or hereafter located on or placed upon the Land and the Facilities, including without limitation, air conditioning, heating, and other appliances and equipment;

(f) the Management Agreement;

(g) all accounts, books, records, and other property relating or referring to any of the foregoing; and

(h) all proceeds of any and all of the foregoing and, to the extent not otherwise included, all payments under insurance (whether or not the Trustee is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of damage to, loss with respect to, or otherwise with respect to, any of the foregoing.

Section 2. Present Assignment; Enforcement. THIS INSTRUMENT IS A PRESENT ASSIGNMENT OF THE CORPORATION'S RIGHTS IN THE AGREEMENTS AND DOCUMENTS. The Trustee shall have the right, power, and privilege (but shall be under no duty) immediately to exercise all of the rights and privileges of the Corporation thereunder and to apply any moneys payable and paid thereunder to the payment of the Secured Obligations in such order as the Trustee, in its sole and absolute discretion, may determine. Notwithstanding the foregoing, until the occurrence of an Event of Default (hereinafter defined), the Corporation may exercise such rights and privileges. In the event of the occurrence of an Event of Default, the Trustee may at its option, and in its sole and absolute discretion, without notice and without regard to the adequacy of security for the Secured Obligations (and specifically without regard to the value of the real property which is the subject of the Mortgage, with or without bringing any action or proceeding, either in person or by agent, under the Mortgage, or by a receiver to be appointed by a court, and irrespective of the Corporation's possession, then or thereafter and subject to the provisions of the Agreements and Documents do any one or more of the following to the same extent that the Corporation is authorized to do so and subject to the provisions of Section 8.6 of the Indenture: make, control, or modify any of the Agreements and Documents upon such terms and for such periods of time and upon such conditions as the Trustee may deem fit and proper; enforce or cancel any of the Agreements and Documents now in effect or hereafter in effect; collect, demand, sue for, attach, levy, recover and receive, compromise and adjust, and execute and deliver receipts and releases for all amounts payable under the Agreements and Documents; from or out of any other funds of the Corporation deposited with or under the control

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of the Trustee, pay and discharge all expenses or charges in the satisfaction of any obligation of the Corporation under any of the Agreements and Documents or that it may be advisable for the Trustee to pay or expend in order to prevent or cure a default under any of the Agreements and Documents, including, but without limitation, reasonable attorneys' fees and costs for any other services that may be required; and otherwise do whatsoever ought to be done with respect to the Agreements and Documents as fully as the Corporation could do if personally present. The Trustee shall, after payment of all of the foregoing charges and expenses, credit the net amount of income which it may receive by virtue of this Assignment to any amounts due the Trustee from the Corporation under the Secured Obligations, the manner of the application to be in accordance with the Indenture, with all the rights, powers, privileges, and authority so created, shall not, prior to exercise or enforcement thereof by the Trustee, be deemed or construed to obligate the Trustee to appear in or defend any action or proceeding relating to the Agreements and Documents, to take any action hereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty, or liability under the Agreements and Documents.

Section 3. Power of Attorney. The Corporation does hereby irrevocably constitute and appoint the Trustee, as the assignee of the Trustee under the Indenture, the true and lawful attorney, coupled with an interest, of the Corporation and in the name, place, and stead of the Corporation to undertake its enforcement rights under the Agreements and Documents and to collect and/or pay all amounts payable under the Agreements and Documents. This Assignment shall constitute a direction to and full authority to such other party or parties to the Agreements and Documents to render performance to or for the Trustee and/or to pay all such amounts to the Trustee. A written demand by the Trustee on each such person for such performance and/or payment shall be sufficient to warrant such person's rendering all future performance and/or make all future payments of such amounts directly to the Trustee without the necessity for further consent by the Corporation. Each such person shall be entitled to rely upon a written demand by the Trustee for such performance and/or payment and shall be fully protected from any claims by the Corporation for all performance rendered and/or payments made to the Trustee after receipt of such written demand. The foregoing rights, powers, and privileges are to be irrevocable and continuing, and shall be exclusive in the Trustee so long as any part of the Secured Obligations shall remain unpaid. The Trustee understands and agrees that it shall exercise the powers granted to it in this Section subject to the provisions of Section 8.6 of the Indenture and only if an Event of Default shall have occurred hereunder.

Section 4. Term of Assignment. If all of the Secured Obligations be paid as the same become due and payable and if all of the covenants, warranties, undertakings, and agreements of the Corporation in the Secured Obligations, the Loan Agreements, the Mortgage, this Assignment, and all other Security Documents be kept and performed, this Assignment shall become null and void and of no further force and effect, but the affidavit, certificate, letter, or written statement of any officer, agent, or attorney of the Trustee indicating that any part of the Secured Obligations remains unpaid or any of such covenants, warranties, undertakings, and agreements have not been kept or performed shall be and constitute conclusive evidence of the validity, effectiveness, and continuing force of this Assignment, and any person may, and is hereby authorized to, rely thereon. The Corporation hereby authorizes and directs the parties named in the Agreements and Documents or any other or future party, upon receipt from the Trustee of written notice to the effect that any of the Secured Obligations is outstanding, to render performance and/or pay over to the Trustee or its appointed agent all amounts due and payable

with respect to the Agreements and Documents and to continue so to do until otherwise notified by the Trustee. The satisfaction of the Mortgage shall constitute a cancellation and release hereof.

Section 5. Representations and Warranties. The Corporation hereby represents and warrants to the Trustee that (a) the Corporation is the sole owner of the "Owner's" interest under the Agreements and Documents (other than the Construction Agreement and the Architect's Agreement) and has the full and complete right, title, and authority to sell, assign, transfer, and set over the same and to grant and confer upon the Trustee the rights, interests, liens, power, and authorities herein granted and conferred; (b) the Corporation has not executed any prior assignment of the Agreements and Documents; (c) the Corporation has not performed any act or executed any other instrument which might prevent the Trustee, or the Trustee as the assignee of the Trustee, from enjoying and exercising any of its rights and privileges evidenced hereby; (d) the Corporation has not executed or granted any modifications to any existing Agreements and Documents except as previously disclosed to the Trustee; (e) all existing Agreements and Documents are valid and in full force and effect; (f) there are no defaults or events of default now existing under any of the Agreements and Documents and no event has occurred which with the passage of time or the giving of notice, or both, would constitute such a default or event of default.

Section 6. No Additional Encumbrances, Amendments, etc. Except as may be permitted by the Loan Agreements, the Corporation agrees that, so long as any of the Secured Obligations shall remain unpaid, the Corporation will make no further assignment, pledge, or disposition any of the Agreements and Documents or any part of either thereof; nor will the Corporation modify, alter, or amend any of the Agreements and Documents that would have the effect of increasing the remaining costs of acquiring, constructing, furnishing, and/or equipping the Facilities to an amount greater than the amount then available to pay such costs in the Project Fund created under the Indenture (the "*Project Fund*") or give any consent, concession, or waiver or exercise any option required or permitted by the terms of any of the Agreements and Documents; nor will the Corporation cancel or terminate any of the Agreements and Documents so as to effect directly or indirectly, proximately or remotely, a termination or diminution of the obligations of the other party or parties thereunder; nor will the Corporation, except to the extent required by the terms of any of the Agreements and Documents, consent to an assignment of the interest and estate of the other party or parties under any of the Agreements and Documents; and any such acts, if done or permitted to be done without the prior written consent of the Trustee and the Bond Insurer, shall be null and void and shall constitute an Event of Default. Nothing contained in the Section shall be deemed to prevent or impair the Corporation's making day-to-day decisions during the construction process, including, but not limited to, permitting minor deviations from the plans, specifications, or construction schedule relating to the Facilities; approving, rejecting, or modifying applications for progress payments; agreeing to substitutions of materials; or approving change orders if such decisions shall not individually or collectively delay the final completion of the Facilities or increase the remaining costs of acquiring, constructing, furnishing, and/or equipping the Facilities to an amount greater than the amount available to pay such costs in the Project Fund.

Section 7. Performance of Corporation's Obligations Under the Agreements and Documents; Further Assurances. The Corporation covenants with the Trustee to observe and perform all the obligations imposed upon it under the Agreements and Documents and not to do or permit to be done anything to impair the security thereof; at the Trustee's request, to assign and transfer to the Trustee by specific assignment of rights and documents, in the form of this Assignment any and all subsequent Agreements and Documents (it being understood and agreed that no such specific assignment shall be required for such subsequent Agreements and Documents to be covered by and included within this Assignment as provided herein); and to execute and deliver at the request of the Trustee all such further assurances and assignments in the rights and documents covered by the Agreements and Documents as the Trustee shall from time to time require.

Section 8. Events of Default. The term "*Event of Default*," wherever used in this Assignment, shall mean any one or more of the following events:

(a) failure by the Corporation to perform in a punctual manner any other of the covenants, conditions, agreements, or provisions contained in this Assignment and the continuation of such failure for thirty (30) days after receipt by the Corporation of a written notice from the Trustee specifying such default and requiring the same to be remedied, provided, however, that if such performance requires work to be done, action to be taken, or conditions to be remedied, that by their nature cannot reasonably be done, taken or remedied, as the case may be, within such thirty (30) day period or other period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Corporation shall begin such performance within such period and shall diligently and continuously prosecute the same to completion; or

(b) the occurrence of an Event of Default under any of the Loan Agreements, any of the Secured Obligations, the Mortgage, or any other Security Document.

Section 9. Trustee Not Liable for Losses; Indemnification. The Trustee shall not be liable for any loss sustained by the Corporation resulting from any act or omission of the Trustee in exercising its rights and remedies under this Assignment unless such loss is caused by the willful misconduct or bad faith of the Trustee, nor shall the Trustee be obligated to perform or discharge any obligation, duty, or liability under the Agreements and Documents or under or by reason of this Assignment or the exercise of rights or remedies hereunder. The Corporation shall and does hereby agree to indemnify the Trustee for, and to hold the Trustee harmless from, any and all liability, loss, or damage which may or might be incurred under any of the Agreements and Documents or under or by reason of this Assignment or the exercise of rights or remedies hereunder and from any and all claims and demands whatsoever which may be asserted against the Trustee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any of the Agreements and Documents unless such liability, loss, damage, or claim is caused by the willful misconduct or bad faith of the Trustee. Should the Trustee incur any such liability under any of the Agreements and Documents or under or by reason of this Assignment or the exercise of rights or remedies hereunder or in defense of any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby, and the Corporation shall reimburse the Trustee therefor immediately upon demand. This Assignment shall not operate to

place responsibility upon the Trustee for the carrying out of any of the terms and conditions of any of the Agreements and Documents.

Section 10. No Waiver. Nothing contained herein and no act done or omitted by the Trustee pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by the Trustee of its rights and remedies under any of the Secured Obligations, any of the Loan Agreements, the Mortgage, or any other Security Document or a waiver or curing of any Event of Default, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by the Trustee under the terms of the Secured Obligations, the Loan Agreements, the Mortgage, or any other Security Document. The right of the Trustee to enforce any other security (collectively, the "*Security*") for the Secured Obligations held by it may be exercised by the Trustee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

Section 11. Trustee Deemed a Creditor of Other Parties to the Agreements and Documents. The Trustee shall be and is deemed to be the creditor of the other party or parties under the Agreements and Documents in respect of any and all claims for damages, assignments for the benefit of creditors, and bankruptcy, reorganization, insolvency, dissolution, or receivership proceedings affecting such party or parties (without obligation on the part of the Trustee, however, to file or make timely filings in such proceeding or otherwise to pursue creditor's rights therein). The Corporation hereby assigns to the Trustee any and all damages and any and all money received in connection with such assignment for the benefit of creditors or in any such bankruptcy, reorganization, insolvency, dissolution, or receivership proceeding. Prior to the completion of the acquisition, construction, furnishing, and equipping of the Facilities, any such damages or any money received by the Trustee as such creditor shall be deposited in the Project Fund. After such completion, any such damages or money shall be applied to the reduction of the Secured Obligations in accordance with the provisions of the Indenture and in such order as the Trustee, in its sole and absolute discretion, may determine. The Corporation hereby appoints the Trustee, as the assignee of the Trustee under the Indenture, its attorney-in-fact to appear in any action and/or to collect any such money or payment.

Section 12. Effect of Releases, Waivers, and Consents by the Trustee. The Trustee may take or release other security for any of the Secured Obligations, may release any party primarily or secondarily liable therefor, and may apply any other security held by it to the satisfaction of any portion of the Secured Obligations without prejudice to any of its rights under this Assignment. The Trustee may at any time and from time to time in writing (a) waive compliance by the Corporation with any covenant herein made by the Corporation to the extent and in the manner specified in such writing; (b) consent to the Corporation's doing any act which hereunder the Corporation is prohibited from doing, or consent to the Corporation's failing to do any act which hereunder the Corporation is required to do, to the extent and in the manner specified in such writing; or (c) release any part of the Agreements and Documents, or any interest therein from this Assignment. No such act shall in any way impair the rights of the Trustee hereunder except to the extent specifically agreed to by the Trustee in such writing.

Section 13. Rights Not Impaired. The rights and remedies of the Trustee hereunder shall not be impaired by any indulgence, including but not limited to (a) any renewal, extension, or modification which the Trustee may grant with respect to any of the Secured Obligations, (b) any surrender, compromise, release, renewal, extension, exchange, or substitution which the

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Trustee may grant in respect of any of the Agreements and Documents or any part thereof or any interest therein, or (c) any release or indulgence granted to any endorser, guarantor, or surety of any of the Secured Obligations.

Section 14. Parties Included. Whenever one of the parties hereto is named or referred to herein, the heirs, representatives, successors, endorsees, and assigns of such party shall be included, and all covenants and agreements contained in this Assignment, by or on behalf of the Corporation or the Trustee, shall bind and inure to the benefit of their respective heirs, representatives, successors, endorsees, and assigns, whether so expressed or not.

Section 15. Headings. The headings of the articles, sections, paragraphs, and subdivisions of this Assignment are for convenience of reference only, are not to be considered a part hereof, and shall not limit or expand or otherwise affect any of the terms hereof.

Section 16. Invalid Provisions to Affect No Others. A determination that any provision of this Assignment is unenforceable or invalid shall not affect the enforceability or validity of any other provision hereof, and any determination that the application of any provision of this Assignment to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

Section 17. Changes, etc. Neither this Assignment nor any term hereof may be changed, waived, discharged, or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought. Any agreement hereafter made by the Corporation and the Trustee relating to this Assignment shall be superior to the rights of the holder of any intervening lien or encumbrance.

Section 18. Addresses for Notices, etc. All notices and other communications provided for hereunder shall be in writing and if to the Corporation, mailed or telegraphed or delivered to it and addressed to it at the address of the Corporation and in the manner specified in the Mortgage, and if to the Trustee or the Bond Insurer, mailed or delivered to it and addressed to it at the address of the Trustee or the Bond Insurer and in the manner specified in the Loan Agreement or as to any such party at such other addressees as shall be designated by such party in a written notice to each other party complying with the Loan Agreement. Such notices shall be given within the time specified for notices in the Loan Agreement. Receipt of notices, certificates, or other communications hereunder shall occur upon actual delivery (whether by mail, facsimile transmission, messenger, courier service, or otherwise) to any person who is the Corporation or an officer of the Corporation at any location where such person may be found, or to an officer, agent, or employee of the Corporation, or other party, at the address of such party set forth in the Loan Agreement, subject to change as provided therein. An attempted delivery in accordance with the foregoing, acceptance of which is refused or rejected, shall be deemed to be and shall constitute receipt and an attempted delivery in accordance with the foregoing by mail, messenger, or courier service (whichever is chosen by the sender) which is not completed because of changed address of which no notice was received by the sender in accordance with the provisions of the Loan Agreement prior to the sending of the notice, certificate, or other communication shall also be deemed to be and constitute receipt.

Section 19. Governing Law. This Assignment is made by the Corporation and accepted by the Trustee in the State, with reference to the laws of the State, and shall be construed, interpreted, enforced, and governed by and in accordance with such laws (excluding the principles thereof governing conflicts of law).

Section 20. Entire Agreement. This Assignment and the documents expressly referred to herein embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to the subject matter.

Section 21. Remedies Cumulative. No right, power, or remedy conferred upon or reserved to the Trustee by any of the Secured Obligations, any of the Loan Agreements, the Mortgage, this Assignment, or any other Security Document is exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given hereunder or under any of the Secured Obligations, any of the Loan Agreements, or any other Security Document, or now or hereafter existing at law, in equity, or by statute.

Section 22. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute but one and the same instrument.

Section 23. Amendments, Change, and Modifications. This Assignment may be amended, changed, or modified only in accordance with the provisions of Article X of the Indenture.

Section 24. Limited Liability, Authority, and Recourse.

(a) The Trustee understands and agrees that the obligations of the Corporation shall be limited as set forth in this Section.

(b) The liability of the Corporation hereunder shall be limited to its interest in the Facilities and the other Security, and no Person shall have the right to obtain payment from the Corporation or from any assets of the Corporation other than the Facilities and the other Security.

(c) The Trustee may not enforce the liability and obligation of the Corporation to perform and observe the obligations contained in this Assignment in any action or proceeding wherein a money judgment shall be sought against the Corporation, except that the Trustee may bring a foreclosure action, action for specific performance, or other appropriate action or proceeding to enable the Trustee to enforce and realize upon this Assignment and the interest in the Security, provided, however, that any judgment in any such action or proceeding shall be enforceable against the Corporation only to the extent of the Corporation's interest in the Facilities and the other Security.

(d) The Trustee agrees that it will not sue for, seek, or demand any deficiency against the Corporation in such action or proceeding, under or by reason of or in connection with this Assignment. The provisions of this Section shall not, however, (i) constitute a waiver, release, or impairment (except for the foregoing restriction on

obtaining any deficiency judgment against the Corporation) of any obligation secured by this Assignment, (ii) impair the right of the Trustee to name the Corporation as a party defendant in any action or suit for judicial foreclosure and sale under this Assignment, (iii) impair the right of the Trustee to obtain the appointment of a receiver, (iv) impair the right of the Trustee to obtain the rents and other revenues received by the Corporation in connection with its ownership or operation of the Facilities after the occurrence of an Event of Default, or (v) impair the right of the Trustee to obtain insurance proceeds or condemnation awards due to the Trustee.

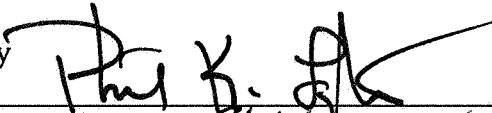
(e) Notwithstanding the foregoing, the Corporation shall be liable for (i) any fraud or intentional misrepresentation by the Corporation or any of its officers, and (ii) misapplication after the date hereof of (A) proceeds of any insurance covering any portion of the Security actually received by the Corporation or any of its officers, (B) proceeds from the sale or condemnation of any portion of the Security actually received by the Corporation or any of its officers, or (C) rentals or other proceeds from the lease of any portion of the Security actually received by the Corporation or any of its officers.

Section 25. No Liability of the Corporation's Officers or the Authorized Corporation Representative. Notwithstanding anything contained herein to the contrary, no recourse under or upon any obligation, covenant, or agreement contained in this Assignment or in any other documents delivered in connection with the issuance of the Series 2004 Bonds, or for any claim based thereon, or under any judgment obtained against the Corporation, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, shall be had against the Authorized Corporation Representative, any incorporator, director, member, officer, consultant, or agent, as such, past, present, or future of the Corporation, or any incorporator, director, member, officer, consultant, or agent of any successor entity, as such, either directly or through the Corporation or any successor entity, or otherwise; provided, however, nothing in this Section shall be construed to relieve any Person of liability for tortious acts that are, or intentional wrongdoing that is, outside the intended scope of such Person's employment.

Section 26. Bond Insurer as Third Party Beneficiary. To the extent that this Assignment confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason hereof, the Bond Insurer shall be and is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given, or granted hereunder.

IN WITNESS WHEREOF, the Corporation has caused this Assignment of Agreements and Documents to be executed in its name and on its behalf by its duly authorized officer as of the day and year first above written.

UNIVERSITY FACILITIES, INC.

By 

Name: Phil K. Livingston
Title: Vice Chairperson

Exhibit A
Legal Description of Land

LEGAL DESCRIPTIONS

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land containing 0.46 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

EXECUTION COPY

AGREEMENT TO LEASE WITH OPTION TO PURCHASE

by and between

UNIVERSITY FACILITIES, INC.
(as Lessor)

and

**Board of Supervisors for the
University of Louisiana System,
on behalf of Southeastern Louisiana University**
(as Lessee)

Dated as of August 1, 2004

in connection with:

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project)
Series 2004

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EXHIBIT A DESCRIPTION OF FACILITIES

AGREEMENT TO LEASE WITH OPTION TO PURCHASE

This AGREEMENT TO LEASE WITH OPTION TO PURCHASE (together with any amendment hereto or supplement hereof, the "Facilities Lease"), dated and effective as of August 1, 2004, is entered into by and between UNIVERSITY FACILITIES, INC., a Louisiana nonprofit corporation represented herein by its Vice Chairperson, Phil K. Livingston (the "Corporation"); and the BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM (the "Board"), a public constitutional corporation organized and existing under the laws of the State of Louisiana, acting herein on behalf of Southeastern Louisiana University (the "University"), which Board is represented herein by Randy Moffett, President of the University, duly authorized.

WITNESSETH:

WHEREAS, the Board is a public constitutional corporation organized and existing under the laws of the State of Louisiana and the University is a university under its management pursuant to Louisiana Revised Statutes 17:3217;

WHEREAS, the Corporation is a private nonprofit corporation organized and existing under the Louisiana Nonprofit Corporation Law (La. R.S. 12:201 et seq.), whose purpose is to support and benefit the educational, scientific, research and public service missions of the University;

WHEREAS, pursuant to La. R.S.17:3361 through 17:3366, the Board is authorized to lease to a private entity, such as the Corporation, any portion of the campus of the University provided the Corporation is thereby obligated to construct improvements for furthering the educational, scientific, research or public service functions of the Corporation;

WHEREAS, in order to further these functions of the Board, by demolition of certain existing facilities and renovation, development and construction of housing and related facilities for students, faculty and staff on the campus of the University (the "Campus"), the Board deems it advisable that a portion of the Campus be leased to the Corporation for the purpose of demolishing certain existing facilities and renovating, developing and constructing such housing and related facilities and leasing such housing facilities back to the Board; and

WHEREAS, the Board and the Corporation have agreed to enter into a lease dated of even date herewith (the "Ground Lease") whereby the Board will lease certain tracts of land owned by the Board and located on the Campus to the Corporation; and

WHEREAS, the Corporation and the Board have agreed that the Corporation shall demolish certain existing facilities and renovate, develop and construct housing and related facilities on the land leased under the Ground Lease which student housing and related facilities will be owned by the Board as constructed and leased to the Corporation pursuant to the Ground Lease; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of and as used in this Facilities Lease, have the meanings as set forth below. All other capitalized terms used herein without definition shall have the meanings as set forth in the Indenture (as hereinafter defined). Other terms shall have the meanings assigned to them in other Sections of this Facilities Lease.

"Additional Bonds" means bonds, if any, issued in one or more series on a parity with the Series 2004 Bonds pursuant to Article V of the Indenture.

"Additional Debt" means any obligation (whether present or future, contingent or otherwise, as principal or security or otherwise): (i) in respect of borrowed money, including without limitation, bonds, notes and similar obligations; or (ii) under a lease arrangement, installment sale agreement or other similar arrangement, that is secured by or payable from Rents.

"Additional Facilities" means any additional student housing facilities owned or leased by the Board or the Corporation that have been incorporated with the Facilities into a single housing system pursuant to Section 3(i) hereof.

"Additional Rental" means the amounts specified as such in Section 6(c) of this Facilities Lease.

"Administrative Expenses" means the necessary, reasonable and direct out-of-pocket expenses incurred by the Issuer or the Trustee pursuant to the Indenture and the Agreement, the compensation of the Trustee under the Indenture (including, but not limited to any annual administrative fee charged by the Trustee), the compensation of the Issuer, any amounts due to the Bond Insurer under the Reimbursement Agreement and the necessary, reasonable and direct out-of-pocket expenses of the Trustee incurred by the Trustee in the performance of its duties under the Indenture.

"Agreement" means the Loan Agreement dated as of August 1, 2004 between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

"Annual Debt Service" means the amount required to pay all principal of and interest on a series of Bonds and any Additional Debt (as defined in the Facilities Lease), as applicable, in any Fiscal Year. For purposes of calculating the Annual Debt Service on a series of Bonds or Additional Debt the interest rate borne by which is not fixed to the maturity thereof on any date, for any period during which an interest swap or similar agreement shall be in effect whereunder the Corporation or the Board pays a fixed rate and the swap provider pays a floating rate that, in the judgment of the Authorized Corporation Representative (as evidenced by a certificate delivered to the Trustee) approximates the variable rate payable on such series of Bonds or Additional Debt, the interest rate on such series of Bonds or Additional Debt shall be deemed to be equal to the fixed rate payable by the Corporation or the Board under such interest swap or similar agreement and for

any period during which such an agreement shall not be in effect the interest rate on such Bonds or Additional Debt shall be deemed to be the average interest rate borne by such series of Bonds or Additional Debt during the immediately preceding twelve (12) month period or, if such series of Bonds or Additional Debt has borne a floating rate for less than twelve (12) months, such series of Bonds or Additional Debt shall be treated as if it bears interest at the 25-year Revenue Bond Index as published by *The Bond Buyer* on the date of determination.

"Authorized Corporation Representative" means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Base Rental" means the amounts referred to as such in Section 6(b) of this Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms hereof) but does not include Additional Rental.

"Board" means Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities, or its legal successor as the management board of the University, acting on behalf of the University.

"Board Representative" means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Facilities Lease; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Corporation has been notified in writing.

"Bond Documents" shall have the meaning set forth in Section 3.12 of the Indenture.

"Bonds" means, collectively, the Series 2004 Bonds and any Additional Bonds issued pursuant to a supplemental Indenture as authorized hereby.

"Budget" means the University's budget as approved by the Board for any Fiscal Year during the Term.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§9601 et seq.).

"Claim" collectively means any claim, liability, demand, loss, damage, deficiency, litigation, cause of action, penalty, fine, judgment, defense, imposition, fee, lien, bonding cost, settlement, disbursement, penalty, cost or expenses of any and every kind and nature (including without limitation Litigation Expenses), whether known or unknown, incurred or potential, accrued, absolute, direct, indirect, contingent or otherwise and whether imposed by strict liability, negligence, or otherwise, and consequential, punitive and exemplary damage claims.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

"Commencement Date" means the effective date of this Facilities Lease, which is August 13, 2004.

"Corporation" means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payments or provision for payment of all of the Bonds.

"Date of Opening" shall have the meaning set forth in the Ground Lease.

"Debt Service Coverage Ratio" means, collectively, the Debt Service Coverage Ratio for the Facilities and the Debt Service Coverage Ratio for the University.

"Debt Service Coverage Ratio for the Facilities" means, for any Fiscal Year, the ratio determined by the Vice-President for Administration and Finance of the University by dividing the amount of Net Revenues of the Facilities for such Fiscal Year by Annual Debt Service on the Bonds outstanding and on any Additional Debt issued and proposed to be issued for such Fiscal Year; provided, however, that for the purpose of calculating the Debt Service Coverage Ratio pursuant to subsection (ii) of Section 3(i) hereof, to determine whether the Board may build, acquire or renovate any Additional Facilities, the numerator of the fraction representing the Debt Service Coverage Ratio shall be increased by the additional anticipated revenues, if any, to be derived from the Additional Facilities to be constructed with the proceeds resulting from the Additional Debt as certified by the Vice-President for Administration and Finance of the University.

"Debt Service Coverage Ratio for the University" means, for any Fiscal Year, the ratio determined by the Vice-President for Administration and Finance of the University by dividing the amount of Lawfully Available Funds for such Fiscal Year by Annual Debt Service on the Bonds outstanding and on any Additional Debt issued and proposed to be issued for such Fiscal Year.

"Debt Service Fund" means the fund of that name created under of the Indenture.

"Debt Service Reserve Fund" means the fund of that name created under the Indenture.

"Debt Service Reserve Fund Requirement," (i) with respect to the Series 2004A Bonds, the Series 2004B Bonds and any Additional Bonds that are Tax-Exempt Bonds, at the time of determination, means the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes; and (ii) with respect to all Bonds issued under the Indenture, means the sum of the Debt Service Fund Reserve Requirements for each series of Bonds Outstanding; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory sinking fund redemption pursuant to this Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory sinking fund redemption in such Bond Year.

"Default or Delay Rental" means and shall consist of (i) all amounts, fees or expenses which the Corporation may be legally obligated to pay to Other Parties by reason of any default of the Board hereunder or any delay in payment of any sums due by the Board hereunder; and (ii) all costs, expenses and charges, including reasonable Legal Expenses, incurred by the Corporation whether by suit or otherwise, in collecting sums payable hereunder or in enforcing any covenant or agreement of the Board contained in this Facilities Lease or incurred in obtaining possession of the Facilities after default by the Board.

"Encumbrance" means any lien, mortgage, encumbrance, privilege, charge, option, right of first refusal, conditional sales contract, security interest, mechanic's and materialmen's liens, or any lien or encumbrance securing payment of any Claims, including environmental Claims, or of any charges for labor, materials, supplies, equipment, taxes, or utilities, excluding the Option granted to the Board herein.

"Environmental Requirements" means all State, federal, local, municipal, parish, and regional laws, statutes, rules, regulations, ordinances, codes, permits, approvals, plans, authorizations, concessions, investigation results, guidance documents; all legislative, judicial, and administrative judgments, decrees, orders, rules, rulings, and regulations; and all agreements and other restrictions and requirements in effect on or prior to the Commencement Date, of any Governmental Authority, including, without limitation, federal, state, and local authorities, relating to the regulation or protection of human health and safety, natural resources, conservation, the environment, or the storage, treatment, disposal, processing, release, discharge, emission, use, remediation, transportation, handling, or other management of industrial, gaseous, liquid or solid waste, hazardous waste, hazardous or toxic substances or chemicals, or pollutants, and including without limitation the following environmental laws: The Clean Air Act (42 U.S.C.A. §1857); the Federal Water Pollution Control Act (33 U.S.C. §1251); the Resource Conservation and Recovery Act of 1976, (42 U.S.C. §6901); CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. 99-499, 100 Stat. 1613); the Toxic Substances Control Act (15 U.S.C. §2601); the Clean Water Act (33 U.S.C. §1251); the Safe Drinking Water Act (42 U.S.C. §30); the Occupational Safety and Health Act (29 U.S.C. §651); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §135); the Louisiana Environmental Quality Act (La. R.S. 30:2001); and the Louisiana Air Quality Regulations (La.

C. 33:III.2595) including any amendments or extensions thereof and any rules, regulations, standards or guidelines issued pursuant to or promulgated under any of the foregoing.

"Event of Default" means any default specified in and defined as such by Section 21 hereof.

"Expiration Date" means the earlier of August 1, 2044, or the date that all amounts owed under the Indenture have been paid.

"Facilities" means the student housing and related facilities described in **Exhibit A** to this Agreement, as amended and supplemented in accordance with the provisions of the Agreement, which are to be renovated and/or constructed in three (3) phases with the proceeds of the Bonds and Additional Bonds, and Southeastern Oaks and The Village.

"Facilities Lease" means this Agreement to Lease With Option to Purchase, including the Exhibits attached hereto, and any amendment or supplement hereto entered into from time to time in accordance with the terms hereof.

"Fiscal Year" means the fiscal year of the State, which at the date of this Facilities Lease is the period from July 1 to and including the following June 30.

"Fixed Rate" means the rate of interest fixed to the maturity of the Series 2004B Bonds and not subject to adjustment.

"Governmental Authority" means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

"Governmental Regulations" means any and all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, authorizations, concessions, investigation reports, guidelines, and requirements or accreditation standards of any Governmental Authority having jurisdiction over the Corporation and/or the Board, or affecting the Facilities.

"Ground Lease" means that certain Ground and Buildings Lease dated as of August 1, 2004 by and between the Board, as Lessor on behalf of the University, and the Corporation, as Lessee whereby the Land upon which certain existing facilities that are to be demolished are located and upon which the Facilities shall be constructed and/or renovated and the Facilities, as completed, are leased by the Board to the Corporation.

"Hazardous Substance" means (a) any "hazardous substance" as defined in §101(14) of CERCLA or any regulations promulgated thereunder; (b) petroleum and petroleum by-products; (c) asbestos or asbestos containing material ("ACM"); (d) polychlorinated biphenyls; (e) urea formaldehyde foam insulation; or (f) any additional substances or materials which at any time are classified, defined or considered to be explosive, corrosive, flammable, infectious, radioactive,

mutagenic, carcinogenic, pollutants, hazardous or toxic under any of the Environmental Requirements.

"Indenture" means the Trust Indenture dated as of August 1, 2004, between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions thereof.

"Interest Payment Date" or **"interest payment date,"** when used with respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate and the Series 2004C Bonds, means each February 1 and August 1, commencing February 1, 2005, when used with respect to Auction Rate Bonds, means the Business Day following each Auction Date, and with respect to Variable Rate Bonds, means the dates set forth in the supplemental indenture executed in connection with the applicable Variable Rate Conversion.

"Issuer" means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act (as defined in the Indenture), or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Issuer by said provisions shall be given by law.

"Land" means the real property more particularly described on Exhibit A attached to the Ground Lease upon which certain existing facilities are to be demolished and upon which the Facilities are to be renovated, constructed and located.

"Lawfully Available Funds" means all unrestricted funds available to the University and appropriated by the Board to make Rental payments from any source, including Rents.

"Legal Expenses" means the reasonable fees and charges of attorneys and of legal assistants, paralegals, law clerks and other persons and entities used by attorneys and under attorney supervision and all costs incurred or advanced by any of them irrespective of whether incurred in or advanced prior to the initiation of any legal, equitable, arbitration, administrative, bankruptcy, trial or similar proceedings and any appeal from any of same.

"Litigation Expenses" means all out-of-pocket costs and expenses incurred as a result of a Default, or in connection with an indemnification obligation, including Legal Expenses, the reasonable fees and charges of experts and/or consultants, and all court costs and expenses.

"Management Agreement" means the Management Agreement dated as of July 1, 2004, between the Management Company and the Corporation, as approved by the Board, and any successor contract for the management of the Facilities.

"Management Company" means Capstone On-Campus Management, L.L.C., an Alabama limited liability company authorized to do business in Louisiana, and its successor under any Management Agreement.

"Management Fee" means the fee owed to the Management Company of the Facilities pursuant to the Management Agreement in place from time to time between the Management Company and the Corporation, as agent for the Board.

"Maximum Annual Debt Service" with respect to a series of Bonds issued under the Indenture, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

"Net Revenues of the Facilities" means, with respect to any period, the excess of the Rents (determined on a cash basis) over Operating Expenses (before extraordinary items) of the Facilities and any Additional Facilities, determined in accordance with generally accepted accounting principles, and excluding: (a) any profits or losses on the sale or disposition, not in the ordinary course of business, of investments or fixed or capital assets or resulting from the early extinguishment of debt; (b) gifts, grants, bequests, donations and contributions, to the extent specifically restricted by the donor to a particular purposes inconsistent with their use for the payment of Annual Debt Service on the Bonds or Additional Debt; and (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards.

"Notice" shall have the meaning set forth in Section 50 hereof.

"Operating Expenses" means the current expenses of operation, maintenance and current repair of the Facilities, as calculated in accordance with Generally Accepted Accounting Principles, and includes, without limiting the generality of the foregoing, insurance premiums, reasonable accounting and legal fees and expenses relating to the Facilities and the ownership thereof by the Board, payments with respect to worker's compensation claims not otherwise covered by insurance, any payments due from the Board under the Facilities Lease, the Agreement or this Indenture, any Rebate Amount, amounts payable by the Corporation under the Agreement or the Mortgage (other than the principal of, premium, if any, and interest on the Bonds); administrative expenses of the Issuer (including fees and expenses of the Trustee and counsel fees and expenses) relating solely to the Facilities, the cost of materials and supplies used for current operations, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. "Operating Expenses" will not include (1) the Management Fee, but only to the extent that the same is subordinate to the payment of the payments to the same extent as set forth in the initial Management Agreement; (2) the principal of and interest on the Bonds; (3) any allowance for depreciation or replacements of capital assets of the Facilities; or (4) amortization of financing costs.

"Option to Purchase" or **"Option"** means the option to purchase the Corporation's interest in the Facilities granted in Section 23 of this Facilities Lease.

"Other Parties" means a Person other than the Parties.

"Parties" means, collectively, the Corporation and the Board.

"Permitted Sublessees" means persons other than University students, faculty and staff who are participants in any activities related to the mission of the University and who are using the Facilities for a period of one (1) month or less pursuant to a concession or other housing arrangement with the University.

"Permitted Use" means the operation of the Facilities for the housing of University students, faculty, staff and Permitted Sublessees and for purposes related to or associated with the foregoing.

"Person" means all juridical persons, whether corporate or natural, including individuals, firms, trusts, corporations, associations, joint ventures, partnerships, and limited liability companies or partnerships.

"Principal Payment Date" means each August 1, commencing August 1, 2006.

"Project Fund" means the fund of that name created under the Indenture.

"Receipts Fund" means the fund of that name created under the Indenture.

"Remediation" means any and all costs incurred due to any investigation of the Facilities or any remediation, response, cleanup, removal, or restoration required by any Governmental Regulation or Governmental Authority or by Environmental Requirements.

"Rental" means and includes the Base Rental and Additional Rental.

"Rents" means all revenues actually received from any source by, or on behalf the Board or the University with respect to the Facilities and any Additional Facilities, including without duplication, all collected rents and other charges for the use or occupancy of the Facilities, parking charges and revenues, utility charges, vending machine and laundry machine revenues and forfeited security deposits relating to the Facilities, and rental interruption insurance proceeds actually received by or on behalf of the Board or the University (net of the costs of collecting such proceeds), if any; excluding tenants' security deposits unless and until applied in satisfaction of tenants' obligations as provided for in the Management Agreement and excluding refunds and reimbursements due to students in accordance with University policy.

"Replacement Fund" means the fund of that name created under the Indenture.

"Series 2004 Bonds" means, collectively, the Series 2004A Bonds, the Series 2004B Bonds and the Series 2004C Bonds.

"Series 2004A Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, initially bearing interest at the Fixed Rate and authorized to be issued by the Issuer in the aggregate principal amount of \$60,985,000, including such Series 2004A Bonds issued in exchange for other such Series

2004A Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004A Bonds pursuant to the Indenture.

"Series 2004B Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, initially bearing interest at the Auction Rate and authorized to be issued by the Issuer in the aggregate principal amount of \$15,000,000, including such Series 2004B Bonds issued in exchange for other such Series 2004B Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004B Bonds pursuant to the Indenture.

"Series 2004C Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, and authorized to be issued by the Issuer in the aggregate principal amount of \$925,000, including such Series 2004C Bonds issued in exchange for other such Series 2004C Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004C Bonds pursuant to the Indenture.

"State" means the State of Louisiana.

"Term" means the term of this Facilities Lease, as provided in Section 2 hereof.

"Trustee" means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under this Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of this Indenture, initially The Bank of New York Trust Company, N.A.

"University" means Southeastern Louisiana University in Hammond, Louisiana.

Section 2. Agreement to Lease; Term of Lease. The Corporation hereby leases the Facilities to the Board, and the Board hereby leases the Facilities from the Corporation effective as of the Commencement Date of this Facilities Lease and agrees upon completion of construction of the Facilities to accept possession of the Facilities and agrees to pay the Base Rental and the Additional Rental as provided herein for the use and occupancy of the Facilities, all on the terms and conditions set forth herein. The Board agrees that it will take immediate possession of the Facilities under the terms and provisions of this Facilities Lease upon the Date of Opening (as defined in the Ground Lease) of the Facilities. The Board understands and agrees that Rental shall accrue from the Commencement Date hereof notwithstanding the fact that the Facilities have yet to be constructed. No delay in the Date of Opening of the Facilities beyond the time set forth in the Ground Lease will extend the Term. The Term of this Facilities Lease begins on the Commencement Date and ends on the Expiration Date; provided, however, this Facilities Lease shall terminate prior to the Expiration Date upon the happening of any of the following events:

(a) repayment of the Bonds in full, including principal, premium, if any, interest and all Administrative Expenses with respect to the Bonds or the defeasance of the Bonds, all as set forth in the Indenture;

(b) the exercise by the Board of the Option to Purchase and the purchase of the Corporation's interest in the Facilities pursuant to the Option; or

(c) any other event described in this Facilities Lease which is specifically stated to cause a termination of this Facilities Lease, including without limitation a Default by the Board, and the failure of the Board to appropriate or cause to be appropriated an amount necessary to pay the Base Rental, all as set forth in Sections 21 and 29 hereof.

Upon the termination of the Facilities Lease under the circumstances set forth in Section 2(a) above, at the Board's option, the Board may require the demolition of the Facilities as set forth in Section 12.02 of the Ground Lease.

Section 3. Acknowledgments, Representations and Covenants of the Board. The Board represents, covenants and agrees as follows:

(a) The Board has full power and authority to enter into this Facilities Lease, the Ground Lease, and the transactions contemplated thereby and agrees to perform all of its obligations hereunder and under the Ground Lease;

(b) The Board has been duly authorized to execute and deliver this Facilities Lease and the Ground Lease and further represents and covenants that this Facilities Lease and the Ground Lease constitute the valid and binding obligations of the Board and that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Facilities Lease and the Ground Lease and the Board has complied with all constitutional and other statutory requirements as may be applicable to the Board in the authorization, execution, delivery and performance of this Facilities Lease and the Ground Lease;

(c) The execution and delivery of this Facilities Lease and the Ground Lease, and compliance with the provisions hereof, will not conflict with or constitute on the part of the Board a violation of, breach of, or default under any constitutional provision, statute, law, resolution, bond indenture or other financing agreement or any other agreement or instrument to which the Board is a party or by which the Board is bound, or any order, rule or regulation of any court or Governmental Authority or body having jurisdiction over the Board or any of its activities or properties with respect to the Facilities; and all consents, approvals or authorizations required of the Board for the consummation of the transactions contemplated hereby have been obtained or timely will be obtained;

(d) Other than that which was previously disclosed, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened against or affecting the Board, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated hereunder or which in any way would adversely affect the validity or enforceability of this Facilities Lease and the Ground Lease;

(e) The Board will not take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Series 2004A Bonds and the Series 2004B Bonds to be included in gross income for federal income tax purposes;

(f) The Board agrees to cause the Facilities to be used for the Permitted Use and shall not allow the Facilities to be used for any other use. No more than five percent (5%) of the gross area of the Facilities will be subleased by the Board or by any sublessees or assigns of the Board to, or otherwise used by, private business and the Board agrees to take all action, to the extent it is legally authorized and able to do so, necessary to prevent the Bonds from being deemed "private activity bonds" within the meaning of Section 141 of the Code; and

(g) The use of the Facilities is essential to the operation of the University by providing modern housing and related facilities for students, faculty and staff of the University. The Board presently intends to make all payments from Lawfully Available Funds for use of the Facilities. There are no alternative facilities available for use as contemplated for the Facilities since there is currently a shortage of available, modern on-campus housing at the University.

(h) The Board covenants that, as long as any bonds, notes or lease obligations remain outstanding that are payable from Lawfully Available Funds, if the Debt Service Coverage Ratio for the Facilities falls below 1.10:1.00 or the Debt Service Coverage Ratio for the University falls below 1.25:1.0, the Board shall use its best efforts to raise its fees, rentals, rates and charges relating to the Facilities so that within two (2) full semesters after either of the Debt Service Coverage Ratios becomes deficient, the Debt Service Coverage Ratio for the Facilities equals 1.10:1.00 and the Debt Service Coverage Ratio for the University equals 1.25:1.0. At the end of two (2) full semesters, if the Debt Service Coverage Ratio for the Facilities is still below 1.10:1.00 or the Debt Service Coverage Ratio for the University is still below 1.25:1.0, the Board shall hire an outside consultant, approved by the Bond Insurer, and the Board shall follow any reasonably feasible recommendations of such consultant regarding the operation and management of the Facilities, including raising fees and rents, reducing expenses and, if necessary, increasing the average occupancy rate through strict enforcement of parietal rules requiring students to reside on campus and, to the extent legally possible, revising parietal rules to increase the number of students required to reside on campus. So long as the Board is working in good faith with such consultant to increase any deficient Debt Service Coverage Ratio, there shall not be an Event of Default hereunder unless (i) the Debt Service Coverage Ratio for the Facilities is less than 1.00:1.00 at the end of any Fiscal Year or (ii) the Debt Service Coverage Ratio for the Facilities is less than 1.10 to 1.00 for two (2) full consecutive semesters after retention of an outside consultant by the Board. For purposes of the foregoing, when establishing such fees, rentals, rates and charges and calculating each Debt Service Coverage Ratio for this Section, the Board shall take into account payments required to be made into the Debt Service Reserve Fund pursuant to Section 4.8(h) of the Indenture. The Board further covenants that it will seek any required approval necessary in order to comply with this covenant.

(i) Without the prior written consent of the Bond Insurer, the University will not build, acquire or renovate any similar student housing facilities, whether such facilities are

owned by the University or a private entity, unless (i) the Facilities have met the Debt Service Coverage Ratio for the Facilities for the prior Fiscal Year, (ii) the Facilities are projected to meet the Debt Service Coverage Ratio for the Facilities for the two Fiscal Years following the projected completion of the proposed facility and (iii) based on a market analysis prepared by a market research company with experience in student or multi-family housing, which is independent from the University, the University's proposed project is not expected to have a material adverse affect on the Facilities. Notwithstanding the foregoing, it is understood that with respect to Phase Three of the Facilities anticipated to be financed with Additional Bonds issued under the Indenture, the foregoing tests do not have to be met, provided that the construction of Phase Three of the Facilities does not increase the total number of on-campus housing beds available to the University. Such additional student housing facilities owned or leased by the Board or the Corporation shall be incorporated with the Facilities into a single housing system so that such additional student housing facilities and all revenues derived therefrom shall secure the Bonds, and the Facilities and the revenues derived therefrom, including all revenues derived from the Facilities Lease, will secure any debt incurred to finance such additional student housing facilities. In addition, the Mortgage (as defined in the Indenture) shall be amended to encumber any such Additional Facilities and any revenues derived therefrom to secure the Bonds and any debt incurred to finance such Additional Facilities.

(j) The University shall maintain its policy of requiring all unmarried, full-time undergraduate students with less than 60 credit hours to live in on-campus residence halls. It is understood that the University currently permits certain exceptions to that policy and, except as set forth in Section 4(h) above, the University may continue to permit those exceptions but it shall make no voluntary revisions to such policy that would reduce the number of students required to live in on-campus residence halls (including, without limitation, reducing the number of credit hours to less than 60, increasing the course-load required for status as a "full-time" student or modifying any existing exemptions from the policy), until the Bonds have been paid in full or the Bond Insurer consents in writing to a change in such policy.

(k) The University shall actively promote the Facilities as a housing alternative and an integral part of the housing system of the University. The University shall, among other things, provide housing brochures to prospective students and allow signs to be posted to promote the Facilities.

Section 4. Representations and Covenants of the Corporation.The Corporation makes the following representations and covenants:

(a) The Corporation has been validly created under the Louisiana Nonprofit Corporation Law, is currently in good standing under the laws of the State, has the power to enter into the transactions contemplated by, and to carry out its obligations under this Facilities Lease, the Ground Lease and the Agreement. The Corporation is not in breach of or in default under any of the provisions contained in any contract, instrument or agreement to which it is a party or in any other instrument by which it is bound. By proper action, the Corporation has been duly authorized to execute and deliver this Facilities Lease, the Ground Lease and the Agreement;

(b) The execution and delivery of this Facilities Lease, the Ground Lease and the Agreement, and compliance with the provisions thereof and hereof, will not conflict with or constitute on the part of the Corporation a violation of, breach of, or default under any statute, indenture, mortgage, declaration or deed of trust, loan agreement or other agreement or instrument to which the Corporation is a party or by which the Corporation is bound or any order, rule or regulation of any court or Governmental Agency or body having jurisdiction over the Corporation or any of its activities or properties; and all consents, approvals and authorizations which are required of the Corporation for the consummation of the transactions contemplated thereby and hereby have been or timely will be obtained;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated hereunder or which in any way would adversely affect the validity or enforceability of this Facilities Lease, the Ground Lease or any agreement or instrument to which the Corporation is a party;

(d) The Corporation will not take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Series 2004A Bonds and the Series 2004B Bonds to be included in gross income for federal income tax purposes.

Section 5. Waiver and Disclaimer of Warranties. The Board acknowledges that the Corporation has not made any representations or warranties as to the suitability or fitness of the Facilities for the needs and purposes of the Board or for any other purpose.

The Board further declares and acknowledges that the Corporation in connection with this Facilities Lease, does not warrant that the Facilities will be upon completion of construction free from redhibitory or latent defects or vices and releases the Corporation of any liability for redhibitory or latent defects or vices under Louisiana Civil Code Articles 2520 through 2548 and Louisiana Civil Code Article 2695. The Board declares and acknowledges that it does hereby waive the warranty of fitness for intended purposes and guarantee against hidden or latent redhibitory defects and vices under Louisiana law, including Louisiana Civil Code Articles 2520 through 2548 and Louisiana Civil Code Article 2695, and the warranty imposed by Louisiana Civil Code Articles 2476 and 2695, and waives all rights in redhibition pursuant to Louisiana Civil Code Articles 2520, et seq. The Board further declares and acknowledges that this waiver has been brought to the attention of the Board and explained in detail and that the Board has voluntarily and knowingly consented to this waiver of warranty of fitness and/or warranty against redhibitory defects and vices for the Facilities. Notwithstanding the foregoing, the Board hereby retains all of its rights to proceed against any third parties with respect to such defects.

The Corporation disclaims and the Board waives any warranties and representations with respect to compliance with Governmental Regulations, including Environmental Requirements, or the disposal of, or existence in, on, under, or about the Facilities of any Hazardous Substance. The Board acknowledges that the Corporation reserves in this Facilities Lease all rights to recover from the Board all costs and expenses imposed on the Corporation to bring the Facilities into compliance with any Environmental Requirement, and all costs of Remediation or cleanup

of such Hazardous Substance imposed on the Corporation or the Board, which shall be payable by the Board as Additional Rental hereunder to the extent imposed upon the Corporation.

Section 6. Rental

(a) The Board, for and in consideration of the Corporation entering into the Ground Lease, renovating and/or constructing the Facilities in accordance with the Ground Lease and leasing the Facilities to the Board pursuant to the terms hereof, hereby covenants and agrees to pay the Base Rental and Additional Rental in the amounts, subject to amounts for which the Board is entitled to a credit as described in Section 6(d) hereof, at the times and in the manner set forth herein, such amounts constituting in the aggregate the total of the rental payable under this Facilities Lease. The obligation of the Board to make Base Rental and Additional Rental payments shall commence on the Commencement Date and shall not be subject to abatement, set-off or reduction as a result of a failure by the Corporation to complete construction of the Facilities on a timely basis.

(b) The Board agrees to pay Base Rental from Lawfully Available Funds. Payments of Base Rental shall be due on the dates and in the amounts as hereinafter provided:

(i) With respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate and the Series 2004C Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2004, in an amount equal to one-sixth (1/6th) of the interest due and payable on such Series 2004 Bonds on the next February 1 and August 1, or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date; and

(ii) With respect to the Auction Rate Bonds, two (2) Business Days prior to each Interest Payment Date for the Auction Rate Bonds, commencing August 18, 2004, in an amount equal to the interest due and payable on the Auction Rate Bonds on such Interest Payment Date or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date;

(iii) With respect to the Variable Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing on the Interest Payment Date immediately succeeding the applicable Variable Rate Conversion Date, an amount equal to the interest due and payable on the Variable Rate Bonds on such Interest Payment Date or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date;

(iv) On the twenty-fifth (25th) day of each month, commencing August 25, 2005, in an amount equal to one-twelfth (1/12th) of the principal of the Series 2004 Bonds payable on the next Principal Payment Date;

(v) On the dates required in the Indenture, to the Trustee for deposit into any of the funds established in the Indenture, including, without limitation, the Debt Service Reserve Fund and the Replacement Fund, an amount sufficient to make up any deficiency in any prior payment required to be made into such fund and to restore any loss resulting from investment or other causes from such fund and any other payment required to be made to such fund by the Indenture.

(c) In addition to the Base Rental set forth herein, the Board agrees to pay as Additional Rental any and all expenses, of every nature, character, and kind whatsoever, incurred by the Corporation on behalf of the Board and/or by the Board or the University in the management, operation, ownership, and/or maintenance of the Facilities, to the extent such expenses are not paid by the Management Company under any Management Contract, including but not limited to the following costs and expenses:

(i) all taxes, assessments and impositions against the Facilities, including without limitation ad valorem taxes attributed to the Corporation on behalf of the Board (and any tax levied in whole or in part in lieu of or in addition to ad valorem taxes);

(ii) any costs incurred by the Corporation in maintaining the Facilities for the Board and making any alterations, restorations and replacements to the Facilities;

(iii) insurance premiums and other charges for insurance obtained with respect to the Facilities including insurance premiums, if any, on all insurance required under the provisions of Section 9 of this Facilities Lease;

(iv) any Default or Delay Rentals;

(v) all costs incurred by the Corporation in connection with its performance of its obligations relating to the Facilities and/or the Land under the Ground Lease and this Facilities Lease;

(vi) all Administrative Expenses owed to the Issuer or the Trustee;

(vii) Litigation Expenses, if any, incurred pursuant to Section 43 hereof;

(viii) any reimbursement amounts payable pursuant to Section 20 hereof or pursuant to any other provision hereof; and

(ix) any other costs, charges, and expenses commonly regarded as ownership, management, maintenance, and operating expenses, if any, incurred by the Corporation under this Facilities Lease.

Amounts constituting Additional Rental payable hereunder shall be paid by the Board directly to the person or persons to whom such amounts shall be due. The Board shall pay all such amounts when due or within thirty (30) days after notice in writing from the Corporation, the

Management Company, or the Trustee to the Board stating the amount of the Additional Rental then due and the purpose thereof.

(d) The Board shall be entitled to a credit against and reduction of each Base Rental payment in an amount equal to any amounts derived from the following sources:

(i) Accrued interest derived from the sale of the Bonds;

(ii) Any capitalization of interest from the proceeds of the Bonds contained in the Capitalized Interest Fund under the Indenture;

(iii) the Rents and any other moneys deposited with the Trustee in the Receipts Fund in accordance with the Indenture and the Management Agreement.

(iv) Surplus moneys (including investment earnings) contained in the funds and accounts held by the Trustee under the Indenture, including the Debt Service Fund, the Debt Service Reserve Fund and the Replacement Fund;

(e) Notwithstanding any other provision of the Facilities Lease, the obligation of the Board to make payments under this Facilities Lease, including payments of Base Rental and Additional Rental, shall be subject to, and dependent upon, appropriation of Legally Available Funds necessary to make the payments required under this Facilities Lease. The Vice President for Finance and Administration of the Board shall cause the University to include in the Budget and, if necessary, any amendments to the Budget, an amount of Lawfully Available Funds sufficient to make the payments of Base Rental and Additional Rental described herein which amounts may or may not ultimately be appropriated by the Board for such purpose. Subject to the foregoing and Section 29 hereof, the obligations of the Board to make payments pursuant to this Facilities Lease, and to perform and observe the other agreements and covenants on its part contained herein, shall be absolute and unconditional and shall not be subject to any diminution, abatement, set-off, or counterclaim. Subject to the foregoing and Section 29 hereof, until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with this Facilities Lease, the Board shall not suspend or discontinue payment of Rental or any other payments pursuant to this Facilities Lease for any cause, and shall continue to perform and observe all of its agreements contained in this Facilities Lease. The Corporation and the Board acknowledge and agree that the obligation of the Board to pay Rental shall constitute a current expense of the Board payable by the Board from funds budgeted and appropriated in accordance with law for and in consideration of the right to use the Facilities during the Term and that such obligation shall not in any manner be construed to be a debt of the Board in contravention of any constitutional or statutory limitations or requirements concerning indebtedness of the Board and nothing contained herein shall constitute a pledge, lien or encumbrance upon any specific tax or other revenues of the Board.

(f) The payments of Base Rental and Additional Rental under this Facilities Lease for each Fiscal Year or portion thereof during the Term shall constitute the total Rental for such Fiscal Year or portion thereof and shall be paid by the Board for and in consideration of the

construction by the Corporation of the Facilities and the right to the use and occupancy of the Facilities by the Board for and during such Fiscal Year or portion thereof.

(g) Amounts necessary to pay each Base Rental payment shall be deposited by the Board on the dates set forth in Section 6(b) hereof in lawful money of the United States of America at the office of the Trustee or at such other place or places as may be established by the Corporation and/or Trustee in accordance with the Indenture. Any amount necessary to pay any Base Rental payment or portion thereof which is not so deposited shall remain due and payable until received by the Trustee. Notwithstanding any dispute between the Board and the Corporation hereunder, the Board shall make all Rental payments when due and shall not withhold payment of any Rental pending the final resolution of such dispute or for any other reason whatsoever.

(h) This Facilities Lease is intended to be a triple net lease. The Board agrees that the Rental provided for herein shall be an absolute net return to the Corporation free and clear of any expenses, charges, taxes, abatements, counterclaims, reductions or set-offs whatsoever of any kind, character or nature; it being understood and agreed to by the Board that the Board shall bear responsibility for the payment of all costs and expenses associated with the ownership, management, operation, and maintenance of the Facilities. Under no circumstances will the Corporation be required to make any payment on the Board's behalf or for the Board's benefit under this Facilities Lease, or assume any monetary obligation of the Board under this Facilities Lease, or with respect to the Facilities.

Section 7. Operation, Alterations, Maintenance, Repair, Replacement and Security Service.

(a) The University, at the direction of the Board, shall be responsible for ensuring that all services necessary or required in order to adequately operate the Facilities in accordance with the Permitted Use are provided and maintained. The University shall continuously operate or cause to be operated the Facilities from the Date of Opening and continuing for the remainder of the Term for the Permitted Use, and in accordance with all Governmental Regulations. Pursuant to the Management Agreement, the Corporation as approved by the Board, will initially contract with the Management Company to provide operations and management services for the Facilities. The University and the Board consent to the Corporation's initial acquisition of operations and management services from the Management Company. All Rents collected by the Management Company under the Management Agreement shall be deposited in an operating account and transferred daily to the Trustee in accordance with the Indenture.

(b) The University, at the direction of the Board, shall be responsible for maintaining the Facilities and shall make or contract or cause to be made or contracted with a suitable contractor for the making of all alterations, repairs, restorations, and replacements to the Facilities, including without limitation the heating, ventilating, air conditioning, mechanical, electrical, elevators, plumbing, fire, sprinkler and theft systems, air and water pollution control and waste disposal facilities, structural roof, walls, and foundations, fixtures, equipment, and appurtenances to the Facilities as and when needed to preserve them in good working order, condition and repair (ordinary wear and tear excepted), regardless of whether such repairs, alterations, restorations or replacements are ordinary or extraordinary, foreseeable or unforeseeable, or are at

the fault of the Board, the Corporation or some Other Party. All alterations, repairs, restoration, or replacements shall be of a quality and class equal to or better than the quality and class presently located in the Facilities.

(c) The University, at the direction of the Board, shall have the right during the Term to cause the Corporation or some other Party to make or construct any additions or improvements to the Facilities, alter the Facilities, attach fixtures, structures, or signs to or on the Facilities, and affix personal property to the Facilities without the Corporation's prior written consent to the extent allowed under the terms of any insurance covering the Facilities. All such alterations, improvements, additions, attachments, repairs, restorations, and replacements of all or any portion of the Facilities shall (i) be at the sole cost and expense of the University; (ii) not reduce the then fair market value of the Facilities; (iii) be constructed in a good and workmanlike manner; and (iv) be in compliance with all Governmental Regulations.

(d) The University, at the direction of the Board, shall provide or cause to be provided all security service, custodial service, janitorial service, trash disposal, and all other services necessary for the proper upkeep and maintenance of the Facilities as required herein. The Board acknowledges that the Corporation has made no representation or warranty with respect to systems and/or procedures for the security of the Facilities, any persons occupying, using or entering the Facilities, or any equipment, furnishings, or contents of the Facilities. It is the sole responsibility of the Board, through the University to cause to be provided or to provide for the security of persons on or entering the Facilities and/or property located at the Facilities, in accordance with reasonable and prudent business practices.

Section 8. Utilities. All utilities which are used or consumed in or upon or in connection with the Facilities during the Term, including, without limitation water, gas, electricity, sewerage, garbage, or trash removal, light, cable, heat, telephone, power, computer data and other utilities necessary for the operation of the Facilities ("Utility Service") shall be the responsibility of the Board and/or the students, faculty, staff or Permitted Sublessees residing in the Facilities. Payments for Utility Services provided to the entire Facilities or to the common areas of the Facilities under such contract or contracts therefor as the Board may make shall be made by the Board directly to the respective utility companies furnishing such Utility Services.

The Corporation shall have no responsibility to the Board for the quality or availability of Utility Service to the Facilities, or for the cost to procure Utility Service. The Corporation shall not be in Default under this Facilities Lease or be liable to the Board or any other Person for direct or consequential damage, or otherwise, for any failure in supply of any Utility Service, heat, air conditioning, elevator service, cleaning service, lighting, security, or for surges or interruptions of electricity.

Section 9. Insurance.

(a) The University, at the direction of the Board, shall cause to be secured and maintained at the University's cost and expense:

(i) A policy or policies of insurance covering the Facilities against loss or damage by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood

and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, which insurance shall be not less than the full replacement cost of the Facilities, without deduction for depreciation. In the event that the Facilities are not repaired or replaced, insurance proceeds shall be no greater than the actual cash value (replacement cost less depreciation) of the Facilities at the time of the loss. The policy shall be adjusted to comply with any applicable co-insurance provisions of such insurance policy. Full payment of insurance proceeds shall not be contingent on the degree of damage sustained at other facilities leased by the Board. The policy or policies covering such loss must explicitly waive any co-insurance penalty.

(ii) A policy of comprehensive public liability insurance with respect to the Facilities and the operations related thereto, whether conducted on or off the Facilities, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$2,000,000 in combined single limit liability coverage. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability, water damage legal liability, motor vehicle liability for all owned and non-owned vehicles, including rented or leased vehicles.

(iii) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Facilities, in an amount not less than \$5,000,000 with deductible provisions not exceeding \$100,000 per accident.

(iv) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the Corporation in connection with the Facilities and to cover full liability for compensation under any such act aforesaid.

(v) A policy of rental interruption insurance in the amount of at least one (1) year's rental in the event of loss of or damage to the Facilities.

(b) The Corporation shall:

(i) cause to be secured and maintained a policy of title insurance insuring the Corporation's leasehold interest under the Ground Lease in an amount equal to the par amount of the Bonds; and

(ii) cause all of the construction professionals to secure and maintain:

(A) Comprehensive or Commercial General Liability insurance;

(B) Errors and Omissions insurance;

- (C) Automobile Liability insurance;
- (D) Worker's Compensation insurance;
- (E) an all Risk Builder's Policy upon the construction on the Property;
and
- (F) boiler and machinery or additional property insurance;

all as required by the terms of any construction contracts entered into with regards to the demolition of certain existing facilities and the renovation, development and construction of the Facilities.

All insurance required in this Section and all renewals of such insurance (excepting self insurance or commercial insurance, through ORM) shall be issued by commercial insurers authorized to transact business in the State, and rated at least A- by Best's Insurance Reports (property/liability) or in the two highest rating categories of S&P and Moody's. All insurance policies provided or caused to be provided by the Corporation shall expressly provide that the policies shall not be canceled or altered without thirty (30) days' prior written notice to the University and the Trustee; and shall, to the extent obtainable, provide that no act or omission of the Corporation or other provider of the insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

All policies of liability insurance that the University is obligated to maintain according to this Facilities Lease (other than any policy of worker's compensation insurance) will name the Corporation, the Trustee and such other Persons or firms as the University may be required to name from time to time as additional insureds and shall expressly provide that the policies shall not be cancelled or altered without thirty (30) days' prior written notice to the Corporation and the Trustee; and shall, to the extent obtainable, provide that no act or omission of the University or other provider of the insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All public liability, property damage liability, and casualty policies maintained by the University shall be written as primary policies.

Proceeds of insurance received and/or the amount of any loss that is self-insured with respect to destruction of or damage to any portion of the Facilities by fire, earthquake or other casualty or event shall be paid to the Trustee (or, in the case of ORM insurance, to the Board for delivery in full to the Trustee) for application in accordance with the provisions of Section 11 of this Facilities Lease and the Indenture.

The Corporation shall certify annually to the Bond Insurer that all insurance policies required by this Section 9 are as of the date of such certification in place and in effect.

Section 10. Condemnation, Casualty and Other Damage. The risk of loss or decrease in the enjoyment and beneficial use of the Facilities due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise (collectively "Casualty") or in consequence of any foreclosures, attachments, levies or executions; or the taking of all or any portion of the Facilities by condemnation, expropriation, or eminent domain proceedings (collectively "Expropriation") is expressly assumed by the Board. The Corporation and the Trustee shall in no event be answerable, accountable or liable therefor, nor shall any of the foregoing events entitle the Board to any abatements, set-offs or counter claims with respect to its Base Rental, Additional Rental or any other obligation hereunder.

Section 11. Application of Insurance Proceeds; Condemnation Award. (a) If during construction, all or any portion of the Facilities is damaged or destroyed by a Casualty, or is taken by Expropriation proceedings, the Board shall instruct the Corporation, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation shall in no way be liable for any costs of the repair, restoration or replacement of the Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. Following the completion of construction and acceptance of the Facilities by the Board on behalf of the Corporation, the Board shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted, the repair, restoration, or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance fund, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction or taking of all or any portion of the Facilities shall be delivered to the Trustee and held by the Trustee in trust (or in the case of self insurance through ORM, as set forth in paragraph (b) below), and shall be made available for, and to the extent necessary be applied to, such restoration, repair and replacement. Any amounts so held by the Trustee shall be disbursed to pay the costs of restoration, replacement and repair of the Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing or repairing or restoring the Facilities and that no amount previously has been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee may conclusively rely upon such written requests and shall have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event shall the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Facilities, or for the improper use of moneys properly disbursed pursuant to request made under this Section. Any proceeds remaining on deposit with Trustee following completion of the repairs, restoration or replacement of the Facilities shall be paid by Trustee in accordance with the terms of the Indenture.

In the event the proceeds of any insurance, and any additional funds deposited with the Trustee, are insufficient to fully repair, restore or replace the Facilities, the proceeds shall be paid to the Board for immediate delivery to Trustee and used to redeem the Outstanding Bonds.

Notwithstanding the foregoing, the Corporation's obligation to replace the Facilities in the event of Expropriation Proceedings is dependent on the Board entering into a lease with a

different portion of the Campus as provided in Section 13.03 of the Ground Lease. In the event it is necessary to restore or replace the Facilities in a different location because of the Expropriation of all or a portion of the Facilities, the Corporation and the Board agree to amend or enter into a new Facilities Lease and Ground Lease in accordance with Sections 13.03 of the Ground Lease. In the event the Board, pursuant to the Ground Lease, decides not to repair, restore or replace the Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation) shall be paid to the Board for immediate delivery to the Trustee and applied to the prepayment of the Bonds in accordance with the terms of the Indenture, and this Facilities Lease and the Ground Lease shall terminate on the date that the events described in Section 2 (a) or 2 (b) hereof have occurred.

(b) In the event that ORM insures the Facilities, the Board shall use the insurance proceeds received from ORM in accordance with Policy and Procedure Memorandum Number 10 (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration or replacement of the Facilities.

Section 12. Encumbrances.

(a) **Payment by the Board.** The Board shall pay or cause to be paid all costs and charges for alterations, improvements, additions, repairs and maintenance ("Work") (i) done by the Board or caused to be done by the Board in or to the Facilities, and (ii) for all materials furnished for or in connection with such Work. The Corporation reserves all rights to collect for any loss or damage sustained or incurred by the Corporation resulting from any and all Encumbrances, demands or liabilities arising on account of the Work, which shall be payable by the Board as Additional Rent hereunder.

(b) **Failure to Discharge.** If the Board fails to pay any charge for which an Encumbrance has been filed, and the Facilities or any portion thereof is placed in imminent danger of being seized, the Corporation may, but shall not be obligated to, pay such charge and related costs and interest, and the amount so paid, together with reasonable Legal Expenses incurred in connection with such Encumbrance, will be immediately due from the Board to the Corporation as Additional Rental. Nothing contained in this Facilities Lease will be deemed the consent or agreement of the Corporation to subject the Corporation's interest in the Facilities to liability under any Encumbrance, or any mechanics', materialman's or other lien law. If the Board receives written notice that an Encumbrance has been or is about to be filed against the Facilities, or that any action affecting title to the Facilities has been commenced on account of Work done by or for the Board or for materials furnished to or for the Board, it shall immediately give the Corporation Notice of such notice.

(c) **Notice of Work.** At least fifteen (15) days prior to the commencement of any Work in or to the Facilities, by or for the University, the University shall give the Corporation Notice of the proposed Work and the names and addresses of the Persons supplying labor and materials for the proposed Work. The Corporation will have the right to post notices of

nonresponsibility or similar written notices on the Facilities in order to protect the Facilities against any such claimants.

Section 13. Assignment and Sublease. (a) Neither this Facilities Lease nor any interest of the Board in the Facilities shall be mortgaged, pledged, assigned or transferred by the Board by voluntary act or by operation of law, or otherwise; provided, however, the Board may sublease all or any portion of the Facilities, or grant concessions involving the use of all or any portion of the Facilities, whether such concessions purport to convey a leasehold interest or a license to use all or a portion of the Facilities to any University student, faculty, staff or Permitted Sublessee. No such concession, leasehold interest or license to use the Facilities shall be granted to any University students, faculty or staff for a term of more than one (1) year, or to any Permitted Sublessee for a term of more than one (1) month. The Board shall, however, at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Facilities Lease (including, without limitation, the payment of Base Rental and Additional Rental), notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained shall be construed to relieve the Board from its obligations to pay Base Rental and Additional Rental as provided in this Facilities Lease or to relieve the Board from any other obligations contained herein. Other than subleases to University students, faculty, staff and Permitted Sublessees, in no event will the Board sublease or permit the use of all or any part of the Facilities to any person without an opinion of Bond Counsel that such will not cause interest on the Bonds to be included in the gross income of the owners of the Series 2004A Bonds and the Series 2004B Bonds for federal income tax purposes.

(b) The Corporation shall, concurrently with the execution hereof, assign all of its right, title and interest in and to this Facilities Lease, including without limitation its right to receive Base Rental payable hereunder, to the Issuer pursuant to the Agreement, and the Issuer will in turn assign its rights under this Facilities Lease to the Trustee pursuant to the Indenture. The parties hereto further agree to execute any and all documents necessary and proper in connection therewith. Anything required or permitted to be done by the Corporation under this Facilities Lease may be done by the Trustee under the Indenture.

(c) Except as set forth in Section 13(b) hereof, the Corporation shall not sell or assign its interest in the Facility or this Facilities Lease without the prior written consent of the Board.

Section 14. Additions and Improvements Removal. At the expiration of the Term, or termination of this Facilities Lease, all alterations, fixtures, improvements and additions made by the Board or the University and all equipment placed upon the Facilities that are incorporated into or made into component parts of the Facilities, as well as, title to all property, furniture, equipment, fixtures, and other property installed at or placed upon the Facilities by the Board which is not incorporated into or made a component part of the Facilities remain the property of the Board.

The Board hereby agrees to replace such property from time to time as such property becomes worn out, obsolete, inadequate, unsuitable or undesirable. The Board may add to or remove such property from time to time, and upon expiration of the Term, provided that the Board repairs any damage to the Facilities caused by such removal.

Section 15. Right of Entry. Representatives of the Corporation and the Bond Insurer shall, subject to reasonable security precautions, and upon giving the Board not less than twenty-four (24) hours advance Notice, have the right to enter upon the Facilities during reasonable business hours (and in emergencies without notice and at all times) accompanied by a Board Representative (i) to inspect the same, (ii) for any purpose connected with the rights or obligations of the Corporation under this Facilities Lease, or (iii) for all other lawful purposes. Any right of access to any portion of the Facilities leased to the students, faculty, staff or Permitted Sublessees shall be subject to their rights pursuant to their rental agreements and University policy.

Section 16. Mortgage Prohibition. Except as set forth in the Indenture, the Ground Lease and the Agreement, the Corporation shall not be entitled to mortgage or grant a security interest in the Facilities.

Section 17. Sale of Facilities; Attornment; and Conveyance and Transfer of the Corporation's Interest. If a person other than the Corporation shall succeed to the rights of the Corporation hereunder (in any case with the prior written consent of the Board as required hereby), upon the declaration of the successor to the Corporation's interest in this Facilities Lease, the Board agrees to fully attorn to and recognize any such successor as the Board's landlord under this Facilities Lease upon the then existing terms of this Facilities Lease, provided that such successor shall agree in writing to accept the Board's attornment and not to disturb the Board's possession so long as the Board shall observe the provisions and all covenants of this Facilities Lease. This attornment provision shall inure to the benefit of any such successor and shall be self-operative upon the election and declaration by such successor, and no further instrument shall be required to give effect to the provisions. However, the Board agrees to evidence and confirm the foregoing attornment provisions by the execution and delivery of instruments in recordable form satisfactory to such successor.

If the Facilities, or any part thereof, shall be sold or otherwise transferred by sale, assignment, transfer or other contract, or by operation of law or otherwise (with the prior written consent of the Board as required hereby and with an opinion of Bond Counsel that such action will not cause interest on the Series 2004A Bonds or the Series 2004B Bonds to be included in the gross income of the owner of the Series 2004A Bonds and the Series 2004B Bonds for federal tax purposes), and if such written consent specifically so provides, the Corporation shall be automatically and entirely released and discharged to the extent of the interest in or the portion of the Facilities sold, assigned or transferred from and after the effective date of such sale, assignment or transfer of all liability for the performance of any of the covenants of this Facilities Lease on the part of the Corporation thereafter to be performed. The purchaser or other transferee of the Facilities shall be deemed to have agreed to perform such covenants of the Corporation from and after the date of such assignment or sale during such transferee's period of ownership of the Corporation's interest under this Facilities Lease, all without further agreement between the Corporation, its successor and the Board. The Corporation's transferee shall not be held responsible for the performance of any of the covenants of this Facilities Lease on the part of the Corporation required to be performed prior to such sale and transfer, the Board reserving its rights against the Corporation for any unperformed covenants prior to such sale or transfer.

Section 18. Quiet Enjoyment. The Corporation covenants that the Board, on paying the Rental and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Board or the University, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Facilities during the Term and may exercise all of its rights hereunder; and the Corporation agrees to warrant and forever defend the Board's right to such occupancy, use, and enjoyment and the title to the Facilities against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof subject only to the provisions of this Facilities Lease.

Section 19. Environmental Compliance and Indemnity.

(a) **Environmental Compliance.** The Board or the University shall operate or cause to be operated the Facilities in compliance with all Environmental Requirements continuously during the Term, and for such periods of time prior to the Commencement Date and after the Expiration Date, as long as the Board is in possession of the Facilities, in whole or in part. The Board shall not cause or permit any Hazardous Substance to be brought upon, kept, or used in or about the Facilities or the Land, except for such Hazardous Substance as is necessary or useful to the operation of the Facilities.

(b) **The Board's Liability.** If the Board fails to comply with any of the foregoing warranties, representations, and covenants, and removal or Remediation of any Hazardous Substance found on the Facilities is required by Environmental Requirements or Governmental Authority, the Board shall promptly undertake the removal or Remediation of such Hazardous Substance, at the Board's sole cost and expense. In the event the Board fails or refuses to undertake such removal or Remedial actions, the Corporation may cause the removal or Remediation (or other cleanup reasonable acceptable to the Corporation) of any such Hazardous Substance from the Land or the Facilities. The reasonable costs of removal, Remediation, or any other cleanup (including transportation and storage costs) will be considered as Additional Rental under this Facilities Lease, whether or not a court has ordered the cleanup, and those costs will become due and payable within ninety (90) days of written demand by the Corporation. In connection therewith, the Board will give the Corporation, its agents, and employees access to the Facilities to remove, remediate, or otherwise clean up any Hazardous Substance. The Corporation, however, has no affirmative obligation to remove, remediate, or otherwise clean up any Hazardous Substance, and this Facilities Lease will not be construed as creating any such obligation. The Board hereby agrees that it shall be fully liable for all costs and expenses related to the use, storage, and disposal of any Hazardous Substance located in or about the Facilities by the Board.

Section 20. The Corporation's Reservation of Rights.

(a) The Corporation hereby reserves all of its rights to recover from the Board for any and all Claims asserted against the Corporation, including Litigation Expenses arising out of or by reason of:

(i) any injury to or death of any person or damage to property occurring on or about the Facilities occasioned by or growing out of or arising or resulting from any tortious or

negligent act on the part of the Board in connection with the operation and management of the Facilities; or

(ii) any failure, breach, or default on the part of the Board in the performance of or compliance with any of the obligations of the Board under the terms of this Facilities Lease.

(b) Notwithstanding the fact that it is the intention of the parties that the Corporation shall not incur any pecuniary liability by reason of the terms of this Facilities Lease or the undertakings required of the Corporation hereunder, nevertheless, if the Corporation should incur any such pecuniary liability, then in that event, the Corporation shall be entitled to assert all rights and remedies granted in law or in equity to recover from the Board the amount of any pecuniary liability incurred by the Corporation, plus all Litigation Expenses incurred in defense of such liability to the extent subject to indemnification pursuant to Subsection (a) above.

(c) No recourse shall be had for the enforcement of any obligation, covenant, or agreement of the Corporation contained in this Facilities Lease or any Claim based thereon against the Corporation or of any successor thereto or member thereof, either directly or through the Corporation whether by virtue of any constitutional provision, statute, or rule of law. This Facilities Lease and the obligations of the Corporation hereunder, and any Claim asserted against the Corporation are solely corporate obligations, and the enforcement of any obligation or Claim shall be limited solely to the Corporation's interest in the Facilities. No personal liability shall attach to, or be incurred by, any officer, director, agent, employee or member of the Corporation and the Board acknowledges that all personal liability of any character against every such officer, director, agent, employee or member by the execution of this Facilities Lease, is expressly waived and released. The immunity of any officer, director, agent, employee or member of the Corporation under the provisions contained in this Section 20 shall survive any acquisition of the Facilities by the Board and the expiration or other termination of this Facilities Lease.

Section 21. Default by the Board. If (i) the Board shall fail to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to Section 6 hereof by the close of business on the day such deposit is required pursuant to Section 6 hereof, and shall fail to remedy such breach within five (5) days thereof, but in no event later than the date on which such payment is required to enable the Corporation to make payment on the Bonds (without use of moneys held in the Debt Service Reserve Fund), or (ii) the Board shall fail to pay or discharge any monetary obligation under this Lease (other than the payment of Base Rental) as and when due, or within thirty (30) days after receipt of Notice from the Corporation that such sums are due and owing; or (iii) the Board shall breach any non-monetary terms, covenants or conditions herein, and shall fail to remedy any such breach with all reasonable dispatch within a reasonable period of time (or such longer period as the Trustee may approve) after written notice thereof from the Corporation to the Board, then and in any such event the Board shall be deemed to be in default hereunder, and the Corporation shall have the right, at its option, without any further demand or notice to terminate this Facilities Lease on the earliest date permitted by law or on any later date specified in any Notice given to the Board, in which case the Board's right to possession of the Facilities will cease and this Facilities Lease will be terminated, without, however, waiving the Corporation's right to collect all Rental and other payments due or owing

for the period up to the time the Corporation regains possession (which have been approved for payment under this Facilities Lease, but not paid by the Board), and to enforce other obligations of the Board which survive termination of this Facilities Lease, and in such event the Corporation may without any further demand or notice re-enter the Facilities and eject all parties in possession thereof, subject to the rights of students, faculty, staff and Permitted Sublessees. The foregoing remedies of the Corporation are in addition to and not exclusive of any other remedy of the Corporation. Any such re-entry shall be allowed by the Board without hindrance, and the Corporation shall not be liable in damages for any such re-entry or be guilty of trespass. The Corporation understands and agrees that upon its termination of the Board's right to possession of the Facilities or termination of this Facilities Lease, the Corporation upon its re-entry of the Facilities shall only be allowed to use the Facilities for the Permitted Use and shall be subject to all applicable Governmental Regulations heretofore or hereafter enacted by any Governmental Authority relating to the use and operation of the Facilities.

Notwithstanding any other provision of this Facilities Lease, (i) in no event shall the Corporation have the right to accelerate the payment of any Base Rental payment hereunder and (ii) the Bond Insurer shall have ninety (90) days to cure an Event of Default hereunder.

Notwithstanding anything contained in this Section 21 to the contrary, a failure by the Board to pay when due any payment required to be made under this Facilities Lease or a failure by the Board to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Facilities Lease, resulting from a failure by the Board to appropriate moneys shall not constitute an Event of Default under this Section 21 and the Corporation shall not have any of the remedial rights set forth in this Section 21. Notwithstanding the foregoing, in such event the Board acknowledges that the Facilities Lease shall terminate and the Board shall immediately vacate the Facilities, and deliver the Facilities to the Corporation.

Section 22. Cumulative Remedies. Each right and remedy provided for in this Facilities Lease is cumulative and is in addition to every other right or remedy provided for in this Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Corporation of any one or more of the rights or remedies provided for in this Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by the Corporation of any or all other rights or remedies provided for in this Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise. All costs incurred by the Corporation in collecting any amounts and damages owing by the Board pursuant to the provisions of this Facilities Lease or to enforce any provision of this Facilities Lease, including reasonable Litigation Expenses from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by the Corporation, will also be recoverable by the Corporation from the Board. The waiver by the Corporation of any breach by the Board and the waiver by the Board of any breach by the Corporation of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

Section 23. Option to Purchase. For and in consideration of the obligations of the Board under the Facilities Lease, the mutual undertakings of the parties, the receipt and adequacy

of which is hereby acknowledged, the Corporation grants to the Board an exclusive and irrevocable option to purchase for the price and on the terms, provisions, stipulations and conditions hereinafter set forth, all but not less than all of the Corporation's leasehold interest in the Facilities.

(a) **Effective Date.** The effective date of this Option agreement shall be the Commencement Date.

(b) **Term of Option.** The Option shall expire at midnight Central Standard Time, on the Expiration Date, or upon the termination of this Facilities Lease, whichever occurs first.

(c) **Limitation on Exercise of Option.** The Board may not exercise the Option, and the Option shall be voidable, at the sole election of the Corporation, if a Default by the Board has occurred and is continuing under the Facilities Lease, and the applicable time period in which the Board may cure such default has expired. Notwithstanding any provision of this Option to the contrary, the Board shall be entitled to exercise the Option as long as the Board is legally obligated to make payments of Base Rental under the Facilities Lease.

(d) **Exercise of Option.** The Board may exercise the Option herein granted at any time on or before expiration of the Term, on any Interest Payment Date on or after August 1, 2014 or on the date the Bonds are defeased pursuant to Article XII of the Indenture, by Notice to the Corporation of its election to exercise the Option and purchase the Corporation's interest in and to the Facilities given not less than sixty (60) days prior to the date on which the Board desires to purchase the Facilities.

(e) **Purchase Price.** The Purchase Price shall be equal to the principal of all Bonds then Outstanding plus the interest to accrue on such Bonds until the purchase date plus any prepayment penalties, charges or costs for early prepayment or defeasance of the Bonds and any Administrative Expenses owed prior to the purchase date which payments are necessary to discharge the Indenture pursuant to Article XII thereof (collectively, the "Purchase Price").

(f) **Effect on Facilities Lease and Ground Lease.** Upon the purchase of the Corporation's leasehold interest in the Facilities by the Board pursuant to this Option, the Facilities Lease and the Ground Lease shall terminate and all of the Corporation's leasehold interest in the Land and the Facilities shall terminate.

(g) **Payment of Purchase Price.** The Board, on the purchase date, shall deposit an amount equal to the Purchase Price with the Trustee.

(i) **Conveyance.** In the event of and upon the payment of the Purchase Price and any other sums due under this Facilities Lease by the Board, the Corporation will on the purchase date execute and deliver to the Board a written cancellation of the Ground Lease and this Facilities Lease.

(ii) **Assignment of Contract Rights and Obligations.** The conveyance of the Corporation's leasehold interest in the Facilities shall also effect a transfer and

assignment of all rights, warranties and liabilities of the Corporation under then existing contracts of any nature with respect to the Facilities.

(h) **Closing.** In the event the Option is timely exercised, notice of the Board's election to the Corporation shall constitute an irrevocable conversion of the Option into a binding obligation of the Corporation to sell its leasehold interest in the Facilities and the Board to buy the same under the terms and conditions set forth in this Section 23, and in such event, the Corporation and the Board shall have the right to demand specific performance of this agreement by the other. The closing shall occur at the offices of the Board or its counsel, or at such other time, place, and date as agreed upon by the Corporation and the Board.

(i) **Closing Costs.** The Board shall pay all closing costs and charges incident to the conveyance of the Corporation's interest in the Land and the Facilities.

(j) **No Warranty.** The Corporation shall convey its leasehold interest in the Facilities without any warranty whatsoever of any nature. The conveyance of the leasehold interest in the Facilities shall be without any warranty as to fitness and condition, as set forth in Section 5 of this Facilities Lease. Language substantially similar to the language contained in Section 5 of this Facilities Lease shall be incorporated into and made a part of such conveyance. In no event shall the Corporation be responsible for any defects in title.

(k) **Default under the Option:**

(i) In the event the Option is exercised, and the Corporation fails to consummate the transactions contemplated herein for any reason, except default by the Board or the failure of the Board to satisfy any of the conditions set forth herein, the Board may, in addition to any other rights and remedies which may otherwise be available to the Board, enforce this agreement by specific performance. The Board's remedies under this Section are expressly subject to the provisions of Section 30 of this Facilities Lease.

(ii) In the event the Option is exercised, and the Board fails to consummate the transactions contemplated herein for any reason, except default by the Corporation or the failure of the Corporation to satisfy any of the conditions set forth herein, the Corporation (a) may enforce this agreement by specific performance and in such action shall have the right to recover damages suffered by reason of the Board's delay; or (b) may bring suit for damages for breach of this agreement.

(iii) No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this Section 23 shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any condition or any subsequent breach of the same or any other term, covenant or condition contained in this Section 23 shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or of any other term, covenant or condition herein contained.

(l) **Attorney's Fees.** Should either party employ an attorney or attorneys to enforce any of the provisions hereof, or to protect its interest in any matter arising under this agreement, or to recover damages for the breach of this agreement, the party prevailing in any final judgment shall have the right to collect from the losing party all Litigation Expenses incurred in enforcing such rights.

(m) **Notices.** Any notices required or permitted under this Section 23 shall be in writing and delivered either in person to the other party, or the other party's authorized agent, or by United States Certified Mail, return receipt requested, postage prepaid, to the address set forth in Section 50 of this Facilities Lease, or to such other address as either party may designate in writing and delivered as herein provided.

(n) **Assignability.** Except as set forth in the Indenture, the Mortgage or the Ground Lease, the Option may not be assigned by the Corporation or its interest in the Facilities sold (subject to the Option or otherwise) to any person or entity without the Board's prior written consent, which consent may be withheld by the Board in its sole discretion.

(o) **Time of Essence:** Time is of the essence of this Option.

(p) **Binding Effect:** This Option shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, successors and assigns.

Section 24. Severability. If any provisions of this Facilities Lease shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable, to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections contained in this Facilities Lease shall not affect the remaining portions of this Facilities Lease, or any part thereof.

Section 25. Redemption of Bonds. The Corporation agrees that it will not exercise its option to redeem any Bonds pursuant to the Indenture unless the Board consents to such redemption or such redemption is to be effected with moneys derived from a source other than payments made by the Board under this Facilities Lease, however, in no event shall the mandatory redemption of any Bonds pursuant to the Indenture require the consent of the Board. The Corporation further agrees that if requested by the Board it will take all actions necessary to redeem all or any portion of the Bonds designated by the Board on the first date that it may do so under the terms of the Indenture so long as the Board agrees to provide funds in an amount, and at the time, required to effect such redemption.

Section 26. Additional Bonds. Upon the request and at the expense of the Board, the Corporation shall take action as may be required to effect the issuance of Additional Bonds in such amount as the Board may request as permitted by and in accordance with the provisions of the Indenture for any purpose permitted thereby.

Section 27. Execution. This Facilities Lease may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same Facilities Lease.

Section 28. Law Governing. This Facilities Lease is made in the State under the constitution and laws of the State and is to be governed by the laws of the State.

Section 29. Nonappropriation of Funds. In the event no funds or insufficient funds are lawfully appropriated in any Fiscal Year enabling the payment of Base Rental and Additional Rental due during the next succeeding Fiscal Year, the Board will immediately notify the Corporation and the Trustee of such occurrence. On the first day of the month following the Base Rental payment date on which the last payment of Base Rental can be made in full from Lawfully Available Funds, this Facilities Lease shall terminate without penalty or expense to the Board of any kind whatsoever, except as to the portions of Base Rental and Additional Rental payments herein agreed upon for Fiscal Years for which sufficient funds have been lawfully appropriated. In the event of such termination, the Board agrees peaceably to surrender possession of the Facilities to the Corporation on the date of such termination in its original condition (normal wear and tear excepted). The Corporation will have all legal and equitable rights and remedies to take possession of the Facilities and re-let or sell the Facilities as the Corporation determines and as granted in this Facilities Lease. The Board acknowledges that the Corporation's rights to take possession and to re-let or sell the Facilities under this Section 29 may be assigned to the Trustee for the benefit of the owners of the Bonds, and the Board agrees that the Trustee shall be entitled to exercise all of the rights of the Corporation under this Section 29. The event of an inability by the Board to cause the appropriation of sufficient funds for the payment of sums due under this Facilities Lease shall not constitute a default hereunder, but shall ipso facto terminate this Facilities Lease. This provision is operative notwithstanding any provisions of this Facilities Lease to the contrary. The Board shall be considered in default hereunder if sufficient funds are lawfully appropriated for the payment of Rental required under this Facilities Lease and the Board fails to use lawfully appropriated funds for the payment of Rental. In such event, the Corporation shall be entitled to the rights and remedies set forth in Sections 21 and 22 hereof.

Section 30. Exculpatory Provision. In the exercise of the powers of the Corporation and its trustees, officers, employees and agents under this Facilities Lease and the Indenture, the Corporation shall not be accountable or liable to the Board (i) for any actions taken or omitted by it or its officers, employees or agents in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred upon them, or (ii) for any claims based on this Facilities Lease against any officer, employee or agent of the Corporation in his or her personal capacity, all such liability, if any, being expressly waived by the Board by the execution of this Facilities Lease. Nothing in this Facilities Lease or the Indenture is intended to require or obligate, nor shall anything herein or therein be interpreted to require or obligate, the Corporation for any purpose or at any time whatsoever, to provide, apply or expend any funds coming into the hands of the Corporation other than the funds derived from the issuance of the Bonds under the Indenture and moneys derived pursuant to the Indenture and this Facilities Lease.

The Board specifically agrees to look solely to the Corporation's interest in the Facilities for the recovery of any judgments from the Corporation. It is agreed that the Corporation will not be personally liable for any such judgments, or incur any pecuniary liability as a result of this Facilities Lease to the Board, or the breach of its obligations hereunder. The Corporation's liability under this Facilities Lease is "in rem" as to its interest in the Facilities. The provisions contained in the preceding sentences are not intended to and will not limit any right that the Board might otherwise have to obtain injunctive relief against the Corporation or relief in any suit or action in connection with enforcement or collection of amounts that may become owing or payable under or on account of insurance maintained by the Corporation.

Section 31. Amendments. This Facilities Lease may be amended only as permitted in Article VIII of the Agreement.

Section 32. Recording. The Corporation covenants and agrees that it will promptly record and from time to time re-record a memorandum in recordable form of this Facilities Lease and the Indenture and all supplements thereto and hereto in such manner and in such places as may be required by law in order to fully protect and preserve the security of the holders or owners of the Bonds.

Section 33. Construction Against Drafting Party. The Corporation and the Board acknowledge that each of them and their counsel have had an opportunity to review this Facilities Lease and that each Party was responsible for the drafting thereof.

Section 34. Time of the Essence. Time is of the essence of each and every provision of this Facilities Lease.

Section 35. No Waiver. The waiver by the Corporation of any agreement, condition, or provision contained in this Facilities Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Facilities Lease, nor will any custom or practice that may grow up between the parties in the administration of the terms of this Facilities Lease be construed to waive or to lessen the right of the Corporation to insist upon the performance by the Board in strict accordance with the terms of this Facilities Lease. The subsequent acceptance of Rental by the Corporation will not be deemed to be a waiver of any preceding breach by the Board of any agreement, condition, or provision of this Facilities Lease, other than the failure of the Board to pay the particular Rental so accepted, regardless of the Corporation's knowledge of such preceding breach at the time of acceptance of such Rental.

Section 36. Survival. To the extent permitted by law and to the extent such will not constitute the incurrence of debt by the Board, all of the Corporation's remedies and rights of recovery under Sections 19 and 20 of this Facilities Lease shall survive the Term and/or the purchase of the Facilities by the Board under the Option.

Section 37. Counterparts. This Facilities Lease may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one and the same instrument.

Section 38. Estoppel Certificates. At any time and from time to time but within ten (10) days after prior written request by the Corporation, the Board will execute, acknowledge, and deliver to the Corporation, promptly upon request but only to the extent accurate, a certificate certifying (i) that this Facilities Lease is unmodified and in full force and effect or, if there have been modifications, that this Facilities Lease is in full force and effect, as modified, and stating the date and nature of each modification; (ii) the date, if any, to which Rental and other sums payable under this Facilities Lease have been paid; (iii) that no Notice of any default has been delivered to the Corporation which default has not been cured, except as to defaults specified in said certificate; (iv) that there is no Event of Default under this Facilities Lease or an event which, with Notice or the passage of time, or both, would result in an Event of Default under this Facilities Lease, except for defaults specified in said certificate; and (v) such other matters as may be reasonably requested by the Corporation. Any such certificate may be relied upon by any prospective purchaser or existing or prospective mortgagee of the Facilities or any part thereof. The Board's failure to notify the Corporation of any inaccuracies in the proposed certificate within the specified time period shall be conclusive evidence that the matters set forth in the certificate are accurate and correct.

Section 39. Waiver of Jury Trial. The Corporation and the Board waive trial by jury in any action, proceeding, or counterclaim brought by either of the Parties to this Facilities Lease against the other on any matters whatsoever arising out of or in any way connected with this Facilities Lease, the relationship of the Corporation and the Board, the Board's use or occupancy of the Facilities, or any other Claims, and any emergency statutory or any other statutory remedy.

Section 40. Written Amendment Required. No amendment, alteration, modification of, or addition to the Facilities Lease will be valid or binding unless expressed in writing and signed by the Corporation and the Board and consented to the extent required by Article VIII of the Agreement.

Section 41. Entire Agreement. This Facilities Lease, the exhibits and addenda, if any, contain the entire agreement between the Corporation and the Board. No promises or representations, except as contained in this Facilities Lease, have been made to the Board respecting the condition or the manner of operating the Facilities.

Section 42. Signs. The Board may attach any sign on any part of the Facilities, or in the halls, lobbies, windows, or elevator banks of the Facilities, without the Corporation approval. The Board may name the Facilities and change the name, number, or designation of the Facilities, without the Corporation's prior consent.

Section 43. Litigation Expenses. The Board will pay the Corporation as Additional Rental all reasonable Litigation Expenses and all other reasonable expenses which may be incurred by the Corporation in enforcing any of the obligations of the Board under this Facilities Lease, in exercising its rights to recover against the Board for loss or damage sustained in accordance with the provisions of this Facilities Lease, or in any litigation or negotiation in which the Corporation shall, without its fault, become involved through or because of this Facilities Lease.

Section 44. Brokers. The Corporation and the Board respectively represent and warrant to each other that neither of them has consulted or negotiated with any broker or finder with regard to the Facilities.

Section 45. No Easements for Air or Light. Any diminution or shutting off of light, air, or view by any structure that may be erected on any of the lands constituting the Facilities, or on lands adjacent to the Facilities, will in no way affect this Facilities Lease or impose any liability on the Corporation. This Facilities Lease does not grant any rights to light, view and/or air over the Facilities whatsoever.

Section 46. Binding Effect. The covenants, conditions, and agreements contained in this Facilities Lease will bind and inure to the benefit of the Corporation and the Board and their respective permitted successors and assigns.

Section 47. Rules of Interpretation. The following rules shall apply to the construction of this Facilities Lease unless the context requires otherwise: (a) the singular includes the plural and the plural includes the singular; (b) words importing any gender include the other genders; (c) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute to which reference is made and all regulations promulgated pursuant to such statutes; (d) references to "writing" include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including" "includes" and "include" shall be deemed to be followed by words "without limitation"; (f) references to the introductory paragraph, preliminary statements, articles, sections (or subdivision of sections), exhibits, appendices, annexes or schedules are to those of this Facilities Lease unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments; (h) references to Persons include their respective successors and assigns to the extent successors or assigns are permitted or not prohibited by the terms of this Facilities Lease; (i) any accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles; (j) "or" is not exclusive; (k) provisions apply to successive events and transactions; (l) references to documents or agreements which have been terminated or released or which have expired shall be of no force and effect after such termination, release, or expiration; (m) references to mail shall be deemed to refer to first-class mail, postage prepaid, unless another type of mail is specified; (n) all references to time shall be to Hammond, Louisiana time; (o) references to specific persons, positions, or officers shall include those who or which succeed to or perform their respective functions, duties, or responsibilities; and (p) the terms "herein", "hereunder" "hereby" "hereof," and any similar terms refer to this Facilities Lease as a whole and not to any particular articles, section or subdivision hereof.

Section 48. Relationship of Parties. The relationship of the Parties shall be one of lessor and lessee only, and shall not be considered a partnership, joint venture, license arrangement or unincorporated association. The Corporation is not controlled by the Board or under the control of any Person also in control of the Board.

Section 49. Law Between the Parties. This Facilities Lease shall constitute the law between the Parties, and if any provision of this Facilities Lease is in conflict with the provisions

of "Title IX - Of Lease" of the Louisiana Civil Code, Articles 2669 through 2777, inclusive, the provisions of this Facilities Lease shall control.

Section 50. Notices. All notices, filings and other communications ("Notice") shall be in writing and shall be sufficiently given and served upon the other parties if delivered by hand directly to the persons at the addresses set forth below, or shall be sent by first class mail, postage prepaid, addressed as follows:

The Corporation:

University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director

With copies at the same time to:

Seale & Ross
200 North Cate Street
Hammond, Louisiana 70404
Attention: T. Jay Seale

The Board:

Board of Supervisors for the University of Louisiana System
1201 North Third Street, Suite 7-300
Baton Rouge, Louisiana 70802
Attention: Assistant Vice President for Facilities Planning

With copies at the same time to:

Southeastern Louisiana University
Western Avenue
Friendship Circle (SLU Box 10709)
Hammond, Louisiana 70402
Attention: Vice President for Administration and Finance

and

Southeastern Louisiana University
Auxiliary Services
SLU Box 11850
Hammond, Louisiana 70402
Attention: Director of Auxiliary Services

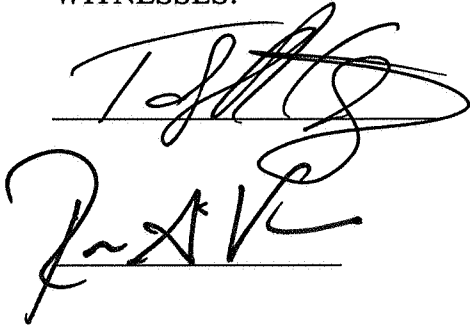
Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

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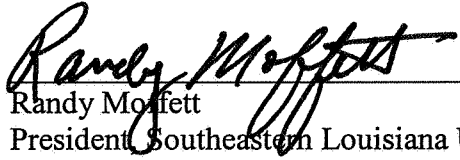
IN WITNESS WHEREOF, the undersigned representative has signed this Facilities Lease on behalf of the Board of Supervisors for the University of Louisiana System as of the 12 day of August, 2004.

WITNESSES:



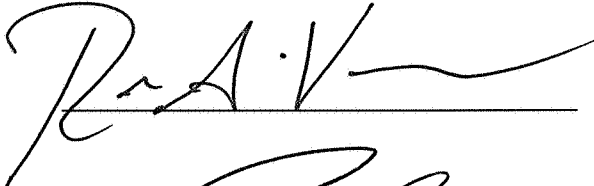
Two handwritten signatures are present. The top signature is written over a horizontal line. The bottom signature is also written over a horizontal line.


BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM

By: 
Randy Moffett
President, Southeastern Louisiana University

IN WITNESS WHEREOF, the undersigned representative has signed this Facilities Lease on behalf of University Facilities, Inc. on the 12th day of August, 2004.


WITNESSES:





UNIVERSITY FACILITIES, INC.

By:



Phil K. Livingston
Vice Chairperson

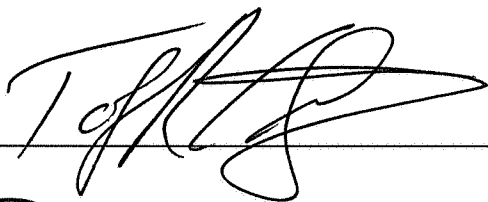
STATE OF LOUISIANA

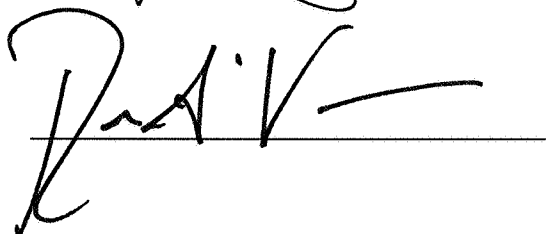
PARISH OF ORLEANS

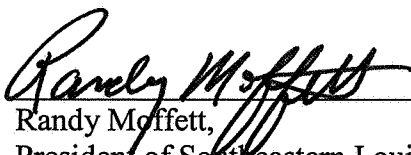
BE IT KNOWN, that on this 12th day of August, 2004, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:

Randy Moffett

to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the President of Southeastern Louisiana University, and the authorized representative of the Board of Supervisors for the University of Louisiana System (the "Board"), that the aforesaid instrument was signed by him, on this date, on behalf of the Board and that the above named person acknowledges said instrument to be the free act and deed of the Board.





By: 

Randy Moffett,
President of Southeastern Louisiana
University



NOTARY PUBLIC

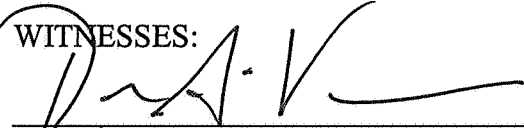
STATE OF LOUISIANA


PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of August, 2004, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:

Phil K. Livingston

to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the Vice Chairperson of University Facilities, Inc. (the "Corporation"), and that the aforesaid instrument was signed by him, on this date, on behalf of the Corporation and that the above named person acknowledges the approval of said instrument to be the free act and deed of the Corporation.

WITNESSES:




By: 

Phil K. Livingston
Vice Chairperson



NOTARY PUBLIC

**EXHIBIT A
TO THE FACILITIES LEASE**

DESCRIPTION OF FACILITIES

Phase One

Phase One of the housing development is comprised of two primary elements:

1. Hazardous material abatement and demolition of the following existing residence halls:
 - (a) Holloway Smith Hall (to occur March, 2004)
 - (b) Hammond Hall (to occur March, 2004)
 - (c) Carter Harris Hall (to occur May / June, 2004)

2. Construction of a new residence hall ("Residence Hall I") to provide approximately seven hundred fourteen (714) student beds in a mix of private and shared occupancy suites (scheduled to open January, 2005)

The total scope has yet to be determined. It is anticipated that the project shall include: (1) removal of existing built-in furniture; (2) renovation of the building to bring the facility up to code compliance; (3) installation of life-safety equipment; (4) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility.

i. Construction of Residence Hall I (169,032 square feet)

Residence Hall I shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately three hundred sixty-four (357) units of two-bedroom / one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred twenty-eight (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, the Residence Hall I phase shall include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

The first phase of development includes a park at the main entrance and an approximately 2,000 square feet maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 1, 2005.

Phase Two

Phase Two of the housing development is comprised of:

1. Construction of a new residence hall ("Residence Hall II") to provide approximately eight hundred (800) student beds in a mix of private and shared occupancy suites (scheduled to open August, 2005).
2. Hazardous materials abatement and demolition of Lee Hall.
3. Full renovation of the existing Cardinal Newman Hall.

Construction of Residence Hall II (185,616 square feet)

Residence Hall II shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately four hundred (400) units of housing configured in two-bedroom / one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, the Residence Hall II phase shall include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. The second phase of development includes relocation of the campus police facility into one of the buildings, along with office / meeting space for the property manager. Residence Hall II is scheduled for completion by August 1, 2005.

Residence Hall II unit mix and design is subject to further revision based upon University input.

Phase Three

Phase Three of the housing development is comprised of two primary elements and is subject to further revision based upon input from the University. The following is preliminary scope and design:

1. Hazardous material abatement and demolition of the following existing residence hall:
 - a. Taylor Hall (to occur June / July 2006)
2. Construction of a new residence hall ("Residence Hall III") to provide approximately two hundred (200) student beds in private occupancy suites (scheduled to open August, 2006).

(d) Construction of Residence Hall III (56,640 square feet)

Residence Hall III shall be comprised of two wood-frame buildings with partial brick and hardiplank exteriors. There shall be approximately one hundred (100) units of two-bedroom / one-bathroom suites configured for private occupancy, yielding a total of approximately two hundred (200) beds. Additionally, the Residence Hall III phase shall include a common area laundry facility in one of the buildings and a resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

Residence Hall III is scheduled for completion by August 1, 2006.

Residence Hall III unit mix and design is subject to further revision based upon University input.

Tangipahoa Parish Recording Page

7

Julian E. Dufreche
Clerk of Court
P. O. Box 667
110 North Bay Street, Suite 100
Amite, LA 70422
(985) 748-4146

Received From :
JONES WALKER

First VENDOR

UNIVERSITY FACILITIES INC

First VENDEE

BANK OF NEW YORK TRUST COMPANY THE

Index Type : Conveyances

Instrument # : 672511

Type of Document : Assignment - Conveyance Book

Book : 994

Page : 345

Recording Pages : 44

Recorded Information

I hereby certify that the attached document was filed for registry and recorded in the Clerk of Court's office for Tangipahoa Parish, Louisiana

s/DODI DAIGLE

Deputy Clerk

On (Recorded Date) : 08/18/2004

At (Recorded Time) : 12:55:05 PM

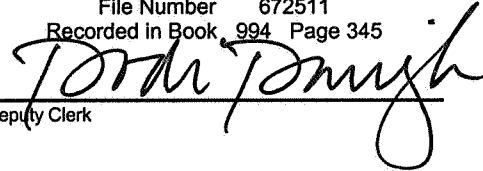


Doc ID - 007587500044

Clerk Of Court
Julian E. Dufreche
Parish of Tangipahoa
I certify that this is a true copy of the attached
document that was filed for registry and
Recorded 08/18/2004 at 12:55:05
File Number 672511
Recorded in Book 994 Page 345



Deputy Clerk



Return To :

Tangipahoa Parish Recording Page

✓✓

Julian E. Dufreche
Clerk of Court
P. O. Box 667
110 North Bay Street, Suite 100
Amite, LA 70422
(985) 748-4146

Received From :
JONES WALKER

First MORTGAGOR
UNIVERSITY FACILITIES INC

First MORTGAGEE
BANK OF NEW YORK TRUST COMPANY THE

Index Type : Mortgages

File Number : 672170

Type of Document : Mortgage (10 Pgs Or More)

Book : 1269 Page : 116

Recording Pages : 43

Recorded Information

I hereby certify that the attached document was filed for registry and recorded in the Clerk of Court's office for Tangipahoa Parish, Louisiana

Dodi Daigle
Deputy Clerk

On (Recorded Date) : 08/13/2004

At (Recorded Time) : 2:14:17 PM



Doc ID - 007577220043

SCANNED

STATE OF LOUISIANA AMITE LOUISIANA
PARISH OF TANGIPAHOA 8/18/04
s/DODI DAIGLE DATE

I, s/DODI DAIGLE, do hereby certify that this document is a true and correct copy of the original thereof, consisting of 43 page(s) being a reproduction thereof from the records on file with the undersigned, in accordance with Louisiana Revised Statutes, Title 13, Section 3762.

Dodi Daigle
DEPUTY CLERK

Return To :

STATE OF LOUISIANA

PARISH OF TANGIPAHOA

ACT OF MORTGAGE, ASSIGNMENT OF LEASES AND SECURITY AGREEMENT

On this 13th day of August, 2004 before the undersigned Notary Public, in and for the State of Louisiana, and in the presence of the undersigned competent witnesses, personally came and appeared:

UNIVERSITY FACILITIES, INC., a Louisiana non-profit corporation, herein represented by its undersigned duly authorized officer (the "**Mortgagor**")

TAXPAYER IDENTIFICATION NUMBER: 72-1417328

MAILING ADDRESS: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402

who declared as follows:

**ARTICLE 1
DEFINITIONS**

Section 1.1 Definitions. All terms defined in this Mortgage shall have the meaning so given wherever used herein. Such meanings shall be equally applicable to both the singular and plural forms of the terms defined. Capitalized terms not otherwise defined herein shall have the meanings given to such term in the Indenture. The following terms shall have the meanings indicated:

"Accounts" shall mean all "accounts" (as defined in the Commercial Laws) now owned or hereafter acquired by the Mortgagor that relate to the Facilities or the Property, and shall also mean and include all accounts receivable, notes, notes receivable, instruments, drafts, acceptances, book debts and similar documents and other moneys, obligations or indebtedness owing or to become owing to the Mortgagor arising from the sale, lease or exchange of goods or other property by the Mortgagor and constituting part of and relating to the Facilities or the Property or derived in any other manner by Mortgagor from its ownership of the Facilities or the Property or any part thereof and the operation of the Facilities or the Property or any part thereof or the performance of services

by the Mortgagor or under any contracts for any of the foregoing (whether or not yet earned by performance on the part of the Mortgagor), in each case whether now in existence or hereafter arising or acquired, and in all cases relating to the Facilities or the Property.

"Additional Bonds" shall mean bonds, if any, issued in one or more series on a parity with the Bonds pursuant to the terms of the Indenture.

"Advances" shall mean amounts paid on behalf by Mortgagor by Mortgagee pursuant to the terms of this Mortgage.

"Agreement" shall mean the Loan Agreement dated as of August 1, 2004, between the Mortgagor and the Authority, including any amendments and supplements thereof and thereto as permitted thereunder.

"Authority" shall mean the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of Chapter 10-D of Title 33 of Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive), or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers centered upon the Authority by said provisions shall be given by law.

"Board" shall mean the Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities, or its legal successor as the management board of the University, acting on behalf of the University.

"Bond Insurer" shall mean MBIA Insurance Corporation, or any successor thereto.

"Bonds" shall mean, collectively, the \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, the \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B and the \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C and such Bonds issued in exchange for other such Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Bonds pursuant to the Indenture and any Additional Bonds issued under the Indenture.

"Charges" shall mean all federal, state, parish, city, municipal, or other Taxes, levies, assessments, or charges that, if not paid when due, may result in a Lien of any Governmental Authority against the Mortgaged Property.

"Collateral" shall have the meaning set forth in Section 3.3 of this Mortgage.

"Commercial Laws" shall mean the Louisiana Commercial Laws (Chapter 9 of Title 10 of the Louisiana Revised Statutes), as amended.

"Corporation" shall mean University Facilities, Inc., a non-profit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

"Default Rate" shall mean 10% per annum.

"Environmental Requirements" shall mean all State, federal, local, municipal, parish, and regional Environmental Requirements, statutes, rules, regulations, ordinances, codes, permits, approvals, plans, authorizations, concessions, investigation results and guidance documents; all legislative, judicial, and administrative environmental judgments, decrees, orders, rules, rulings, and regulations; and all agreements and other restrictions and requirements relating to environmental matters, whether in effect on, prior to or after the Commencement Date, of any Governmental Authority, including, without limitation, federal, state, and local authorities, relating to the regulation or protection of human health and safety, natural resources, conservation, the environment, or the storage, treatment, disposal, processing, release, discharge, emission, use, remediation, transportation, handling, or other management of industrial, gaseous, liquid or solid waste, hazardous waste, hazardous or toxic substances or chemicals, pollutants, petroleum, petroleum wastes, petroleum-based materials, asbestos, radioactive materials, polychlorinated biphenyls, pesticides, biohazards or other materials that are potentially harmful to humans or the environment or the release of which could trigger any reporting or remediation obligations and including without limitation the following Environmental Requirements: The Clean Air Act (42 U.S.C.A. §7401); the Federal Water Pollution Control Act (33 U.S.C. §1251); the Resource Conservation and Recovery Act of 1976, (42 U.S.C. §6901); CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. 99-499, 100 Stat. 1613); the Toxic Substances Control Act (15 U.S.C. §2601); the Clean Water Act (33 U.S.C. §1251); the Safe Drinking Water Act (42 U.S.C. §3007); the Occupational Safety and Health Act (29 U.S.C. §651); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §136); the Louisiana Environmental Quality Act (La. R.S. 30:2001); and the Louisiana Air Quality Regulations (La. C. 33:III.2595) including any amendments or extensions thereof and any rules, regulations, standards or guidelines issued pursuant to or promulgated under any of the foregoing.

"Equipment" shall mean all "equipment" (as defined in the Commercial Laws) now owned or hereafter acquired by the Mortgagor, wherever located, but only that equipment used in connection with the operation and maintenance of the Facilities or the Property, together with all additions, accessories, parts, attachments, improvements, special tools and accessions now and hereafter affixed thereto or used in connection therewith, and all replacements thereof and substitutions therefor.

"Event of Default" has the meaning given such term in Section 6.1.

"Facilities" means the student housing and related facilities described in Exhibit A to the Agreement to Lease with Option to Purchase, as amended and supplemented in accordance with the

provisions of the Agreement, which are to be renovated and/or constructed in three (3) phases with the proceeds of the Bonds and Additional Bonds, and Southeastern Oaks and The Village.

"Facilities Lease" shall mean that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004 by and between the Board, as lessee, and the Mortgagor, as lessor, whereby the Mortgagor will lease the Facilities to the Board, on its own behalf and on behalf of the University.

"Fixtures" shall mean all fixtures as that term is defined in the Commercial Laws; all machinery, apparatus, and equipment presently located upon or within the Facilities or the Property, or which become a component part of the Facilities or the Property, or now or hereafter attached to, or installed in or used in connection with the Facilities or the Property including, but not limited to any and all partitions, plumbing, electrical, mechanical, heating, ventilating and air conditioning systems and/or equipment, and all equipment, movable property and personal property placed on or in the Facilities or the Property, and which become a component part of the Facilities or the Property under applicable Laws, and which are located on and used in connection with the operation of the Facilities or the Property.

"General Intangibles" shall mean those certain "general intangibles" (as defined in the Commercial Laws) now owned or hereafter acquired by the Mortgagor relating to the Facilities or the Property, including, without limitation: (i) all contractual rights and obligations or indebtedness owing to the Mortgagor (other than Accounts) arising from its ownership, use, or operation of the Facilities; (ii) all things in action, rights represented by judgments, claims arising out of tort and other claims relating to the Collateral (including the right to assert and otherwise be the proper party of interest to commence and prosecute actions); (iii) all rights or claims in respect of refunds for taxes paid with respect to its ownership, use and operation of the Facilities or the Property.

"Governmental Authority" shall mean any federal, State, parish, regional, or local government, political subdivision, any governmental agency, department, authority, instrumentality, bureau, commission, board, official, or officer, any court, judge, examiner, or hearing officer, any legislative, judicial, executive, administrative, or regulatory body or committee or official thereof or private accrediting body.

"Ground Lease" shall mean that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, by and between the Board, as lessor on behalf of the University, and the Mortgagor, as lessee, whereby the Property (as defined therein) is leased by the Board to the Mortgagor, and any amendment or supplement thereto entered into from time to time in accordance with the terms hereof.

"Hazardous Substance" shall mean any substance or material that is described as a toxic or hazardous substance, waste or material or a pollutant or contaminant or infectious waste, or words of similar import, in any case of the Environmental Requirements, and includes, without limitation, asbestos, petroleum, or petroleum products (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), polychlorinated biphenyls, pesticides, urea formaldehyde, radon gas, radioactive matter, and medical waste and any other substance or waste that is potentially harmful to human health, natural resources,

or the environment or the presence of which in the environment could trigger a remediation obligation or other liability under Environmental Requirements or any constituent of the foregoing.

"Indenture" shall mean that certain Trust Indenture dated as of August 1, 2004, between the Authority and the Trustee relating to and authorizing the issuance of the Bonds, as it may be amended or supplemented from time to time by supplemental indentures in accordance with its provisions.

"Inventory" shall mean that certain "inventory" (as defined in the Commercial Laws) now owned or hereafter acquired by the Mortgagor, wherever located, relating solely to its ownership, use and operation of the Facilities or the Property, including all raw materials and work in process therefor, finished goods thereof, and materials used or consumed in the manufacture or production thereof, all goods in which the Mortgagor has an interest, and all goods which are returned to or repossessed by the Grantor, and all accessions thereto, products thereof and documents therefor.

"Laws" shall mean all applicable constitutions, treaties, statutes, laws, ordinances, regulations, orders, writs, injunctions, or decrees of the United States or of any state, commonwealth, nation, territory, possession, county, parish, municipality, or Governmental Authority.

"Leases" shall have the meaning set forth in Section 3.2 of this Mortgage.

"Lien" shall mean any lien, privilege, pledge, assignment, hypothecation, conditional sale agreement, title retention agreement, financing lien, lessor or lessee's interest under any lease, subordination of any claim or right, security interest, mortgage, or other encumbrance, whether arising by mortgage, pledge agreement, or under Laws.

"Loan Documents" collectively shall mean the Indenture, the Agreement, the Bonds, this Mortgage, the Reimbursement Agreement and all instruments and documents executed in connection with this transaction and the issuance of the Bonds, whether now existing or hereafter arising, including all amendments, extensions and renewals of the foregoing documents.

"Loss Proceeds" shall mean proceeds attributable to the sale, insurance loss, condemnation, or other taking of all or any part of the Mortgaged Property, and any contract, tort, or other damage awards in connection with, relating to, or arising out of all or any part of the Mortgaged Property in connection with the sale, insurance loss, condemnation or other taking thereof (including, without limitation, any sums that may be awarded or become payable to the Mortgagor for damages caused by public works or constructions on or near the Mortgaged Property).

"Losses" has the meaning given such term in Section 5.9(5) of this Mortgage.

"Mortgage" shall mean this Act of Mortgage, Assignment of Leases and Security Agreement, as from time to time supplemented and amended.

"Mortgaged Property" has the meaning given such term in Section 3.1.

"Mortgagee" shall mean The Bank of New York Trust Company, N.A., as Trustee under the Indenture, and its successors and assigns.

"Mortgagor" shall mean the Corporation, and its successors and assigns.

"Obligations" has the meaning assigned such term in Section 2.

"Permitted Encumbrances" shall mean, as of any particular time, (a) liens for taxes and special assessments that are not then delinquent or liens that may remain unpaid while subject to contest in accordance with the provisions of this Mortgage and the Agreement; (b) the Ground Lease and this Mortgage; (c) any mortgage, pledge, assignment or lien against or affecting the Facilities or any revenues derived therefrom granted by the Corporation in connection with any financing of Additional Facilities (as defined in the Facilities Lease) owned or leased by the Corporation as permitted under Section 3(i) of the Facilities Lease; and (d) any exceptions to title contained in Schedule B to the title insurance policies issued to Mortgagee in connection with the execution of the Loan Documents.

"Person" shall mean any individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture, or other entity, or a government or any political subdivision or Governmental Authority.

"Proceeds" shall mean all cash and non-cash proceeds of, and all other products, profits, rentals, issues, returns, income, royalties, revenues or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, Collateral or derived in any other manner by Mortgagor from its ownership of the Project or any part thereof and the operation of the Project or any part thereof, including, without limitation, all claims of the Mortgagor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, including, without limitation, any such policies insuring against loss of revenues by reason of interruption of the operation of the Facilities, and any amounts payable due to any condemnation, requisition or other taking, exercise of eminent domain or transfer with respect to any Collateral or any part thereof, and all amounts collected under payment and performance bonds, if any, maintained with respect to the Project, and any and all additional revenues, income, receipts and other payments (including, without limitation, grants, donations, gifts and appropriations received from any private or public source) that hereafter are received by the Mortgagor for or relating to the Project or that hereafter may be assigned by the Mortgagor pursuant to this Mortgage, and including proceeds of all such proceeds, in each case whether now existing or hereafter arising and all rights of Mortgagor to terminate, amend, supplement, modify or waive performance under any agreement, and to perform thereunder and to compel performance and otherwise exercise all remedies thereunder.

"Property" shall mean the immovable property described on **Exhibit A** attached hereto.

"Rentals" shall have the meaning set forth in Section 3.2 of this Mortgage.

"Security Interests" shall mean the mortgage lien, collateral assignment and security interests in the Collateral and Proceeds granted hereunder securing the Obligations.

"Taxes" mean all taxes, forced contributions, assessments, charges, fees, levies, imposts, duties, deductions, withholdings, or other charges from time to time or at any time imposed by any Laws or any Governmental Authority.

"Tenants" shall have the meaning set forth in Section 3.2 of this Mortgage.

"Trustee" shall mean The Bank of New York Trust Company, N.A., as trustee under the Indenture, for the benefit of the holders of the Bonds, and any successor in trust appointed pursuant to the Indenture.

"University" shall mean Southeastern Louisiana University in Hammond, Louisiana.

Section 1.2 Number and Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and vice versa, and words of any gender shall include each other gender where appropriate.

Section 1.3 Headings. The captions, headings, and arrangements used in this Mortgage are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof. All references in this Mortgage to Exhibits and Sections refer to the Exhibits and Sections of this Mortgage (as modified, amended, or supplemented from time to time) unless expressly provided otherwise. All Exhibits attached to this Mortgage are a part hereof for all purposes.

Section 1.4 Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein, references in this Mortgage to a particular agreement, instrument, or document also refer to and include all renewals, extensions, amendments, modifications, supplements, or restatements of any such agreement, instrument, or document; provided that nothing contained in this Section shall be construed to authorize any Person to execute or enter into any such renewal, extension, amendment, modification, supplement, or restatement.

ARTICLE 2

OBLIGATIONS SECURED

The Mortgage is given for the purposes of securing the following indebtedness and obligations (hereinafter collectively referred to as the "**Obligations**"):

- (i) the punctual payment of the principal of, premium, if any, and interest on the Bonds and Additional Bonds hereafter issued under and in accordance with the terms of the Indenture and the payment and performance of any and all present and future indebtedness, obligations and liabilities of the Mortgagor and the Authority to the Bond Insurer and the Mortgagee, as Trustee under the Indenture and the punctual payment of all amounts owed by the Mortgagor under the Agreement assigned by the Authority to the Trustee pursuant to the Indenture;

(ii) the punctual payment of all obligations incurred by the Mortgagor for the purpose of financing any additional student housing owned or leased by the Board or the Mortgagor as permitted under Section 3(i) of the Facilities Lease; and

(iii) any obligations arising under or in connection with this Mortgage or any other Loan Document, including for reimbursement of amounts that may be advanced or expended by the Bond Insurer and the Mortgagee (A) to satisfy amounts required to be paid by the Mortgagor under this Mortgage for claims and charges, together with interest thereon to the extent provided, or (B) to maintain or preserve any of the Collateral or to create, perfect, continue, or protect any of the Collateral or any Lien thereon, or its priority;

in each and every case, whether due or not due, direct or indirect, joint and/or several or solidary, absolute or contingent, voluntary or involuntary, liquidated or unliquidated, determined or undetermined, now existing or hereafter arising, existing, renewed, or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, whether or not arising after the commencement of a proceeding under the Federal Bankruptcy Code (including post-petition interest), and whether or not recovery of any such obligation or liability may be barred by a statute of limitations or prescriptive period, or may otherwise be unenforceable, and including all obligations and liabilities of the Mortgagor under any instrument now or hereafter evidencing or securing any of the foregoing and all future advances hereunder or pursuant to any other document to the fullest extent permitted by Article 3298 of the Louisiana Civil Code.

Notwithstanding any provisions of this Mortgage to the contrary, in any action commenced to enforce the obligations of Mortgagor created or arising hereunder, the judgment shall not be enforceable personally against Mortgagor other than against the rights and properties conveyed, mortgaged, assigned and/or pledged as security for payment of the Obligations pursuant to this Mortgage, the Agreement, and the Indenture, including, without intending to limit the generality of the foregoing, the Property, and all rents, issues, profits, revenues and other income and proceeds derived from the Property, and any such judgment shall not be subject to execution on any other assets of Mortgagor. The holders of this Mortgage agree that the Obligations of Mortgagor created or arising hereunder are in rem obligations of Mortgagor.

ARTICLE 3 **MORTGAGED PROPERTY**

Section 3.1 Hypothecation. In order to secure the full and punctual payment and performance of the Obligations, Mortgagor does by these presents specially mortgage, assign, affect, pledge, and hypothecate unto and in favor of the Mortgagee, to inure to the use and benefit of the Mortgagee, all the following described property (collectively, the "**Mortgaged Property**"):

1. **Leasehold of the Property.** Mortgagor's leasehold interest in and to the Property created under the Ground Lease.
2. **Facilities and Improvements.** Mortgagor's leasehold interest in and to all the buildings and improvements situated on the Property comprising the Facilities and, to the extent the following are not part of the Facilities, all of Mortgagor's leasehold interest in

appurtenances, rights, ways, privileges, servitudes, prescriptions and advantages thereunto belonging or in anywise appertaining, including, but without limitation, all component parts of the Property, and all component parts of any building or other construction located on the Property, now or hereafter a part of or attached to said Property or used in connection therewith.

3. **Additions, Etc., and Proceeds.** This Mortgage, without further action, shall also attach to all (i) subsequent additions, substitutions, and replacements to and for any or all of the Mortgaged Property, (ii) present and future component parts thereof and accessions thereto, (iii) natural increases, accessions, accretions, and issues of the Mortgaged Property, (iv) rights of the Mortgagor to receive the Loss Proceeds, and (v) all future interests of the Mortgagor in and to the Mortgaged Property to the extent allowed under Louisiana Civil Code Article 3292.

With respect to the Loss Proceeds, this Mortgage is a collateral assignment thereof pursuant to Louisiana Revised Statutes 9:5386, *et seq.*, whether such Loss Proceeds or any of them now exist or arise in the future, and the Mortgagor does hereby irrevocably make, constitute, and appoint the Mortgagee and the agents of the Mortgagee as the true and lawful mandataries and attorneys-in-fact of the Mortgagor to carry out and enforce all of the Mortgagor's rights, title, and interest in and to any or all of the Loss Proceeds hereby collaterally assigned. The collateral assignment herein made of the Loss Proceeds shall not be construed as imposing upon the Mortgagee any obligations with respect thereto unless and until the Mortgagee shall become the absolute owner thereof and the Mortgagor shall have been wholly dispossessed thereof.

The Mortgaged Property is to remain so specially mortgaged, assigned, affected, pledged, and hypothecated unto and in favor of the Mortgagee and subject to the security interests created hereby until the full and final payment and performance or discharge of the Obligations, and the Mortgagor is herein and hereby bound and obligated not to sell, alienate, deteriorate, or encumber the Mortgaged Property to the prejudice of this Mortgage, and not to permit or suffer the same to be so sold, alienated, deteriorated, or encumbered, except as otherwise may be permitted hereunder.

Section 3.2 Assignment of Leases and Rentals. To further secure the full and punctual payment and performance of all present and future Obligations, up to the maximum amount outstanding at any time and from time to time set forth in Section 3.9 below (the "Maximum Amount"), the Mortgagor does hereby transfer, assign and pledge unto Mortgagee, and grant a continuing security interest in, all of the Mortgagor's right, title and interest in and to (i) all leases and subleases affecting the Mortgaged Property including, without limitation, the Facilities Lease or any part thereof, or any other concession, license or right to use the Facilities, whether now existing or hereafter arising, together with any and all renewals, extensions or modifications thereof (the "Leases"), and (ii) all revenues, rentals and other sums due or becoming due under the Leases, but excluding tenants' security deposits unless and until applied in satisfaction of tenants' obligations as provided in the Management Agreement and refunds and reimbursements due to students in accordance with University policy (collectively, the "Rentals"). The rights assigned by this Mortgage include, without limitation, all of the Mortgagor's right, power, privilege and option to modify,

amend or terminate the Leases, or waive or release the performance or satisfaction of any duty or obligation of any tenant or lessee (each a "Tenant") under the Leases.

Section 3.3 The Security Interests. In order to secure the full and punctual payment and performance of all present and future Obligations, the Mortgagor hereby grants to the Mortgagee a continuing security interest in and to all right, title and interest of the Mortgagor in, to or under the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located:

- (i) all Accounts and all purchase orders for goods, services or other property and other documents, and all returned, rejected or repossessed goods, the sale or lease of which gave rise to an Account;
- (ii) all Inventory;
- (iii) all Equipment;
- (iv) all General Intangibles;
- (v) other moneys and property of any kind of the Mortgagor in the possession or under the control of the Mortgagee derived from the operation of the Facilities;
- (vi) all rights of the Mortgagor now or hereafter existing in and to all security agreements, guaranties, leases and other contracts securing or otherwise relating to the Collateral;
- (vii) all agreements, including vendor warranties, running to Mortgagor or assigned to Mortgagor, to which Mortgagor may be or become a party to relating to the construction or operation of the Facilities or any part thereof, or relating to the maintenance, improvement, operation or acquisition of the Facilities or any part thereof, or transport of material, equipment and other parts of the Facilities or any part thereof or any other lease or sublease agreements or easement agreements relating to the Facilities or any part thereof or any ancillary facilities to which Mortgagor is or becomes a party, and all amendments, supplements, substitutions and renewals to any of the foregoing (each an "Assigned Agreement" and collectively, the "Assigned Agreements");
- (viii) all permits relating to the Facilities, but excluding any permits which by their terms or by operation of law prohibit or do not allow assignment or which would become void solely by virtue of a security interest being granted therein;
- (ix) all other personal property and fixtures of Mortgagor relating to the Facilities, whether now owned or existing or hereafter acquired or arising, or in which Mortgagor may have an interest, and wheresoever located, whether or not of a type which may be subject to a security interest under the Commercial Laws, including without limitation all machinery, tools, generators, transformers, pumps, filters, membranes, water storage tanks, control equipment, appliances, mechanical and

electrical systems, elevators, lighting, alarm systems, fire control systems, furnishings, furniture, as-extracted collateral, equipment, service equipment, motor vehicles, building or maintenance equipment, building or maintenance materials, pipes, pipelines and pipeline supplies (including valves and fittings), goods and property covered by any warehouse receipts or bills of lading or other such documents, spare parts, maps, plans, specifications, architectural, engineering, construction or shop drawings, manuals or similar documents, copyrights, trademarks and trade names, and any replacements, renewals or substitutions for any of the foregoing or additional tangible or intangible personal property hereafter acquired by Mortgagor;

- (x) all goods, investment securities, investment property, contracts (including the Loan Documents), commercial tort claims, letters of credit, letter of credit rights, payment intangibles, software, intellectual property rights supporting obligations, documents, deposit accounts, chattel paper (including tangible and electronic chattel paper) and as-extracted Collateral relating to the Facilities;
- (xi) all books and records (including, without limitation, customer lists, credit files, computer programs, tapes, disks, punch cards, data processing software, transaction files, master files, printouts and other computer materials and records) of the Mortgagor pertaining to any of the foregoing; and
- (xii) all Proceeds and products of all or any of the Collateral described in clauses (i) through (xi) hereof.

The term "Collateral" shall mean each and all of the items and property rights described in clauses (i)-(xii) above, together with the Mortgaged Property, the Loss Proceeds, the Leases, the Rentals and the items and property rights described in Sections 3.1 and 3.2.

Section 3.4 No Liability. The Security Interests are granted as security only and shall not subject the Mortgagee to, or transfer or in any way affect or modify, any obligation or liability of the Mortgagor with respect to any of the Collateral or any transaction in connection therewith.

Section 3.5 Assigned Agreements. Each Assigned Agreement shall provide that, or each other party to such Assigned Agreement shall agree that, if any default by Mortgagor under any of the Assigned Agreements shall occur and be continuing, then Mortgagee shall, at its option and after the expiration of the applicable cure periods under Section 8.2 of the Indenture, be permitted (but shall not be obligated) to remedy any such default by giving written notice of such intent to Mortgagor and to the parties to the Assigned Agreement or Assigned Agreements for which Mortgagee intends to remedy the default. Any cure by Mortgagee of Mortgagor's default under any of the Assigned Agreements shall not be construed as an assumption by Mortgagee or any other Person of any obligations, covenants or agreements of Mortgagor under such Assigned Agreement, and neither Mortgagee nor any other Person shall be liable to Mortgagor or any other Person as a result of any actions undertaken by Mortgagee in curing or attempting to cure any such default. This Mortgage shall not be deemed to release or to affect in any way the obligations of Mortgagor under the Assigned Agreements.

Section 3.6 Confession of Judgment. For purposes of executory process, the Mortgagor does hereby acknowledge and CONFESS JUDGMENT in favor of the Mortgagee for the full amount of the Obligations.

Section 3.7 Attorneys' Fees. In case foreclosure proceedings are instituted to protect the rights of the Mortgagee, or to enforce any of the agreements contained in this Mortgage, the Mortgagor herein and hereby agrees to pay all costs of collection, including, but not limited to, the reasonable fees and expenses of the attorneys at law who may be employed for such purposes, incurred in connection with the protection of or realization of the Mortgaged Property or in connection with any of the Mortgagee's or Bond Insurer's collection efforts, whether or not suit on the Obligations or any foreclosure proceedings are filed.

Section 3.8 Release of Collateral; Mortgagor and Lien Not Released. The Mortgagee with the consent of the Bond Insurer may at any time, and without notice to the Mortgagor, release any part of the Collateral from the effect of this Mortgage, grant an extension or deferment of time for the discharge of any obligation hereunder, permit the substitution and transfer of documents, agreements, and instruments evidencing the Obligations, agree in writing with the Mortgagor or any other Person to modify the terms of payment or performance of the Obligations, including, without limitation, to modify the rate of interest, the period of amortization, or the amount of the installments payable under the Obligations, accept or release other or additional security for the Obligations, reconvey any part of the Collateral, consent to the granting of any easement or servitude affecting the Mortgaged Property, and join in any extension or subordination agreement, in each case without affecting the liability of the Mortgagor hereunder.

Section 3.9 Maximum Amount of Indebtedness. Nothing under this Mortgage shall be construed as limiting the duration of this Mortgage or the purposes for which Mortgagor's Obligations may be requested or extended. The maximum amount of Obligations that may be outstanding at any time and from time to time that this Mortgage secures shall be Five Hundred Million (\$500,000,000) Dollars. This Mortgage is and shall remain effective even though the amount of the Obligations may be reduced to zero, until all of the amounts, liabilities, and obligations, present and future, comprising the Obligations have been incurred and are extinguished and this Mortgage has been released by the Mortgagee as provided in Section 7.1 hereof. The Obligations mature on July 1, 2034.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF MORTGAGOR

The Mortgagor hereby represents, warrants, covenants, promises, stipulates, and agrees as follows:

Section 4.1 Title. The Mortgagor has good and merchantable title in and to the Collateral free and clear of any and all Liens except the Permitted Encumbrances; the Mortgagor has full power and lawful authority to grant, release, convey, assign, transfer, mortgage, pledge, hypothecate, and otherwise create the Liens on the Collateral as provided herein. The Collateral Mortgaged Property is

accurately, completely, adequately, and sufficiently described herein and in **Exhibit A** attached hereto as required by Laws for this Mortgage to create a Lien on all of the Mortgaged Property.

Section 4.2 First Priority Mortgage. This Mortgage constitutes a valid mortgage and, upon proper recording hereof, will constitute a valid and perfected first mortgage Lien on the Mortgaged Property, and security interest in, the Collateral other than the Mortgaged Property, subject only to the Permitted Encumbrances, and there are no defenses or offsets to the Mortgagor's obligations pursuant to this Mortgage or the Loan Documents to which it is a party, including, without limitation, the applicable obligations to pay and perform the Obligations.

Section 4.3 Location of Offices; Taxpayer Identification Number. The Mortgagor's chief executive office and principal place of business are as set forth in the Mortgagor's appearance clause herein. The Mortgagor's Federal Taxpayer Identification Number is as set forth in the Mortgagor's appearance clause herein.

Section 4.4 Enforceability. The execution and delivery of this Mortgage and any of the Loan Documents to which the Mortgagor is a party will result in valid and legally binding obligations of the Mortgagor enforceable against it in accordance with the respective terms and provisions hereof and thereof.

Section 4.5 Peaceable Possession. The Mortgagor's possession of the Mortgaged Property has been peaceable and undisturbed and, to the best of the Mortgagor's knowledge, the title thereto has never been disputed or questioned, and the Mortgagor does not know of any facts by reason of which any adverse claim to any part of the Mortgaged Property or to any undivided interest therein might be set up or made.

Section 4.6 Taxes. The Mortgagor has not received any notice of any federal, state, or local tax claims or Liens assessed or filed against the Mortgagor or the Collateral for Taxes that are due and payable, unsatisfied of record, or docketed in any court of the state in which the Collateral is located or in any court located in the United States.

Section 4.7 Casualty and Condemnation. The Collateral has not been damaged or destroyed by fire or other casualty, and no condemnation or eminent domain proceedings have been commenced and/or are pending with respect to the Mortgaged Property, and, to the best of the Mortgagor's knowledge, no such condemnation or eminent domain proceedings are about to be commenced.

Section 4.8 No Consents or Approvals. No consent or approval of any trustee or holder of any other obligation of the Mortgagor, and no consent, permission, authorization, order, or license of any Governmental Authority (other than those that have already been obtained and delivered to the Mortgagee and those that are in the process of being obtained and that will be delivered to Mortgagee upon receipt), is necessary in connection with the execution, delivery, and performance of this Mortgage or any of the Loan Documents to which the Mortgagor is a party or any transaction contemplated hereby or thereby.

Section 4.9 No Conflicts. There is no provision of any agreement, written or oral, to which the Mortgagor is a party or under which the Mortgagor is obligated, and no statute, rule, or regulation, or judgment, decree, or order of any Governmental Authority binding on the Mortgagor, that would be contravened by the execution and delivery of this Mortgage or any of the Loan Documents to which the Mortgagor is a party or by the performance of any provision, condition, covenant, or other term hereof or thereof.

Section 4.10 Accordance With Laws and Regulations. The Mortgaged Property is in compliance with all applicable Laws, including, without limitation, Environmental Requirements, all regulations of the U.S. Army Corps of Engineers, and with all applicable building, safety, and fire codes, as well as zoning and subdivision laws and regulations. All environmental impact statements, subdivision maps, drawings, specifications, and reports relating to the Mortgaged Property have been or will be timely prepared and filed with all Governmental Authorities having jurisdiction over such matters and requiring any such submittal.

Section 4.11 No Hazardous Activities. Except as disclosed in the Environmental Reports, the results of which have been provided to the Bond Insurer and the Trustee, (i) none of the Mortgaged Property has ever been used for storage, treatment, or disposal of any Hazardous Materials, (ii) no manufacturing, landfilling, or chemical production has ever occurred on any part of the Mortgaged Property, and (iii) there have never been any underground storage tanks located on any part of the Mortgaged Property.

Section 4.12 No Hazardous Materials. Except as disclosed to and acknowledged by the Mortgagee in writing, the Mortgagor represents and warrants that:

(i) During the period of the Mortgagor's leasehold interest in the Mortgaged Property, there has been no use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any Hazardous Substances by any Person on, under, or about any of the Mortgaged Property and there has been no use, generation, manufacture, storage, treatment or other handling of any Hazardous Substances by any person on, under or about any of the Mortgaged Property in violation of applicable Environmental Requirements; and

(ii) The Mortgagor has no knowledge of or reason to believe that there has been (a) any disposal, release, or threatened release of any Hazardous Substances or violation of Environmental Requirements by any prior owners or occupants of the Mortgaged Property or any other Person or (b) any actual or threatened litigation or claims of any kind by any Person relating to such matters.

Section 4.13 Business Locations. All of the Inventory and the Equipment will be located on the Mortgaged Property. The books and records pertaining to the Collateral will be located at the Mortgaged Property.

Section 4.14 Leases. The Mortgagor is the sole owner of the entire landlord's interests in the Leases; the Mortgagor has not executed any prior assignment of the Ground Lease, the Leases, or the Rentals; no Rentals reserved in the Leases or any of them has been assigned or anticipated, and no Rentals for any period subsequent to the date of this Mortgage has been collected in advance of

the time when the same became due under the terms of the Leases or any of them; the Mortgagor has not executed or granted any modifications to any Lease except as previously disclosed to the Mortgagee; all existing Leases are valid and in full force and effect; there exists no defense, counterclaim, or set-off to the payment of any Rentals under any Lease; there are no defaults or events of default now existing under any of the Leases, and no event has occurred which with the passage of time or the giving of notice, or both, would constitute such a default or event of default.

Section 4.15 Continuing Accuracy. All of the representations and warranties contained in this Article or elsewhere in this Mortgage shall be true through and until the date on which all obligations of Mortgagor under this Mortgage and the Agreement are fully satisfied, and Mortgagor shall promptly notify Mortgagee of any event which would render any of said representations and warranties untrue or misleading.

ARTICLE 5

COVENANTS OF MORTGAGOR

So long as the Obligations or any part thereof remains outstanding or unpaid, the Mortgagor specially covenants, promises, stipulates, and agrees with the Mortgagee as follows:

Section 5.1 Warranty. The Mortgagor shall warrant, preserve, and defend the leasehold interest in and to the Mortgaged Property, including the Facilities, and its interest in and to the remainder of the Collateral and the validity, enforceability, and priority of the Lien of this Mortgage against the claims and demands of all Persons whomsoever, at its sole cost and expense.

Section 5.2 Payment; Performance of Covenants. The Mortgagor shall make prompt payment when due of all amounts owing hereunder as the same become due, without offset, counterclaim, or defense, and shall punctually and properly perform all of the Mortgagor's covenants, duties, agreements, and conditions (i) under this Mortgage and any Loan Document to which the Mortgagor is a party or (ii) imposed upon or assumed by the Mortgagor by virtue of the provisions of any deed, conveyance, lease, agreement, statute, or ordinance pursuant to which the Mortgagor or any predecessor in title of the Collateral acquired the Collateral or any rights or privileges appurtenant thereto or for the benefit thereof.

Section 5.3 Payment of Taxes and Utilities. Subject to the right to contest certain matters with respect to the Collateral pursuant to Section 5.6 hereof and the Agreement, the Mortgagor shall or shall cause the Board to pay all Taxes levied or assessed against the Collateral or any part thereof prior to the date upon which any fine, penalty, interest, or cost may be added thereto or imposed by Laws for the nonpayment thereof. The Mortgagor shall deliver to the Mortgagee, promptly after a request therefor by the Mortgagee, receipted bills or canceled checks evidencing the payment of prior Taxes to the date upon which any fine, penalty, interest, or cost may be added thereto or imposed by Laws for the nonpayment thereof. In the case of any assessment payable in installments, each installment thereof shall be paid prior to or on the date on which such installment becomes due and payable without imposition of any fine, penalty, interest, or cost. The Mortgagor shall not be entitled to any credit on the Obligations, or any other sums that may become payable under the terms hereof, under any Loan Document, or otherwise, by reason of the payment of Taxes.

The Mortgagor shall or shall cause the Board to pay timely all charges for electricity, power, gas, water, and other utilities used in connection with the Collateral, as and when due.

Section 5.4 Other Compliance. Subject to the right to contest certain matters with respect to the Collateral pursuant to Section 5.6 hereof, the Mortgagor itself agrees to or agrees to cause the Board: (1) to perform and comply with or cause the performance and compliance with all covenants, agreements, and restrictions affecting the Collateral and with all Laws, ordinances, acts, rules, regulations, and orders of any Governmental Authority exercising any power of regulation or supervision over the Mortgagor or any part of the Collateral, whether now or hereafter enacted or enforced and whether the same be directed to the ownership, lease and operation of the Mortgaged Property, or the repair, manner of use, or structural alteration of the Mortgaged Property or otherwise, (2) to comply with or to cause compliance with the terms of all insurance policies covering or applicable to the Collateral, all requirements of the issuer of any such policy, and all orders, rules, regulations, and other requirements of or standards recommended by the National and Regional Fire Protection Association (or any other body exercising similar functions) applicable to or affecting the Collateral or any use or condition of the Collateral, and (3) to procure, maintain, and comply or cause the procurement, maintenance and compliance of and with all permits, licenses, approvals, or other authorizations required for any use of the Collateral being made and for the proper erection, installation, operation, and maintenance of the Mortgaged Property and any fixture, equipment, machinery, or appliance in or on the Mortgaged Property, or any portion of the foregoing.

Section 5.5 Payment of Indebtedness and Obligations Pertaining to Collateral. Subject to the right to contest certain matters with respect to the Collateral pursuant to Section 5.6 hereof, the Mortgagor shall cause all indebtedness, claims, encumbrances, and liabilities of any kind or character (including, without limitation, claims for labor, materials, supplies, and rent) incurred in the operation, maintenance, and development of the Collateral to be paid within a reasonable time after same become due and in any event prior to the time any lien caused by such nonpayment would arise by law or contract.

Section 5.6 Contest of Taxes, Indebtedness, and Other Claims. The Mortgagor shall have the right to contest directly or through the Board, at its own expense, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any Taxes, indebtedness, claims, assessments or encumbrances referred to herein (other than this Mortgage or any Loan Document securing all or any portion of the Obligations), or any of the Laws, ordinances, acts, rules, regulations, orders, licenses, and authorizations referred to herein; provided, however, the Collateral is not placed in imminent danger of being seized or forfeited or the execution of any lien is stayed.

Section 5.7 Insurance Requirements. The Mortgagor agrees to or agrees to cause the Board to insure continuously the Collateral and each and every part and parcel thereof in such amounts and with policies meeting the criteria set forth in the Indenture and the Agreement.

Section 5.8 Preservation and Maintenance of Collateral. Except as otherwise permitted by the express terms of the Loan Documents, the Mortgagor: (i) shall not commit waste; (ii) shall not abandon the Mortgaged Property; (iii) in the event of any damage, injury, or loss to the Collateral, shall restore or repair promptly and in a good and workmanlike manner all or any part of the

Collateral to the substantial equivalent of its condition prior to such damage, injury, or loss or such other condition as the Mortgagee may approve in writing, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair; (iv) shall keep the Collateral in good condition, repair, and working order, ordinary wear and tear excepted and shall not remove or demolish the Collateral without the Mortgagee's prior written consent; (v) shall comply with all applicable Laws, ordinances, regulations, and requirements of any Governmental Authority with jurisdiction over the Collateral; (vi) shall not make any structural alterations to the Collateral without the Mortgagee's or the Bond Insurer's prior written consent; and (vii) shall give notice in writing to the Mortgagee and the Bond Insurer of and, unless otherwise directed in writing by the Mortgagee and the Bond Insurer, appear in and defend any action or proceeding affecting the Collateral, the security or priority of this Mortgage, or the rights or powers of the Mortgagee.

Section 5.9 Environmental Hazards.

1. The Mortgagor shall not: (1) cause or permit the presence, use, generation, manufacture, production, processing, installation, release, escape, spillage, seepage, leakage, dumping, pouring, emptying, emission, discharge, storage (including above-ground and underground storage tanks for petroleum or petroleum products, but excluding small containers of gasoline used for maintenance equipment or similar purposes and in compliance with applicable Environmental Requirements), treatment, management, transportation, handling or the like of any Hazardous Substances on, under, in, or about the Mortgaged Property, or in any way affecting the Mortgaged Property, and that are in violation of applicable Environmental Requirements or could form the basis for any present or future claim, demand, or action seeking cleanup of the Mortgaged Property or imposition of liabilities under Environmental Requirements, or the transportation of any Hazardous Substances to or from the Mortgaged Property in violation of applicable Environmental Requirements; or (2) cause or exacerbate any occurrence or condition on the Mortgaged Property that is or may be in violation of any Environmental Requirements or that could otherwise serve as the basis of liability under any Environmental Requirements. No Hazardous Substances shall be placed on, in, under or about the Mortgaged Property except in strict compliance with applicable Environmental Requirements. No Hazardous Substances shall be disposed of on, in, under or about the Mortgaged Property. The Mortgagor shall not cause or permit the migration of Hazardous Substances from the Mortgaged Property to any other property or onto the Mortgaged Property from any property or area adjacent to the Mortgaged Property. The Mortgagor shall at all times comply with all applicable Environmental Requirements and shall immediately correct any matters discussed in all notices of violations of Environmental Requirements prior to the issuance of any regulatory or judicial order or assessment of any fines. The Mortgagor shall secure compliance by all lessees and sublessees of the Mortgaged Property with its obligations in this Section.

2. The Mortgagor itself agrees to, or agrees to cause the Board, as appropriate, to advise the Mortgagee promptly, in writing, of any notice or other communication, written or oral, from the United States Environmental Protection Agency, the Louisiana Department of Environmental Quality, or any other federal, state, or local Governmental Authority having jurisdiction over the Mortgaged Property with respect to any alleged violation of any

Environmental Requirements or the generation, presence, management, release, escape, spillage, seepage, leakage, dumping, pouring, emptying, treatment, discharge, emission, handling, storage, transportation, disposal, or the like of Hazardous Substances or storage tanks, or any other matter regulated under Environmental Requirements.

3. The Mortgagor itself agrees to, or agrees to cause the Board, as appropriate, promptly to notify the Mortgagee in writing of: (i) any enforcement, cleanup, removal, or other governmental or regulatory action, investigation, notice of violation, or any other proceeding instituted against the Mortgagor or the Mortgaged Property and (ii) any suit, cause of action, or any other claim made or threatened by any third party against the Mortgagor or the Mortgaged Property relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from any Hazardous Substances. The provisions of the preceding sentence shall be in addition to any and all other obligations and liabilities that the Mortgagor may have to the Mortgagee under applicable law.

4. The Mortgagor itself agrees to, or agrees to cause the Board, as appropriate, to promptly take any and all necessary remedial and response actions in response to the presence, storage, use, disposal, transportation, or discharge of any Hazardous Materials on, under, above, or about the Mortgaged Property, any alleged violation of Environmental Requirements that could lead to liability; provided, however, that the Mortgagor shall not take any such remedial or response action or enter into any settlement agreement, consent decree, or other compromise in respect to any claims, proceedings, lawsuits, or actions completed or threatened as a result of any actual or alleged Hazardous Substances on, under, above, or about the Mortgaged Property, or enter into any settlement agreement, consent decree, or other compromise in respect to any claims, proceedings, lawsuits, or actions completed or threatened pursuant to any Environmental Requirements, without, in each case, obtaining the Mortgagee's prior written consent; provided further, however, that the Mortgagee's prior consent shall not be necessary in the event that the presence of Hazardous Substances on, under, above, or about the Mortgaged Property either: (i) poses an immediate threat to the health, safety, or welfare of any individual or (ii) is of such a nature that an immediate remedial response is necessary and it is not possible to obtain the consent prior to undertaking such action. In the event that the Mortgagor undertakes remedial action with respect to any Hazardous Substances on, under, above, or about the Mortgaged Property as set forth in clauses (i) and (ii) above, the Mortgagor shall immediately notify the Mortgagee of any such remedial/response action, and shall conduct and complete, or cause a sublessee to conduct and complete such remedial/response action in compliance with all applicable Environmental Requirements and in accordance with the orders and directives of all federal, state, and local Governmental Authorities having jurisdiction.

5. The Mortgagor shall or shall cause the Board to indemnify, defend, and hold harmless the Mortgagee and the Bond Insurer from and against any and all claims, demands, costs, losses, liabilities (including those based on strict liability), expenses (including reasonable attorneys' fees, whether suit is instituted or not), judgments, fines, penalties, or amounts paid in settlement (collectively, "Losses") incurred by the Mortgagee and/or the Bond Insurer in connection with or as a result of the presence, storage, use, disposal, transportation, discharge, or release or threatened release on, under, from, above, or about the

Mortgaged Property of any Hazardous Substances or any violations of any Environmental Requirements arising out of acts or omissions of the Mortgagor, or the Board, or their agents, tenants, occupants, employees, or contractors. To the extent of such indemnity, Losses indemnified against specifically shall include costs incurred in connection with (i) any investigation or monitoring of site conditions; (ii) any clean up, containment, remediation, removal, or restoration work required or performed by any federal, state, or local Governmental Authority or performed by the Mortgagor, the Board or any other Person because of the presence, storage, use, disposal, transportation, discharge, or release or threatened release of any Hazardous Substances on, in, from, under, or about the Mortgaged Property, and (iii) any claims by third parties for Losses due to the presence, storage, use, disposal, transportation, discharge, or release or threatened release of such Hazardous Substances or the cleanup, containment, remediation, or removal thereof.

6. The indemnity provisions contained in this Section 5.9 shall survive the payment of the Obligations and the cancellation of this Mortgage.

Section 5.10 Notice of Changes. The Mortgagor will not change its name, identity, federal tax identification number or corporate structure in any manner unless it shall have given the Mortgagee and the Bond Insurer at least thirty (30) days' prior written notice thereof. The Mortgagor will not change the location of (i) its chief executive office or chief place of business, or (ii) the locations where it keeps or holds any Collateral or any records relating thereto, from the applicable location described in Section 7.6 hereof unless it shall have given the Mortgagee and the Bond Insurer at least 30 days' prior written notice thereof.

Section 5.11 Filing. The Mortgagor agrees that a carbon, photographic, facsimile, photostatic or other reproduction of this Mortgage or of a financing statement is sufficient as a financing statement. The Mortgagor shall pay all costs of or incidental to the recording or filing of any financing, amendment, continuation, termination or other statements concerning the Collateral.

Section 5.12 Accounts Collection. The Mortgagor shall use its best efforts to cause to be collected from its account debtors, as and when due, any and all amounts owing under or on account of each Account (including, without limitation, Accounts that are delinquent, such Accounts to be collected in accordance with lawful collection procedures) and shall apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account. Subject to the rights of the Mortgagee hereunder, if an Event of Default shall have occurred and be continuing, the Mortgagor may allow as adjustments to amounts owing under its Accounts (i) an extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, and (ii) a refund or credit due as a result of returned or damaged merchandise, all in accordance with the Mortgagor's ordinary course of business consistent with its historical collection practices and with sound business judgment. The costs and expenses (including, without limitation, attorneys' fees) of collection, whether incurred by the Mortgagor or the Mortgagee, shall be borne by the Mortgagor.

Section 5.13 Instruments. While an Event of Default has occurred and is continuing, the Mortgagor will immediately deliver and pledge to the Mortgagee each instrument evidencing, representing or otherwise arising from an Account or General Intangible, appropriately endorsed to the Mortgagee, provided that so long as no Event of Default shall have occurred and be continuing,

the Mortgagor may refrain from such delivery and may retain possession of, for the purpose of collection in the ordinary course, any such instruments received by it in the ordinary course of business.

Section 5.14 Transfer and Other Liens. The Mortgagor will not sell, lease, transfer, exchange or otherwise dispose of the Collateral or the Proceeds, or any part thereof, and except as otherwise permitted under the Indenture and the Agreement without the prior written consent of the Mortgagee, and will not permit any Lien to attach to the Collateral or the Proceeds, or any part thereof, other than Permitted Liens, except that the Mortgagor may, in the ordinary course of its business and in the absence of an Event of Default, collect its Accounts and General Intangibles.

Section 5.15 Use of Mortgaged Property; Leases. The Mortgagor shall, or shall cause the Board to maintain, preserve, and renew all rights of way, servitudes, grants, privileges, licenses, permits, zoning approvals, and franchises necessary for the use of the Mortgaged Property and shall not, unless required by applicable law or unless the Mortgagee has otherwise agreed in writing, allow changes in the use for which the Mortgaged Property was intended under the Facilities Lease and the Ground Lease. To the extent permitted by law, the Mortgagor shall not permit the Board to initiate or acquiesce in a change in the zoning classification of the Mortgaged Property without the Mortgagee's prior written consent. The Mortgagor will observe and perform all the obligations imposed upon it as landlord under the Leases, if any, and not do or permit to be done anything to impair the security thereof; will exercise any option or election contained in or relating to any of the Leases that the Mortgagee shall require; at the Mortgagee's request, will assign and transfer to the Mortgagee by specific assignment of leases any and all subsequent Leases upon all or any part of the Property or the Facilities; and to execute and deliver at the request of the Mortgagee all such further assurances and assignments in the premises covered by the Leases as the Mortgagee shall from time to time require.

Section 5.16 Additional Provisions Regarding the Ground Lease. (a) The Mortgagor shall pay all rent and other charges required under the Ground Lease as and when the same are due and the Mortgagor shall keep, observe, and perform, or cause to be kept, observed, and performed, all of the other terms, covenants, provisions, and agreements of the Ground Lease on the part of the tenant thereunder to be kept, observed, and performed, and shall not in any manner, cancel, terminate, or surrender, or permit any cancellation, termination, or surrender of the Ground Lease, in whole or in part, or, without the written consent of the Mortgagee, either orally or in writing, modify, amend, or permit any modification or amendment of any of the terms thereof in any respect, and any attempt on the part of the Mortgagor to exercise any such right without such written consent of the Mortgagee shall be null and void ab initio and of no force or effect.

- (b) The Mortgagor shall do, or cause to be done, all things necessary to preserve and keep unimpaired the rights of the Mortgagor as tenant under the Ground Lease and to prevent any default under the Ground Lease or any termination, surrender, cancellation, forfeiture, or impairment thereof, and in the event of the failure of the Mortgagor to make any payment required to be made by the Mortgagor pursuant to the provisions of the Ground Lease or to keep, observe, or perform, or cause to be kept, observed, or performed, any of the terms, covenants, provisions, or agreements of the Ground Lease, the Mortgagor agrees that the Mortgagee may (but shall not be

obligated to) take any action on behalf of the Mortgagor, to make or cause to be kept, observed, or performed any such terms, covenants, provisions, or agreements and to enter upon the Mortgaged Property and take all such action thereof as may be necessary therefor to the end that the rights of the Mortgagor in and to the leasehold estate created by the Ground Lease shall be kept unimpaired and free from default, and all money so expended by the Mortgagee, with interest thereon at the Default Rate from the date of each such expenditure, shall be paid by the Mortgagor to the Mortgagee promptly upon demand by the Mortgagee and shall be added to the Obligations, and the Mortgagee shall have, in addition to any other remedy thereof, the same rights and remedies in the event of non-payment of any such sum by the Mortgagor as in the case of a default by the Mortgagor in the payment of any sums due under the Loan Documents.

- (c) The Mortgagor shall enforce the obligations of the Ground Lessor under the Ground Lease to the end that it may enjoy all of the rights granted to it under the Ground Lease; promptly notify the Mortgagee in writing of any default by the Ground Lessor or by the Mortgagor in the performance or observance of any of the terms, covenants, or conditions on the part of the Ground Lessor or the Mortgagor, as the case may be, to be performed or observed under the Ground Lease; promptly advise the Mortgagee in writing of the occurrences of any of the events of default enumerated in the Ground Lease and of the giving of any notice by the Ground Lessor to the Mortgagor of any default by the Mortgagor in performance or observance of any of the terms, covenants, or conditions of the Ground Lease on the part of the Mortgagor to be performed or observed; and promptly deliver to the Mortgagee a true and complete copy of each such notice. If, pursuant to the Ground Lease, the Ground Lessor shall deliver to the Mortgagee a copy of any notice of default given to the Mortgagor, such notice shall constitute full authority and protection to the Mortgagee for any action taken or omitted to be taken by the Mortgagee in good faith in reliance thereon.
- (d) If any action or proceeding shall be instituted to evict the Mortgagor or to recover possession of the Mortgaged Property or for any other purpose affecting the Ground Lease or this Mortgage, the Mortgagor shall, immediately upon service thereof on or to the Mortgagor, deliver to the Mortgagee a true and complete copy of each petition, summons, complaint, notice of motion, order to show cause and of all other provisions, pleadings, and papers, however designated, served in any such action or proceeding.
- (e) The Mortgagor covenants and agrees that unless the Mortgagee shall otherwise expressly consent in writing, the fee title to the Property and the leasehold estate shall not merge, but shall always remain separate and distinct, notwithstanding the union of said estates either in the Ground Lessor, the Mortgagor, or a third party by purchase or otherwise; and in case the Mortgagor acquires the fee title or any other estate, title, or interest in the Mortgaged Property, this Mortgage shall attach to and, cover, and be a lien upon the fee title or such other estate so acquired, and such fee title or other estate shall, without further assignment, mortgage, or conveyance, become and be subject to the lien of and covered by this Mortgage.

- (f) No release or forbearance of any of the Mortgagor's obligations under the Ground Lease, pursuant to the Ground Lease or otherwise, shall release the Mortgagor from any of its obligations under this Mortgage, including its obligation with respect to the payment of rent as provided for in the Ground Lease and the performance of all of the terms, provisions, covenants, conditions, and agreements contained in the Ground Lease to be kept, performed, and complied with by the tenant therein.
- (g) The Mortgagor shall not make any election or give any consent or approval (other than the exercise of a renewal right or extension right or other right conferring a benefit on the Mortgagor, provided that any such action has no adverse effect or consequence to the Mortgagee) for which a right to do so is conferred upon the Mortgagor as tenant under the Ground Lease without the prior written consent of the Mortgagee. In case of any Event of Default under this Mortgage, all such rights, together with the right of termination, cancellation, modification, change, supplement, alteration, or amendment of the Ground Lease, all of which have been assigned for collateral purposes to the Mortgagee, shall vest in and be exercisable solely by the Mortgagee.
- (h) Not more than three hundred sixty (360) and not less than two hundred seventy (270) days before the right of the Mortgagor to exercise any option or right to renew or extend the term of the Ground Lease shall expire, the Mortgagor shall give the Mortgagee written notice specifying the date, term, and manner for which such option or renewal is to be exercised. Within ten (10) days of written demand by the Mortgagee, the Mortgagor shall exercise any such option or renewal which is necessary to extend the term of the Ground Lease beyond the term of this Mortgage or to comply with any law affecting the Mortgagor or the Mortgagee or which is necessary, in the reasonable judgment of the Mortgagee, to preserve the value of the Mortgaged Property intended to be afforded by this Mortgage. The Mortgagor shall promptly provide evidence of such exercise of such option or right to the reasonable satisfaction of the Mortgagee. In the event that the Mortgagor fails to so exercise any such option or right or upon the occurrence of an Event of Default, the Mortgagor hereby agrees and grants to the Mortgagee all right and authority to exercise such option in the name of the Mortgagor or in its own name. Nothing contained herein shall affect or limit any rights of the Mortgagee under the Ground Lease.
- (i) If there shall be filed by or against the Mortgagor a petition under the United States Bankruptcy Code, Title 11 of the United States Code (the "Bankruptcy Code"), then the lien of this Mortgage shall attach to all of the Mortgagor's rights and remedies at any time arising under or pursuant to the Bankruptcy Code, including, but not limited to, §365 thereof. Upon the filing of any petition by or against the Mortgagor under the Bankruptcy Code, the Mortgagor shall immediately provide copies of all pleadings and notices related thereto to the Mortgagee. The Mortgagor unconditionally assigns to the Mortgagee all of the Mortgagor's rights to remain in possession of the Mortgaged Property following the filing of any bankruptcy petition by or against the Mortgagor, and acknowledges that the Mortgagee may file any

pleading in furtherance thereof. This assignment constitutes a present, irrevocable, and unconditional assignment of the foregoing claims, rights, and remedies of the Mortgagor, and shall continue in effect until all of the Obligations shall have been satisfied and discharged in full. Furthermore, the Mortgagor hereby irrevocably constitutes and appoints the Mortgagee as the Mortgagor's attorney-in-fact for the purpose of filing any pleading in the court in which the initial petition was filed or any court to which the action thereon may be removed, transferred, or assigned (the "Bankruptcy Court") that the Mortgagee determines in its sole discretion to protect the Mortgagee's interests in and to the Mortgaged Property, including but not limited to a motion to extend any applicable time period for the filing of any motion related to the assumption of the Ground Lease.

- (i) The Mortgagor shall not, without the prior written consent of the Mortgagee, file any motion or other pleading to reject or otherwise elect to treat the Ground Lease as terminated under §365 of the Bankruptcy Code. Any such motion, pleading, or election made without such prior written consent shall be void ab initio, and this Mortgage may be pled in bar thereof. If the Mortgagor does file such a motion to reject the Ground Lease under §365 of the Bankruptcy Code, the Mortgagor hereby acknowledges and agrees that, unless the Mortgagee consents in writing to such rejection, the Mortgagor may not reject the Ground Lease unless the Mortgagor proves, by a preponderance of the evidence, that the Mortgagor was "insolvent," within the meaning of §101 of the Bankruptcy Code, on the petition filing date. If the Mortgagor, as tenant under the Ground Lease and as debtor under the Bankruptcy Code, shall desire to reject the Ground Lease pursuant to §365 of the Bankruptcy Code, the Mortgagor shall give the Mortgagee not less than thirty (30) days' prior written notice of the date on which the Mortgagor intends to file a motion in or otherwise apply to the Bankruptcy Court for authority to reject the Ground Lease. In such event, the Mortgagee shall have the right, but not the obligation, to serve upon the Mortgagor within such thirty (30) day period a notice stating that the Mortgagee demands that the Mortgagor assume the Ground Lease and assign the Ground Lease to the Mortgagee or the Mortgagee's designee pursuant to §365 of the Bankruptcy Code. If the Mortgagee shall serve upon the Mortgagor the notice described in the preceding sentence, the Mortgagor shall not seek to reject the Ground Lease and shall comply with the demand provided for in the preceding sentence.
- (ii) If the Mortgagor shall desire to assume the Ground Lease, then the Mortgagor shall give the Mortgagee not less than thirty (30) days' prior written notice of the date on which the Mortgagor intends to file a motion in, or otherwise apply to, the Bankruptcy Court for authority to assume the Ground Lease. The Mortgagor shall inform the Mortgagee as a part of such notice whether or not the Mortgagor intends to assign the Ground Lease following assumption thereof. The Mortgagee shall have the right, but not the obligation, to serve upon the Mortgagor within such thirty (30) day period a notice stating that the

Mortgagee demands that the Mortgagor assume the Ground Lease and assign the Ground Lease to the Mortgagee or the Mortgagee's designee pursuant to §365 of the Bankruptcy Code, and such election by the Mortgagee shall be binding upon the Mortgagor. Should the Mortgagor file a motion to assume the Ground Lease, the Mortgagee shall have the sole right to determine what terms and conditions will provide the Mortgagee with "adequate assurance of future performance," within the meaning of §365 of the Bankruptcy Code.

- (j) If there shall be filed by or against the Ground Lessor or any fee owner of the Mortgaged Property a petition under the Bankruptcy Code, the Mortgagor shall, after obtaining knowledge thereof, promptly notify the Mortgagee thereof in writing. The Mortgagor shall promptly deliver to the Mortgagee, following receipt, complete and correct copies of any and all notices, motions, summonses, pleadings, claim forms, applications, and other documents received by the Mortgagor in connection with any such petition and any proceedings relating thereto. In the event of such a bankruptcy filing, the Mortgagee shall have the option, exercisable upon notice from the Mortgagee to the Mortgagor, to conduct and control any such litigation with counsel chosen by the Mortgagee. The Mortgagee may proceed in its own name or in the name of the Mortgagor in connection with any such litigation, and the Mortgagor agrees to execute any and all powers, authorizations, consents, or other documents required by the Mortgagee in connection therewith. The Mortgagor shall, upon demand, pay to the Mortgagee all costs and expenses (including attorneys' and paralegals' fees and expenses) paid or incurred thereby in connection with the prosecution or conduct of any such proceedings. Any such costs or expenses not paid by the Mortgagor as aforesaid shall be secured by the lien of this Mortgage and shall be added to the principal amount of the Obligations. The Mortgagor shall not commence any action, suit, proceeding, or case, or file any application or make any motion, in respect of the Ground Lease in any such case under the Bankruptcy Code without the prior written consent of the Mortgagee. The Mortgagor hereby unconditionally assigns, transfers, and sets over to the Mortgagee all of the Mortgagor's claims and rights to the payment of damages or any claim arising from any rejection of the Ground Lease by the Ground Lessor or any other fee owner of the Mortgaged Property, or the payment of any amount or claim associated with the Ground Lease in any proceeding under the Bankruptcy Code. The Mortgagee shall have the right to proceed in its own name and/or in the name of the Mortgagor in respect of any claim, suit, action, or proceeding relating to the assumption or rejection of the Ground Lease by the Ground Lessor, including, without limitation, the right to file and prosecute, to the exclusion and in the name of the Mortgagor, any proofs of claim, complaints, motions, applications, notices, and other documents, or to defend against any objection thereto, in any case in respect to the Ground Lessor or any fee owner of the Mortgaged Property. This assignment constitutes a present, irrevocable, and unconditional assignment of the foregoing claims, rights, and remedies, and shall continue in effect until all of the Obligations shall have been satisfied and discharged in full. Any amounts received by the Mortgagee as damages arising out of the rejection of the Ground Lease as aforesaid shall be applied first to all costs and expenses of the Mortgagee (including, without limitation, attorneys' and

paralegals' fees and expenses) incurred in connection with the exercise of any of its rights or remedies under this Section. The Mortgagor shall promptly make, execute, acknowledge, and deliver, in form and substance satisfactory to the Mortgagee, a UCC Financing Statement (Form UCC-1), and all such additional instruments, agreements and other documents, as may at any time hereafter be required by the Mortgagee to effectuate and carry out the assignment made pursuant to this Section.

- (k) If the Mortgagor shall seek to offset against the rent reserved in the Ground Lease the amount of any damages caused by the nonperformance by the Ground Lessor or any fee owner of the Mortgaged Property any of its obligations under the Ground Lease after the rejection by the Ground Lessor or any fee owner of the Mortgaged Property under the Bankruptcy Code, the Mortgagor shall, prior to effecting such offset, notify the Mortgagee of its intent to do so, setting forth the amounts proposed to be so offset and the basis therefor. The Mortgagee shall have the right to object to all or any part of such offset that, in the reasonable judgment of the Mortgagee, would constitute a breach of the Ground Lease, and in the event of such objection, the Mortgagor shall not effect any offset of the amounts so objected to by the Mortgagee. Neither the failure of the Mortgagee to object as aforesaid nor any objection relating to such offset shall constitute an approval of any such offset by the Mortgagee. The Mortgagor shall pay and protect the Mortgagee, and indemnify and save the Mortgagee harmless from and against, any and all claims, demands, actions, suits, proceedings, damages, losses, costs, and expenses of every nature whatsoever (including without limitation, attorneys' and paralegals' fees and expenses) arising from or relating to any off-set by the Mortgagor against the rent reserved in the Ground Lease.

Section 5.17 Inspection. The Mortgagee is authorized and empowered to enter, and to authorize its employees, agents, or contractors identified in writing to the Mortgagor and the Board to enter, upon any or all of the Mortgaged Property at any reasonable time and from time to time upon prior notice to the Mortgagor and the Board to inspect the same, to perform or observe any covenants, conditions, or terms that the Mortgagor shall fail to perform, meet, or comply with, to make such repairs, replacements, renewals, or additions as shall be necessary, or for any other purpose in connection with the maintenance, protection, or preservation of the Mortgagee's security, without thereby becoming liable to the Mortgagor, the Board or any Person in possession holding under the Mortgagor. Any inspections performed by or for the Mortgagee shall be performed at times and in a manner so as not to unreasonably interfere with the Mortgagor's business or the operation of the Mortgaged Property. The Mortgagor will keep accurate books and records in which full, true, and correct entries shall be promptly made with respect to the Mortgaged Property and the operation thereof. Any right of access to any portion of the Facilities leased to the students, faculty, staff or Permitted Lessees shall be subject to their rights pursuant to their rental agreements and University policy.

Section 5.18 Negative Covenants. The Mortgagor hereby agrees that, so long as any of the Obligations remains outstanding or unpaid, the Mortgagor shall not, directly or indirectly, without the prior written consent of the Mortgagee:

A. Create, incur, assume, or suffer to exist any indebtedness relating to the Collateral, except the Obligations under this Mortgage and the Permitted Encumbrances, or as otherwise permitted under the Indenture or the Agreement;

B. Create, incur, or place, or permit to be created, incurred, or placed, any Liens on the Collateral, or any part thereof, or any revenues related thereto, except for the Permitted Encumbrances and Liens in favor of the Mortgagee;

C. Convey, sell, lease, assign, transfer, or otherwise dispose of the Collateral, or permit any conveyance, sale, lease, assignment, transfer, or other disposition of the Collateral, except as otherwise permitted under the Indenture and the Agreement.

Section 5.19 Cure of Defects. If the validity or priority of this Mortgage or of any rights or Liens created or evidenced hereby with respect to the Collateral or any part thereof, or the leasehold interest or right of occupancy of the Mortgagor to the Mortgaged Property or any part thereof, shall be endangered or questioned or shall be attacked directly or indirectly, or if any legal proceedings are instituted against the Mortgagor with respect thereto, upon discovery of such actual or alleged defect, the Mortgagor shall give written notice thereof to the Mortgagee promptly, secure the necessary funds and diligently endeavor, with the Board, as necessary, to cure any defect that may be developed or claimed and take all necessary and proper steps for the defense of such legal proceedings, including, but not limited to, the employment of counsel agreeable to the Mortgagee, the prosecution or defense of litigation, and the release or discharge of all adverse claims. The Mortgagee (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Mortgage and the Liens created or evidenced hereby, including, but not limited to, the employment of independent counsel, the prosecution or defense of litigation, the compromise or discharge of any adverse claims made with respect to the Collateral, the purchase of any tax title, and the removal of prior Liens or security interests, and all expenses so incurred of every kind and character shall be a demand obligation owing by the Mortgagor to the Mortgagee and shall bear interest from the date of expenditure until paid at a rate equal to the rate provided for in Section 6.12 hereof for Advances to bear, and the same shall be secured by the Lien evidenced by this Mortgage, and the party incurring such expenses shall be subrogated to all rights of the Person receiving such payment.

Section 5.20 Estoppel Certificate. The Mortgagor shall, within ten (10) business days of a written request therefor by the Mortgagee, furnish the Mortgagee with a written statement, duly acknowledged, setting forth the sums secured by this Mortgage and any right of set-off, counterclaim, or other defense that exists against such sums and the obligations under this Mortgage.

Section 5.21 Further Assurances. (a) on the request of Mortgagee, the Mortgagor shall promptly correct (i) any defect, error, or omission that may be discovered in the contents, or in the execution or acknowledgment, of this Mortgage or any Loan Document to which the Mortgagor is a party, and (ii) the Mortgagor itself shall, or shall cause the Board to execute, acknowledge, deliver, record, re-record, file, re-file, register, and re-register any and all such further acts, deeds, conveyances, security agreements, mortgages, assignments, estoppel certificates, financing

statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances, and other instruments as reasonably may be required from time to time in order (A) to carry out more effectively the purposes of this Mortgage and any of the Loan Documents to which the Mortgagor is a party, (B) to more fully identify and subject to the Liens created by this Mortgage any of the properties, rights, or interests required to be encumbered hereby, including, specifically, any additions, substitutions, replacements, or appurtenances to the Collateral, (C) to perfect and maintain the validity, effectiveness, and priority of this Mortgage and the Liens intended to be created hereby and (D) to better assure, convey, grant, assign, transfer, preserve, protect, and confirm to the Mortgagee any of the rights granted or now or hereafter intended by the parties hereto to be granted to the Mortgagee hereunder or under any other instrument or agreement executed in connection herewith. The Mortgagor shall pay, directly or through the Board, all costs connected with any of the foregoing.

(b) Mortgagor hereby authorizes Mortgagee to file one or more financing or continuation statements and other records with respect to all or any part of the Collateral (including any amendments thereto, or continuation or termination statements thereof), without the signature or other authorization of Mortgagor, in such form and in such offices as Mortgagee reasonably determines appropriate, to perfect or maintain the perfection of the security interest of Mortgagee hereunder. Mortgagor acknowledges and agrees that it is not authorized to, and will not, authenticate or file, or authorize the filing of, any financing statements or other record with respect to the Collateral (including any amendments thereto, or continuation or termination statements thereof) except as permitted hereby, without the prior written approval and authorization by the Mortgagee, consenting to the form and substance of such filing or record. Mortgagor approves and ratifies any filing or recording of records made by or on behalf of Mortgagee in connection with the perfection of the security interest in favor of Mortgagee.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. The occurrence and continuance of any one of the following shall constitute an event of default under this Mortgage (herein referred to as an "**Event of Default**"):

- (i) the failure to make payment when due of the principal of, premium, if any, and interest on the Bonds and any Additional Bonds hereafter issued under the Indenture;
- (ii) the failure to make payment when due of any amounts owed under this Mortgage or the Agreement;
- (iii) the occurrence of an event of default (other than an event of default described in (i) or (ii) above) under the Indenture, the Agreement or any other Loan Document that is not cured within any applicable grace or cure period contained in such Loan Document;
- (iv) except as provided otherwise in this Mortgage, failure by Mortgagor to observe and perform any of the terms, covenants, or conditions to be observed or performed by Mortgagor contained in this Mortgage (other than those specified in (i) and (ii) above) for

a period of thirty (30) days after written notice, by registered or certified mail, specifying such failure and requesting that it be remedied, given to Mortgagor by Mortgagee, or for such longer period as Mortgagor and Mortgagee may agree to in writing; provided that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, such failure shall not constitute an Event of Default so long as Mortgagor institutes curative action within the applicable period and diligently pursues such action to completion;

(v) any representation or warranty of Mortgagor made herein or any representation or warranty made in any of the other Loan Documents or any representation or warranty made in any certificate, document, or financial or other statement furnished at any time under or in connection with this Mortgage or any of the other Loan Documents shall prove to have been incorrect in any material respect on or as of the date made or deemed made;

(vi) (a) the Mortgagor commences any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of Mortgagor or Mortgagor's debts under any law relating to bankruptcy, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for Mortgagor or for all or any substantial part of Mortgagor's property; or (b) any such case, proceeding, or other action is commenced against Mortgagor and such case, proceedings, or other action either results in an order for relief against Mortgagor which is not fully stayed within ten (10) days after the entry thereof, or remains undismissed for a period of sixty (60) days;

(vii) Mortgagor fails to pay its debts as they become due, admits in writing Mortgagor's inability to pay Mortgagor's debts, or makes a general assignment for the benefit of creditors.

(viii) Mortgagor sells, conveys or otherwise transfers or disposes of all or any portion of the Collateral except as otherwise permitted herein or grants any mortgage or security interest affecting all or any portion of the Collateral, or permits any Lien against all or any portion of the Collateral, except as permitted by the terms of this Mortgage; or

(ix) A writ or warrant of executory process, fieri facias, attachment or any similar process shall be issued by any court against the Collateral, and such writ or warrant is not released or bonded within thirty (30) days after its entry.

Section 6.2 Remedies. Upon the occurrence of an Event of Default under this Mortgage and in addition to any other remedy Mortgagee may have under this Mortgage, or any of the other Loan Documents, Mortgagee may, subject to the provisions of Section 6.18 hereof, declare all sums secured by this Mortgage (including without limitation the Obligations) immediately due and payable without presentment, demand, protest, notice of protest or dishonor, or other notice of default of any kind, all of which are hereby expressly waived by the Mortgagor. In addition to the foregoing, upon the occurrence of any Event of Default, the Mortgagee may, subject to the provisions of Section 6.18 hereof, take such action, without notice or demand or putting in default

(all of which are hereby expressly waived by the Mortgagor), as it deems advisable to protect and enforce its rights against the Mortgagor and in and to the Collateral, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Mortgagee:

(1) institute proceedings for the complete foreclosure of this Mortgage, in which case the Collateral may be sold for cash or upon credit in one or more parcels under ordinary or executory process, at the Mortgagee's sole option, and with or without appraisal, appraisal being expressly waived; or

(2) to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Obligations then due and payable, subject to the continuing lien of this Mortgage for the balance of the Obligations not then due; or

(3) institute an action, suit, or proceeding in equity for the specific performance of any covenant, condition, or agreement contained in this Mortgage or any Loan Document; or

(4) apply for the appointment of a trustee, receiver, liquidator, or conservator of the Collateral, without regard for the adequacy of the security for the Obligations and without regard for the solvency of the Mortgagor or of any Person liable for the payment of the Obligations; or

(5) pursue such other remedies as the Mortgagee may have under applicable law, in equity, by virtue of any other security instrument, or otherwise.

The proceeds or avails of any sale made under or by virtue of this Article 6, together with any other sums that then may be held by the Mortgagee under this Mortgage, whether under the provisions of this Article 6 or otherwise, shall be applied in such manner as the Mortgagee, in its sole discretion, shall determine.

Upon any sale made under or by virtue of this Article 6, the Mortgagee may bid for and acquire the Collateral or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Obligations the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Mortgagee is authorized to deduct under this Mortgage.

The Mortgagee may proceed under this Mortgage solely as to the immovable property interests, or solely as to the movable property interests, or as to both the immovable and movable property interests in accordance with its rights and remedies in respect of the immovable property interests.

Notwithstanding anything to the contrary in this Mortgage, any purchaser of the Mortgaged Property pursuant to a foreclosure sale under this Mortgage or a deed in lieu of foreclosure shall purchase said Mortgaged Property subject and subordinate to the ownership rights of the Board and

shall be subject in all respects to the provisions of the Ground Lease. Such purchaser shall have no additional right to grant any mortgage or other lien on the Mortgaged Property or to sell, lease or otherwise alienate the Mortgaged Property without the prior written consent of the Board.

Section 6.3 Leases and Rentals. Upon the occurrence and continuation of any Event of Default, the Mortgagee may additionally take any one or more of the following actions; each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Mortgagee:

(i) The Mortgagee may notify any and all Tenants to pay all Rentals due thereafter directly to the Mortgagee at the address set forth in the Mortgagee's notice to such Tenants. The Mortgagor irrevocably agrees that all such Tenants shall be authorized to pay the Rentals directly to the Mortgagee without liability of such Tenants for the determination of the actual existence of any default by the Mortgagor claimed by the Mortgagee. Tenants shall be expressly relieved of any and all duty, liability and obligation to the Mortgagor in connection with any and all Rentals so paid.

(ii) The Mortgagee may enter upon and take possession of the Mortgaged Property, to manage and operate the Mortgaged Property and the Mortgagor's business on the Mortgaged Property, and take possession of and use all books of account and financial records of the Mortgagor and its property managers or representatives, if any, relating to the Mortgaged Property.

(iii) The Mortgagee may alter, modify, amend, terminate or permit the surrender of any or all Leases, except for leases pursuant to Section 13 of the Facilities Lease to students, faculty, staff or Permitted Sublessees (as defined in the Ground Lease) who are not themselves in default under their Leases, and the Mortgagee may execute new Leases of any part of the Mortgaged Property, including Leases that extend beyond the maturity date of the Agreement.

The enforcement of any and all such rights available to the Mortgagee hereunder shall continue for so long as the Mortgagee shall elect, until the collection and application of the Rentals have cured the Event of Default and all sums owed by Mortgagor to any person in connection with the enforcement of its remedies in connection with such Event of Default have been paid, in which event, the Mortgagee shall permit the Mortgagor to re-enter and take possession of the Mortgaged Property or any part thereof and to perform all acts necessary for the operation and maintenance of the Mortgaged Property, including the right to collect the Rentals, but the Mortgagee shall nevertheless have the right, effective upon written notice, to demand, sue for possession of and collect the Rentals under the Leases and otherwise exercise its rights under this Mortgage again if there occurs another Event of Default hereunder.

Section 6.4 General Authority. The Mortgagor hereby irrevocably appoints the Mortgagee its agent and attorney in fact, with full power of substitution, in the name of the Mortgagor or the Mortgagee, for the sole use and benefit of the Mortgagee, but at the Mortgagor's expense, to exercise, at any time and from time to time while an Event of Default has occurred and is continuing, all or any of the following powers with respect to all or any of the Collateral and the Proceeds:

(i) to endorse the name of the Mortgagor upon any check, draft, Agreement or other instrument payable to the Mortgagor evidencing payment upon any Accounts or General Intangible;

(ii) to notify postal service authorities to change the address for delivery of the Mortgagor's mail to a "lockbox" address designated and controlled by the Mortgagee, and to receive, open and dispose of all mail addressed to the Mortgagor;

(iii) to demand, sue for, collect, receive and give acquittance for any and all Accounts and other monies due or to become due for or as Collateral (or Proceeds) or by virtue thereof;

(iv) to settle, compromise, compound, prosecute or defend any action or proceeding with respect to any of the Collateral and the Proceeds; and

(v) to extend the time of payment of any or all of the Collateral and the Proceeds and to make any allowance and other adjustments with reference thereto.

The aforesaid mandate and power of attorney, being coupled with an interest, is irrevocable so long as any of the Obligations remains outstanding.

Section 6.5 Accounts. While an Event of Default has occurred and is continuing, the Mortgagor will make no material change to the terms of any Account without the prior written permission of the Mortgagee. Upon the occurrence of an Event of Default, and at any time thereafter, the Mortgagor upon request of the Mortgagee will promptly notify (and the Mortgagor hereby authorizes the Mortgagee so to notify) each account debtor in respect of any Account or General Intangible that such Collateral has been assigned to the Mortgagee hereunder, and that any payments due or to become due in respect of such Collateral are to be made directly to the Mortgagee or its designee.

Section 6.6 Sale. Upon the occurrence of an Event of Default, the Mortgagee may exercise all rights of a secured party under the Commercial Laws and other applicable law and, in addition, the Mortgagee may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (i) withdraw all cash in its possession and apply such cash then held by it as Collateral or Proceeds against the Obligations or (ii) sell the Collateral and the Proceeds or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Mortgagee may deem satisfactory. The Mortgagee may be the purchaser of any or all of the Collateral and Proceeds so sold at any public sale (or, if the Collateral and Proceeds is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale). The Mortgagor will execute and deliver such documents and take such other action as the Mortgagee deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Mortgagee shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral and Proceeds so sold. Each purchaser at any such sale shall hold the Collateral and Proceeds so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Mortgagor which may be waived, and the Mortgagor, to the extent permitted by law, hereby specifically waives all rights of redemption, stay of appraisal which it has or may have

under any law now existing or hereafter adopted; provided, however, that such purchaser shall be subject in all respects to the provisions of the Ground Lease. The Mortgagor agrees that twenty (20) days' prior written notice of the time and place of any sale or other intended disposition of any of the Collateral and Proceeds constitutes "reasonable notification" within the meaning of Section 9-611(b) of the UCC, except that shorter or no notice shall be reasonable as to any Collateral and Proceeds that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market. The notice (if any) of such sale shall (1) in case of a public sale, state the time and place fixed for such sale, and (2) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Mortgagee may fix in the notice of such sale. At any such sale the Collateral and Proceeds may be sold in one lot as an entirety or in separate parcels or portions, as the Mortgagee may determine. The Mortgagee shall not be obligated to make any such sale pursuant to any such notice. The Mortgagee may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral and Proceeds on credit or for future delivery, the Collateral or Proceeds so sold may be retained by the Mortgagee until the selling price is paid by the purchaser thereof, but the Mortgagee shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral and Proceeds so sold and, in case of any such failure, such Collateral and Proceeds may again be sold upon like notice.

Section 6.7 Assemble Collateral. For the purpose of enforcing any and all rights and remedies under this Agreement the Mortgagee may: (i) require the Mortgagor to, and the Mortgagor agrees that it will, at its expense and upon the request of the Mortgagee, forthwith assemble all or any part of the Collateral (other than the Mortgaged Property) and Proceeds as directed by the Mortgagee and make it available at a place designated by the Mortgagee which is, in its opinion, reasonably convenient to the Mortgagee and the Mortgagor, whether at the Mortgaged Property of the Mortgagor or otherwise, and Mortgagee shall be entitled to specific performance of this obligation; (ii) to the extent permitted by applicable law of this or any other state, enter, with or without process of law and without breach of the peace, any premises where any of the Collateral or Proceeds is or may be located, and, without charge or liability, to it seize and remove such Collateral or Proceeds from such premises; (iii) have access to and use the Mortgagor's books and records relating to the Collateral and Proceeds and (iv) prior to the disposition of the Collateral and Proceeds, store or transfer it without charge in or by means of any storage or transportation facility owned or leased by the Mortgagor, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Mortgagee deems appropriate and, in connection with such preparation and disposition, use without charge any trademark, trade name, copyright, patent or technical process used by the Mortgagor.

Section 6.8 Limitation on Duty of Mortgagee. Beyond the exercise of reasonable care in the custody thereof, the Mortgagee shall have no duty as to any Collateral or Proceeds in its possession or control or in the possession or control of any agent or bailee or any income thereon. The Mortgagee shall be deemed to have exercised reasonable care in the custody of the Collateral and Proceeds in its possession if the Collateral and Proceeds is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral or Proceeds, or for any diminution in the value thereof, by reason of

the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Mortgagee in good faith. The Mortgagor agrees that the Mortgagee shall not be obligated to preserve rights against prior parties obligated on any instruments.

Section 6.9 Appointment of Agent. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Mortgagee may appoint a bank or trust company or one or more other Persons with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment.

Section 6.10 Set-Off. Upon the occurrence of any Event of Default, the Mortgagee shall have the right to set-off any revenues of the Mortgagor in the possession of the Mortgagee against any amounts then due by the Mortgagor to the Mortgagee pursuant to the Mortgage.

Section 6.11 Release of Property. The Mortgagee may at any time and without notice to the Mortgagor, release any part of the Collateral from the effect of this Mortgage, or grant an extension or deferment of time for the discharge of any obligation hereunder, without affecting the liability of the Mortgagor hereunder.

Section 6.12 Advances by Mortgagee. The Mortgagor authorizes the Mortgagee in the Mortgagee's discretion to advance any sums necessary for the purpose of paying: (i) insurance premiums; (ii) any and all excise, property, sales, use and other taxes, forced contributions, service charges, local assessments and governmental charges on any of the Collateral; (iii) any Liens affecting the Collateral (whether superior or subordinate to the lien of this Mortgage) not permitted by this Mortgage; (iv) necessary repairs and maintenance expenses; or (v) any other amounts which the Mortgagee deems necessary and appropriate to preserve the validity and ranking of this Mortgage, to cure any Defaults or to prevent the occurrence of any Default (collectively, the "Advances") of whatever kind; provided, however, that nothing herein contained shall be construed as making such Advances obligatory upon Mortgagee, or as making Mortgagee liable for any loss, damage, or injury resulting from the nonpayment thereof. The Mortgagor covenants and agrees that within five (5) days after demand therefor by the Mortgagee, the Mortgagor will repay the Advances to Mortgagee, together with interest thereon at the rate of eighteen (18%) percent per annum, and in addition to repay any other reasonable costs, attorneys' fees and expenses, charges and expenses of any and every kind for the full protection and preservation of the Collateral or this Mortgage, including payments required in respect to any Lien affecting the Collateral, together with interest thereon at the rate of eighteen (18%) percent per annum. All such Advances and amounts (including interest) shall be included in the Obligations secured hereby (subject to the maximum amount of the Obligations set forth above in this Mortgage).

Section 6.13 Authentic Evidence. Any and all declarations of facts made by authentic act before a notary public in the presence of two witnesses by a person declaring that such facts lie within his knowledge shall constitute authentic evidence of such facts for the purpose of executory process. The Mortgagor specifically agrees that such an affidavit by a representative of the Mortgagee as to the existence, amount, terms and maturity of the Obligations and of a default thereunder shall constitute authentic evidence of such facts for the purpose of executory process.

Section 6.14 Keeper. In connection with each and all of the foregoing and acting pursuant to the authority granted under Louisiana Revised Statutes 9:5136-5140.2, as the same may hereafter be amended or supplemented, the Mortgagor and the Mortgagee hereby expressly designate the Mortgagee, or any agent, servant, employee, or other Person named by the Mortgagee, as "keeper" of each and all of the Collateral pending the judicial sale thereof, with all the powers set forth in said statutes (as hereafter amended), including the right to employ agents to operate the Collateral. All reasonable costs, expenses, and liabilities of every character incurred by the Mortgagee or any such other Person as keeper in connection with managing, operating, maintaining, and possessing the Collateral shall constitute a demand obligation owing by the Mortgagor to the Mortgagee, and shall draw interest from date of expenditure until paid at the rate provided in Section 6.123 hereof for Advances to bear. All of such costs, expenses, and liabilities shall constitute a portion of the Obligations secured by this Mortgage. The keeper shall be entitled to receive as compensation, in excess of such costs, expenses, and liabilities, a reasonable amount to be fixed by the court based upon the keeper's activities and the amounts expended in connection with the management, operation, and maintenance of the Collateral. The designation of keeper made herein shall not be deemed to require the Mortgagor to provoke the appointment of such a keeper.

Section 6.15 Certain Waivers. The Mortgagor hereby expressly waives any and all homestead exemptions and other exemptions to which the Mortgagor is or may be entitled under the Constitution and the laws and statutes of the State of Louisiana insofar as the Collateral is concerned. The Mortgagor further waives to the extent permitted by law: (i) the benefit of appraisal provided for in Articles 2332, 2336, 2723, and 2724 of the Louisiana Code of Civil Procedure, and all other laws conferring the same; (ii) the demand and three (3) days delay provided for in Articles 2639 and 2721 of the Louisiana Code of Civil Procedure; (iii) the notice of seizure provided for in Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (iv) the three (3) days delay provided for in Articles 2331 and 2722 of the Louisiana Code of Civil Procedure; and (v) other benefits provided in Articles 2331, 2722, and 2723 of the Louisiana Code of Civil Procedure.

Section 6.16 Waiver of Marshaling. Notwithstanding the existence of any other security interest in the Collateral held by the Mortgagee or by any other party, the Mortgagee shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Mortgage. The Mortgagor, any party who consents to this Mortgage, and any party who has actual or constructive notice of this Mortgage waive all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by law or provided in this Mortgage.

Section 6.17 Rights and Remedies Cumulative. All rights and remedies herein given to the Mortgagee shall be cumulative and in addition to every other right and remedy herein specifically given and now or hereafter existing; and each and every right and remedy, whether specifically given or otherwise existing, may be exercised from time to time and so often and in such order as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of any such right or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right or remedy. No delay or omission by the Mortgagee in the exercise of any right or remedy shall impair any such right or remedy or operate as a waiver of any other right or remedy then or thereafter existing.

Section 6.18 Rights of Bond Insurer. So long as the Bond Insurer insures any of Bonds and is not in default under the terms of the Bond Insurance Policy, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Mortgagee pursuant to this Mortgage. Without limiting the immediately preceding sentence, the Mortgagor agrees that any provision herein granting the Mortgagee any rights, including, without limitation, the (i) right to receive or give any notice, (ii) the right to receive any reports, certifications or other information required to be delivered or disseminated hereunder, (iii) the right to give any consent or approval or make any election, (iv) the right to receive any indemnification, insurance coverage or reimbursement, (v) the right to cure any Event of Default or other failure in performance, or (vi) the right to receive any other benefit afforded to the Mortgagee under this Mortgage, shall also hereby grant to the Bond Insurer the same such rights. All notices to the Bond Insurer shall be sent to MBIA Insurance Corporation, The TransAmerica Pyramid, 150 California Street, 20th Floor, San Francisco, CA 94111, and any consent or approval by the Bond Insurer shall be effective only if in writing.

ARTICLE 7 **MISCELLANEOUS**

Section 7.1 Release of Mortgage. The Mortgage will remain in effect until: (a) all of the Obligations are fully paid and satisfied and there is no agreement or commitment to advance any additional indebtedness; and (b) Mortgagor cancels this Mortgage by filing a written cancellation instrument signed by Mortgagee. When all of the Obligations are fully paid and satisfied and there is no agreement or commitment to advance any additional indebtedness, Mortgagor may request Mortgagee to sign such a written cancellation instrument by writing Mortgagee at the above address or at such other address as Mortgagee may advise. Mortgagee may delay providing Mortgagor with such a mortgage cancellation instrument for a period of sixty (60) days following receipt of Mortgagor's written request to verify that all conditions precedent for mortgage cancellation have been satisfied.

Section 7.2 Waivers. Any and all covenants in this Mortgage may from time to time, by instrument in writing signed by the Mortgagee and delivered to the Mortgagor, be waived to such extent and in such manner as the Mortgagee may desire, but no such waiver shall ever affect or impair the Mortgagee's rights or Liens hereunder, except to the extent specifically stated in such written instrument.

Section 7.3 Authentic Evidence. Any and all declarations of fact made by authentic act before a Notary Public in the presence of two witnesses by any Person declaring such facts lie within his knowledge shall constitute authentic evidence of such facts for the purpose of executory process.

Section 7.4 No Waiver. No forbearance on the part of the Mortgagee and no extension of the time for the payment of the Obligations given by the Mortgagee shall operate to release, discharge, modify, change, or affect, in whole or in part, the liability of the Mortgagor hereunder or for the payment of the Obligations or performance of the obligations secured hereby or the liability of any other Person hereunder or for the payment of the Obligations.

Section 7.5 Severability. A determination that any provision of this Mortgage is unenforceable or invalid in any jurisdiction shall not affect the enforceability or validity of such

provision in any other jurisdiction or the enforceability or validity of any other provision hereof in any jurisdiction, and the determination that the application of any provision of this Mortgage to any Person or circumstance is illegal or unenforceable in any jurisdiction should not affect the enforceability or validity of such provision in any other jurisdiction or the enforceability or validity of such provision as it may apply to other Persons or circumstances.

Section 7.6 Notices. Whenever this Mortgage requires or permits any consent, approval, notice, request, or demand from one party to another, the consent, approval, notice, request, or demand must be in writing and shall be deemed sufficiently given or furnished if delivered by personal delivery, by telegraph, teletype, or telex, by expedited delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, at the following addresses, or to such address as may be hereafter notified in writing by the respective parties hereto:

If to the Mortgagor: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attn: Executive Director

If to the Mortgagee: The Bank of New York Trust Company, N. A.
10161 Centurion Parkway
Jacksonville, Florida 32256
Attn: Corporate Trust Department

Section 7.7 Relationship of Parties. No right or benefit conferred on the Mortgagee under this Mortgage shall constitute or be deemed to constitute the Mortgagee a partner or a joint venturer with the Mortgagor. The Mortgagor and the Mortgagee specifically acknowledge that the relationship between the Mortgagor and the Mortgagee is solely that of borrower and a lender's agent and that all payments required to be made by the Mortgagor to the Mortgagee hereunder or under any Loan Document to which the Mortgagor is a party are required solely by reason of that relationship.

Section 7.8 Mortgage Absolute. The obligations of the Mortgagor under this Mortgage are independent of the obligations of the Mortgagor under the other Loan Documents, and a separate action or actions may be brought and prosecuted against the Mortgagor to enforce this Mortgage. All rights of the Mortgagee and the mortgage, assignment, and security interest hereunder, and all obligations of the Mortgagor hereunder, shall be absolute and unconditional irrespective of:

- (1) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto;
- (2) any change in the time, manner, or place of payment of, or in any other term of, all or any of the obligations of the Mortgagor under any of the Loan Documents, or any other amendment or waiver of or any consent to any departure from the Loan Documents;
- (3) any taking, exchange, release, or nonperfection of any of the Collateral, or any taking, release, or amendment or waiver of or consent to departure from any guaranty, for all or any of the obligations of the Mortgagor under the Loan Documents; or

(4) any manner of application of the Collateral, or proceeds thereof, to all or any of the obligations of the Mortgagor under the Loan Documents, or any manner of sale or other disposition of any of the Collateral for all or any of such obligations.

Section 7.9 Interpretation. It is acknowledged and agreed that, in the preparation of this Mortgage, indistinguishable contributions were made by representatives of both the Mortgagor and the Mortgagee and that the Mortgagor and the Mortgagee each waives any and all rights, both in law or in equity, to have the provisions of this Mortgage or any part thereof interpreted in favor of one over the other based upon a claim that representatives of one or the other were the principal draftsman of such document.

Section 7.10 Conflicts between Loan Documents. In the event that any of the Collateral hereunder is also subject to a valid and enforceable Lien under the terms of any Loan Document and the terms of such other Loan Document are inconsistent in any respect with the terms of this Mortgage, then with respect to all Collateral that is also subject to such other Loan Document, the terms that are most restrictive or, in the case of equally restrictive terms, the terms that are most specific shall be controlling; provided, however, that if any provision of either document is unenforceable with respect to any item of Collateral subject thereto, then the provision of the document that is enforceable with respect to such Collateral shall be controlling.

Section 7.11 Multiple Originals. This Mortgage may be executed in multiple originals, all of which such multiple originals together shall constitute one and the same mortgage.

Section 7.12 Binding Effect. This Mortgage is binding upon the Mortgagor and the Mortgagee and their respective successors and assigns, and shall inure to the benefit of the Mortgagee and its successors and assigns. The benefit of this Mortgage shall pass automatically with any assignment of the Obligations (or any portion thereof) to the extent of such assignment.

Section 7.13 Waiver of Certificates. The parties hereto expressly waive the production of conveyance, mortgage, or tax certificates and hereby relieve and release me, Notary, and my official surety and agree to hold me and said surety harmless from and by reason of the failure to procure and attach same to this Mortgage.

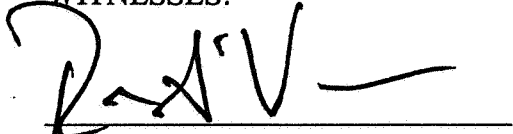
Section 7.14 Governing Law. This Mortgage and all matters relating or pertaining hereto shall be governed by and construed in accordance with the laws of the State of Louisiana.


Section 7.15 No Recourse Against Mortgagor. Mortgagee shall not look to Mortgagor or any principal of Mortgagor with respect to the Obligations. In enforcing its rights and remedies under this Mortgage, Mortgagee shall look solely to the Collateral for the payment of the Obligations secured hereby and for the performance of the provisions hereof. Mortgagee shall not seek a deficiency or other money judgment against Mortgagor or any principal of Mortgagor and shall not institute any separate action against Mortgagor by reason of any default which may occur in the performance of any term or condition of this Mortgage or the Obligations. This agreement by Mortgagee shall not be construed in any way so as to affect or impair the lien of this Mortgage or Mortgagee's right to foreclose hereunder as provided by law, or to limit or restrict any of Mortgagee's

rights or remedies in any foreclosure proceedings or other enforcement of payment of the indebtedness secured hereby out of and from the security given therefor.

THUS DONE AND PASSED in the place and on the day, month, and year first above written in the presence of the undersigned competent witnesses, who hereunto sign their names with the Mortgagor and me, Notary, after due reading of the whole.

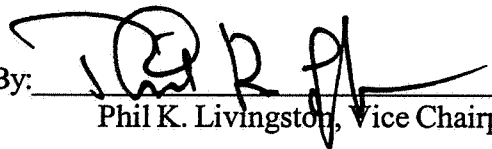
WITNESSES:





MORTGAGOR:

UNIVERSITY FACILITIES, INC.

By: 

Phil K. Livingston, Vice Chairperson



NOTARY PUBLIC

EXHIBIT "A"

LEGAL DESCRIPTIONS

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North $02^{\circ}02'41''$ West 797.31 feet to the Point of Beginning;

thence South $89^{\circ}43'41''$ West 709.92 feet; thence North $00^{\circ}17'07''$ West 600.77 feet; thence North $89^{\circ}40'12''$ East 858.25 feet; thence South $45^{\circ}06'19''$ East 193.98 feet; thence South $77^{\circ}43'57''$ West 220.07 feet; thence South $01^{\circ}14'39''$ West 418.55 feet; thence South $89^{\circ}43'41''$ West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land containing 0.46 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South $14^{\circ}46'47''$ West 144.30 feet; thence South $75^{\circ}18'43''$ West 138.12 feet; thence North $14^{\circ}44'13''$ West 144.28 feet; thence North $75^{\circ}18'13''$ West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North $06^{\circ}46'03''$ West 240.96 feet to the Point of Beginning;

thence North $00^{\circ}14'06''$ West 278.02 feet; thence North $89^{\circ}50'08''$ East 252.70 feet; thence South $00^{\circ}08'03''$ East 181.58 feet; thence South $89^{\circ}48'33''$ West 39.94 feet; thence South $00^{\circ}21'03''$ West 96.15 feet; thence South $89^{\circ}49'36''$ West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey

Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana” prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 30, 2004

New Issue - Book-Entry Only

Rating: Moody's: Aaa

(MBIA Insured - See "Rating of the Series 2004 Bonds" herein)

Upon delivery of the Series 2004 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters discussed under the caption "TAX EXEMPTION" herein, under the law existing on the date thereof, interest on the Series 2004A Bonds and the Series 2004B Bonds will (i) be excludable from gross income of the beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2004C Bonds is includable in the gross income of the beneficial owners thereof for federal income tax purposes. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2004 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See "TAX EXEMPTION" herein.

\$61,495,000*

**LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT
AUTHORITY REVENUE BONDS**
(Southeastern Louisiana Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000*

**LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT
AUTHORITY REVENUE BONDS**
(Southeastern Louisiana Student Housing/
University Facilities, Inc. Project)
Series 2004B
(Auction Rate Bonds)

\$1,295,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS**
(Southeastern Louisiana Student Housing/
University Facilities, Inc. Project)
Series 2004C

Dated Date - Series 2004A and Series 2004C: August 1, 2004

Dated Date - Series 2004B: Date of Delivery

Due: August 1, as shown below

The Series 2004 Bonds are being issued by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") to provide funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "New Facilities"), (b) renovating an existing student housing facility (the "Renovated Facility"), and (c) demolishing four existing student housing facilities, all located on the campus of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility, (iii) to provide working capital for the New Facilities and the Renovated Facility, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the New Facilities and the Renovated Facility, (v) to provide funds to repay certain indebtedness of the Corporation, (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities (as defined herein), and (viii) to pay the costs of issuing the Series 2004 Bonds. The New Facilities and the Renovated Facility will be owned by the Board of Supervisors for the University of Louisiana System (the "Board"). The land on which the New Facilities will be located, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land will be leased to University Facilities, Inc. (the "Corporation"), a nonprofit corporation organized under the laws of the State of Louisiana (the "State") for the benefit of the University by the Board acting on behalf of the University, pursuant to a Ground and Buildings Lease, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase.

Purchasers of the Series 2004 Bonds will not receive certificates representing their interest in the Series 2004 Bonds purchased. Series 2004 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Principal of and premium, if any, and interest on the Series 2004 Bonds will be payable by The Bank of New York Trust Company, N.A. (the "Trustee") to Cede & Co., which will remit such payments to the DTC Participants (as defined herein) for subsequent disbursement to the purchasers of the Bonds. See "The Series 2004 Bonds - Book Entry System Only" herein.

The Series 2004 Bonds and the interest thereon are special, limited obligations of the Authority payable solely, except to the extent paid out of moneys attributable to proceeds of the Series 2004 Bonds and temporary investments thereof, from payments derived by the Authority under the Loan Agreement (as defined herein), from the assets and interests pledged under the Mortgage, Assignment of Leases and Security Agreement, and from the Bond Insurance Policies (as defined herein). The Series 2004 Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State or of any political subdivision thereof. The issuance of the Series 2004 Bonds shall not, directly, indirectly or contingently obligate the State or any political subdivision thereof to levy any taxes or to make any appropriation for their payment. The Authority has no power to tax.

As further described herein, regularly scheduled payments of principal of and interest on, but excluding any redemption premium on, the Series 2004 Bonds when due will be insured through financial guaranty insurance policies to be issued by MBIA Insurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Series 2004 Bonds. See "Municipal Bond Insurance" herein and Appendix "F" herein.



An investment in the Series 2004 Bonds involves a degree of risk because of the various risks described herein. See "Bondholders' Risks" herein.

The Series 2004 Bonds are offered when, as, and if issued by the Authority and received by the Underwriter and are subject to prior sale and the approval of legality by Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Authority by Casten & Pearce, A.P.L.C., Shreveport, Louisiana; for the Corporation by Seale & Ross, P.L.C., Hammond, Louisiana; and for the Underwriter by Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina. Delivery of the Series 2004 Bonds to DTC in New York, New York is expected on or about August 13, 2004.

Morgan Keegan & Company, Inc.

* Preliminary, Subject to Change

The Series 2004 Bonds will be issuable as fully registered bonds without coupons. The Series 2004A Bonds and the Series 2004C Bonds will be issued in the denominations of \$5,000 and any multiple thereof, and the Series 2004B Bonds will be issued in the denominations of \$25,000 and any multiple thereof. The Series 2004 Bonds will bear interest from August 1, 2004, payable on each Interest Payment Date (as defined herein). Principal of and premium, if any, on the Series 2004 Bonds will be payable at the principal corporate trust office of The Bank of New York Trust Company, N.A., Jacksonville, Florida (the "*Trustee*"), in Jacksonville, Florida (the "*Office of the Trustee*") at maturity or upon redemption, upon surrender of the Series 2004 Bonds, and interest will be payable by check or draft mailed to the registered owners of Series 2004 Bonds, as shown on the registration books of the bond registrar as of the close of business on the Record Date for the Series 2004 Bonds or by wire transfer in immediately available funds to the bank account number filed with the Trustee in writing prior to the close of business on the Record Date by the person in whose name such Series 2004 Bond shall be registered if such owner shall be the registered owner of not less than \$1,000,000 in aggregate principal amount of Series 2004 Bonds Outstanding. **The Series 2004 Bonds will be subject to prior mandatory, optional, and extraordinary redemption as described herein. See "The Series 2004 Bonds" herein.**

MATURITY SCHEDULE*

Series 2004A Bonds

\$ _____ Serial Bonds

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2007				2014			
2008				2015			
2009				2016			
2010				2017			
2011				2018			
2012				2019			
2013							

\$ _____ % Term Bonds due August 1, 2023, Yield _____ %
 \$ _____ % Term Bonds due August 1, 2031, Yield _____ %

(Plus Accrued Interest From August 1, 2004)

Series 2004B Bonds

\$ _____ % Term Bonds due August 1, 2034, Price 100%

Series 2004C Bonds

\$ _____ % Term Bonds due August 1, 2008, Price 100%

(Plus Accrued Interest From August 1, 2004)

*Preliminary, Subject to Change

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Corporation, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2004 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been obtained from the Authority, the Corporation, the Board, the University, or other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Corporation since the date hereof.

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

The Trustee has not furnished or verified any information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness, or accuracy of such other information or statements.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE BOND INSURER CONTAINED UNDER THE HEADING "MUNICIPAL BOND INSURANCE" AND IN APPENDIX "F" ATTACHED HERETO, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOND INSURER, AND THE BOND INSURER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2004 BONDS; OR (III) THE TAX-EXEMPT STATUS OF THE INTEREST ON THE SERIES 2004 BONDS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2004 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement and the Appendices hereto (collectively, the "Official Statement"). The offering of the Series 2004 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to use it otherwise without the entire Official Statement.

The Authority

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") is a political subdivision of the State of Louisiana (the "**State**") and is authorized pursuant to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended (the "**Act**") to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act

The Corporation

University Facilities, Inc. (the "**Corporation**") is a nonprofit corporation duly organized and existing under the laws of the State for the benefit of Southeastern Louisiana University (the "**University**") and is an exempt organization under §501(c)(3) of the Internal Revenue Code of 1986. The proceeds of the Series 2004 Bonds will be loaned to the Corporation pursuant to a Loan Agreement (the "**Loan Agreement**") dated as of August 1, 2004, between the Authority and the Corporation to finance the costs described below under "**The Series 2004 Bonds**". See "**THE CORPORATION**" herein.

The Board

The Board of Supervisors for the University of Louisiana System (the "**Board**") is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. See "**THE BOARD**" herein.

The Series 2004 Bonds

The Authority will issue \$61,495,000* principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004A" (the "**Series 2004A Bonds**"), \$15,000,000* principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B" (the "**Series 2004B Bonds**"), and \$1,295,000* principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004C" (the "**Series 2004C Bonds**") and together with the Series 2004A Bonds and the Series 2004B Bonds, the "**Series 2004 Bonds**") for the purpose of providing funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "**New Facilities**"), (b) renovating an existing student housing facility (the "**Renovated Facility**"), and (c) demolishing four existing student housing facilities, all located on the campus of the

*Preliminary, Subject to Change

University in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility, (iii) to provide working capital for the New Facilities and the Renovated Facility, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the New Facilities and the Renovated Facility, (v) to provide funds to repay certain indebtedness of the Corporation, (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities (hereinafter defined), and (viii) to pay the costs of issuing the Series 2004 Bonds.

The Trustee	The Bank of New York Trust Company, N.A., Jacksonville, Florida will act as trustee, bond registrar, and paying agent for the Series 2004 Bonds.
The Bond Insurer	Simultaneously with the issuance of the Series 2004 Bonds, MBIA Insurance Corporation, a New York domiciled stock insurance company, will issue its financial guaranty insurance policies (the " Series 2004 Bond Insurance Policies ") relating to the Series 2004 Bonds. See " MUNICIPAL BOND INSURANCE " herein.
The University	The University is a member of the eight (8) member University of Louisiana System (the " System "). The System is governed by the Board. The University is a tax-supported, comprehensive regional university that is co-educational and is located in Tangipahoa Parish, Hammond, Louisiana. Student enrollment for the 2003-2004 academic year is approximately 15,662, which is a 3.1% increase over the 2002-2003 academic year. Entering freshman enrollment in the fall of 2003 increased 3.9% over the fall of 2002. See " THE UNIVERSITY " herein. Neither the State nor the University will have any obligation with respect to payment of the Series 2004 Bonds.
The Facilities	The New Facilities will consist of two (2) new student housing facilities containing a total of 1,514 beds and a renovated student housing facility containing 96 beds containing common area laundry facilities, community meeting rooms, and tenant mail facilities. See " THE NEW FACILITIES AND THE RENOVATED FACILITY " herein. The New Facilities and the Renovated Facility will be owned by the Board. The land on which the New Facilities will be located, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land will be leased to the Corporation by the Board pursuant to a Ground and Buildings Lease (the " Ground Lease ") between the Board, as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the " Facilities Lease ") between the Corporation, as lessor, and the Board, as lessee.
The Developer	The developer of the Facilities will be Capstone Development Corp. (the " Developer "), an Alabama subchapter S corporation, which was formed in 1990 for the express purpose of providing developing student housing communities. As of the present date, the Developer has developed (or has been selected to develop) 36,334 student beds, on 63 separate collegiate campuses (including the Facilities). The Developer's corporate headquarters are in Birmingham, Alabama. The Developer was selected to develop the Facilities as a result of a request for proposals made by the University. See " THE DEVELOPER " herein.

The General Contractor

The general contractor for the Facilities will be Capstone Building Corp. (the "**General Contractor**"), an Alabama subchapter S corporation, which was formed in 1997 for the express purpose of providing construction services to the higher education industry. During the past five (5) years, the General Contractor has constructed (or has been selected to construct) 15,875 beds, on 34 separate collegiate campuses (including the Facilities). The General Contractor's headquarters are in Birmingham, Alabama. See "**THE GENERAL CONTRACTOR AND THE GENERAL CONSTRUCTION CONTRACT**" herein.

The Management Company

The Facilities will be managed by Capstone On-Campus Management, LLC (the "**Management Company**"), an Alabama limited liability company formed in 2003 for the express purpose of managing and maintaining student housing communities. As of the present date, the Management Company manages (or has been selected to manage) 20,545 private beds of housing on 27 separate collegiate campuses (including the Facilities). The Management Company's headquarters are in Birmingham, Alabama, with regional managers located in Gainesville, Florida; Starkville, Mississippi; and Bloomington, Indiana, and on-site property managers at each student housing development location. See "**THE MANAGEMENT COMPANY**" herein.

The Ground Lease

Pursuant to the Ground Lease, the Board Lessor will lease the land on which the New Facilities will be located, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land (collectively, the "**Property**") to the Corporation, for a term of forty (40) years. The rental payable under the Ground Lease will be \$1.00 per year. See "**THE GROUND LEASE**" herein.

The Facilities Lease

Pursuant to the Facilities Lease, the Corporation will lease the Facilities to the Board, for a term of forty (40) years. The rental payable under the Facilities Lease will be equal to the amount of principal of and premium, if any, and interest on the Series 2004 Bonds, the amounts required to be deposited in the various funds or accounts established under the Indenture in accordance with the terms of the Indenture, and all other expenses arising out of or relating to the ownership or operation of the Facilities or the issuance of the Series 2004 Bonds. **Payments by the Board under the Facilities Lease will be subject to, and dependent upon, appropriation of Lawfully Available Funds (hereinafter defined) by the Board.** The Corporation's rights under the Facilities Lease will be assigned to the Trustee as security for the payment of the Series 2004 Bonds. See "**THE FACILITIES LEASE**" herein.

Security for the Bondholders

To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation will execute and deliver to the Trustee (a) a Mortgage, Assignment of Leases and Security Agreement (the "**Mortgage**") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee (i) a first mortgage lien on its leasehold interest in (A) the Property and (B) the equipment, furnishings, and other tangible personal property included in the Facilities and (ii) a first priority security interest in the leases and subleases affecting the Property and/or the Facilities, including, without limitation, the Facilities Lease (collectively, the "**Leases**") and all revenues, rentals, and other sums due or becoming due under the Leases, and (b) an Assignment of Agreements and Documents (the "**Assignment of Agreements and**

Documents”) dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee a first priority interest in the Development Agreement (the “*Development Agreement*”) between the Corporation and the Developer pursuant to which the Developer will agree to develop the Facilities and all other contracts relating to the design, construction, or renovation of the Facilities. As security for its obligations under the Series 2004 Bonds, the Authority will enter into the Indenture with the Trustee. Pursuant to the Indenture, the Authority will pledge to the Trustee its interest in the Loan Agreement. The sum of \$ _____, equal to the Debt Service Reserve Fund Requirement (hereinafter defined), will be deposited in the Debt Service Reserve Fund created under the Indenture (the “*Debt Service Reserve Fund*”) and will be used to pay the debt service payments on the Series 2004A Bonds and the Series 2004B Bonds if insufficient funds are on deposit with the Trustee on the date such payments are due. The sum of \$ _____, equal to the Replacement Fund Requirement as of the date of issuance of the Series 2004 Bonds, will be deposited in the Replacement Fund created under the Indenture (the “*Replacement Fund*”) and will be available to be used to pay the cost of replacing property, placed upon or used in connection with the Facilities. See “**SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS**” and “**BONDHOLDERS' RISKS**” herein.

Bondholders' Risks

There are certain considerations relating to an investment in the Series 2004 Bonds that are set forth in the sections of this Official Statement, including the heading “**BONDHOLDERS' RISKS**,” and that should be carefully reviewed by prospective purchasers of the Series 2004 Bonds. These considerations include the facts that (i) the Corporation's ability to generate revenues and make timely payment under the Loan Agreement, failure to do which may result in the Series 2004 Bonds' not being paid or being paid before maturity or applicable redemption dates and which may result in forfeiture of redemption premiums, may be adversely affected by a wide variety of future events and conditions including a decline in the enrollment of the University, increased competition from other schools, loss of accreditation, failure to meet federal guidelines or some other event that results in students being ineligible for federal financial aid, and cost overruns in connection with the Facilities or other capital improvements, (ii) the obligation of the Board on behalf of the University to pay rental to the Corporation under the Facilities Lease is subject to, and dependent upon, appropriation of funds necessary to make payments of rental required under the Facilities Lease, and if such amounts are not appropriated for such purpose, the Corporation may be unable to make timely payment under the Loan Agreement, (iii) the Board is obligated to make payments of Base Rental under the Facilities Lease solely from Lawfully Available Funds which include Rents received from the operation of the Facilities and other auxiliary revenues of the University. The ability of the Board to increase Rents and such other auxiliary fees or assess new fees may require approval by the Louisiana Legislature. The failure of the Board or the University to generate sufficient auxiliary revenues could affect the Board's ability to make payments of Base Rental and result in a default under the terms of the Facilities Lease, (iv) the Series 2004 Bonds constitute limited obligations of the Authority and the only significant sources of payment therefor are the deposits received by the Trustee pursuant to the Loan Agreement and, if such deposits prove insufficient, payments by the Bond Insurer pursuant to the Series 2004 Bond Insurance Policies, (v) the Facilities must meet certain occupancy levels and rental rates if the Corporation is to generate the revenues necessary to meet the obligations of

the Corporation under the Loan Agreement, (vi) the Facilities will be constructed to serve as student housing facilities and the special use nature of the Facilities and the facts that the Facilities are located on the campus of the University and the interest of the Corporation serving as collateral is in the nature of a leasehold interest and subject to the terms of the Ground Lease may curtail its value as collateral, (vii) there are risks associated with the construction of the Facilities, (viii) future clean-up costs with respect to the Facilities could be imposed under environmental statutes and liens relating thereto may adversely affect the security for the owners of the Series 2004 Bonds, (ix) certain statutory provisions and interests and claims of others may impair the security interest of the Trustee in the revenues derived by the Corporation from its interest in the Facilities, (x) judicial actions may impair the remedies available to the Trustee and the owners of the Series 2004 Bonds under the Indenture and the Mortgage providing security for the Series 2004 Bonds, (xi) interest on the Series 2004A Bonds and the Series 2004B Bonds could, in certain events, become includable in the gross income of the owners thereof and owners of the Series 2004 Bonds would be subject to adverse federal tax consequences, (xii) there can be no assurance that there will be a secondary market for the Series 2004 Bonds, (xiii) Additional Bonds (hereinafter defined) payable from the Trust Estate (hereinafter defined) on a parity with the Series 2004 Bonds may in the future dilute the security for the Series 2004 Bonds, (xiv) a change in the Corporation's or the University's status as a 501(c)(3) organization could cause interest on the Series 2004A Bonds and the Series 2004B Bonds to become includable in the gross income of the owners thereof, (xv) if the Authority should fail to make payment of the principal of or interest on the Series 2004 Bonds when the same shall become due, any owner of Series 2004 Bonds will have recourse against the Bond Insurer for such payments, and if the Bond Insurer is unable to make payments of and interest on the Series 2004 Bonds, such Series 2004 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement, (xvi) the Series 2004 Bond Insurance Policies do not insure the principal of or interest on the Series 2004 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor do they insure the payment of any redemption premium payable upon the Series 2004 Bonds, and under no circumstances, including the situation in which the interest on the Series 2004 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2004 Bonds be accelerated without the consent of the Bond Insurer, (xvii) so long as the Bond Insurer performs its obligations under the Bond Insurance Policies (hereinafter defined), the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture, and (xviii) the obligations of the Bond Insurer under the Series 2004 Bond Insurance Policies are general obligations of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer, and in the event of insolvency of the Bond Insurer, the Owners of the Series 2004 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2004 Bonds. See "BONDHOLDERS' RISKS" herein.

Tax Status of Interest

Upon delivery of the Series 2004 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters

discussed under the caption "TAX EXEMPTION" herein, under the law existing on the date thereof, interest on the Series 2004A Bonds and the Series 2004B Bonds will (i) be excludable from gross income of the beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2004C Bonds is includable in the gross income of the beneficial owners thereof for federal income tax purposes. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2004 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See "TAX EXEMPTION" herein.

Continuing Disclosure

The Board will agree to provide such information as may be required by the provisions of Rule 15c2-12 ("*Rule 15c2-12*") promulgated by the Securities and Exchange Commission, and neither the Corporation, the Trustee, nor the Authority will undertake any responsibility with respect to continuing disclosure under Rule 15c2-12.

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement in final form will be deposited with the Municipal Securities Rulemaking Board, 1818 N Street, N.W., Suite 800, Washington, D.C. 20036-2491. Copies of the Official Statement and other relevant documents and information regarding the documents are available upon request from the Underwriter prior to the issuance and delivery of the Series 2004 Bonds and from the Trustee after the issuance and delivery of the Series 2004 Bonds. The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Series 2004 Bonds, the Authority, and the Corporation and other information pertinent to this issue.

OFFICIAL STATEMENT

\$61,495,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY HOUSING /
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY HOUSING /
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B
(AUCTION RATE BONDS)**

\$1,295,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY HOUSING /
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C**

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, furnishes certain information in connection with the sale by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") of \$61,495,000* in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004 (the "**Series 2004A Bonds**"), \$15,000,000* in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**"), and \$1,295,000* in aggregate principal amount of its Taxable Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**") and together with the Series 2004A Bonds and the Series 2004B Bonds, the "**Series 2004 Bonds**") to be issued by the Authority pursuant to a Trust Indenture (the "**Indenture**") dated as of August 1, 2004, between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**") for the purpose of providing funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "**New Facilities**"), (b) renovating an existing student housing facility (the "**Renovated Facility**"), and (c) demolishing four existing student housing facilities, all located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility, (iii) to provide working capital for the New Facilities and the Renovated Facility, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the New Facilities and the Renovated Facility, (v) to provide funds to repay certain indebtedness of the Corporation, (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities, and (viii) to pay the costs of issuing the Series 2004 Bonds. **Definitions of certain terms used in this Official Statement are set forth in APPENDIX "A" hereto.** This Official Statement is deemed to be final as of its date, within the meaning of Rule 15c2-12(b)(1) of the Securities Exchange Commission (the "**SEC**"), except for the omission of the offering prices, interest rates, selling compensation, aggregate principal amount, and delivery date.

*Preliminary, Subject to Change

The land on which the New Facilities will be constructed, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land (collectively, the "**Property**") will be leased to University Facilities, Inc. (the "**Corporation**"), a nonprofit corporation organized under the laws of the State of Louisiana (the "**State**") for the benefit of the University pursuant to a Ground and Buildings Lease (the "**Ground Lease**") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the "**Facilities Lease**") between the Corporation, as lessor, and the Board, as lessee. The Authority will lend the proceeds of the Series 2004 Bonds to the Corporation pursuant to a Loan Agreement (the "**Loan Agreement**") dated as of August 1, 2004, between the Authority and the Corporation. The Corporation will be obligated pursuant to the Loan Agreement to pay to the Authority such loan payments as will always be sufficient to pay the principal of, premium, if any, and interest on the Series 2004 Bonds, as the same mature and become due, and under the Loan Agreement, it will be the obligation of the Corporation to pay all expenses of operating and maintaining the Facilities in good repair, to keep it properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Facilities..

To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation will execute and deliver to the Trustee (a) a Mortgage, Assignment of Leases and Security Agreement (the "**Mortgage**") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee (i) a first mortgage lien on its leasehold interest in (A) the Property and (B) the equipment, furnishings, and other tangible personal property included in the Facilities, and (ii) a first priority security interest in the leases and subleases affecting the Property and/or the Facilities, including, without limitation, the Facilities Lease (collectively, the "**Leases**") and all revenues rentals, and other sums due or becoming due under the Leases, and (b) an Assignment of Agreements and Documents (the "**Assignment of Agreements and Documents**") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee a first priority interest in the Development Agreement (the "**Development Agreement**") between the Corporation and Capstone Development Corp. (the "**Developer**") pursuant to which the Developer will agree to develop the Facilities and all other contracts relating to the design, construction, or renovation of the Facilities.

The Authority, pursuant to the Indenture, will pledge to the Trustee its interest in the Loan Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder). See "**SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS**" herein.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Corporation, the Bond Insurer, the Board, the University, the Facilities, the Developer, the Series 2004 Bonds, the Loan Agreement, the Ground Lease, the Facilities Lease, and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ground Lease, the Loan Agreement, and the Indenture are qualified in their entirety by reference to such documents, and references herein to the Series 2004 Bonds are qualified in their entirety to the forms thereof included in the Indenture.

THE AUTHORITY

The Authority is a political subdivision created and existing under the laws of the State of Louisiana (the "**State**") pursuant to the provisions of the laws of the State, including the Act. Any political subdivision, the State, or agency of the State may participate as a member of the Authority by adopting a resolution indicating its intention to do so. The Authority is governed by its Board of Directors, whose membership is limited to those members of the Authority whose governing authorities have previously adopted a resolution indicating their membership in the Authority. Each member appoints a director to the Board of Directors of the Authority in accordance with the Act. Directors are appointed to serve four (4)-year terms and may be removed for just cause by the Board of Directors. Officers of the Authority are elected by and from the ranks of the members of the Board of Directors and consist of a Chairman, Vice-Chairman and Secretary-Treasurer. Officers serve two (2)-year terms and may not be re-elected for successive terms in any one office; however, officers may be elected to another office, but, in no event may a person serve more than two (2) terms in a particular office. The Authority is authorized to issue the Series 2004 Bonds, to finance the costs of the Facilities and to secure the Series 2004 Bonds by an assignment of the payments to be received under the Loan Agreement. In order to accomplish the foregoing, the Authority is authorized to enter into and/or accept delivery of the Indenture and the Loan Agreement.

Pursuant to the Authority's bylaws, the Board of Directors has established an Executive Committee and delegated certain duties and authorities of the Board of Directors to the Executive Committee in accordance with the Act, including the authority to approve "Authorized Projects" (as defined in the Act) and authorize the issuance of bonds by the Authority. The Executive Committee consists of seven (7) members, three of whom are the Chairman, the Vice-Chairman, and the Secretary-Treasurer of the Authority. The Chairman, the Vice-Chairman, and the Secretary-Treasurer serve on the Executive Committee as *ex officio* members for as long as they remain officers of the Board of Directors. The four at-large members of the Executive Committee serve staggered four (4) year terms. A member of the Executive Committee may be removed by the Board of Directors for just cause at any special or emergency meeting called for that purpose. The Executive Committee is required to make an annual report to the Board of Directors at its annual meeting.

Pursuant to the Act, the Authority's bylaws, a preliminary resolution adopted by the Authority on February 12, 2004, and a resolution adopted by the Authority on May 13, 2004, the Authority has duly authorized the issuance of the Series 2004 Bonds and the execution, delivery, and performance of the Indenture and the Loan Agreement.

EXCEPT FOR INFORMATION CONCERNING THE AUTHORITY IN THE SECTIONS HEREOF CAPTIONED "THE AUTHORITY" AND "LITIGATION - The Authority," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH OTHER INFORMATION.

The Series 2004 Bonds will be limited obligations of the Authority as described under the caption "THE BONDS -- Series 2004 Bonds Are Limited Obligations" herein.

THE NEW FACILITIES AND THE RENOVATED FACILITY

Construction of Residence Hall I (169,032 square feet)

The first of the New Facilities ("*Residence Hall I*") will be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There will be approximately three hundred sixty-four (357) units of two-bedroom /one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred fourteen (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, Residence Hall I will include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities will be provided.

Residence Hall I includes a park at the main entrance and an approximately 2,000 square foot maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 7, 2005.

Construction of Residence Hall II (185,616 square feet)

The second of the New Facilities ("*Residence Hall II*") will be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There will be approximately four hundred (400) units of housing configured in two-bedroom /one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, Residence Hall II will include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. Residence Hall II includes relocation of the campus police facility into one of the buildings, along with office/meeting space for the property manager. Residence Hall II.

Residence Hall II unit mix and design is subject to further revision based upon University input.

Full renovation of Cardinal Newman Hall

The total scope of renovation of the Renovated Facility (Cardinal Newman Hall) has yet to be determined. It is anticipated that the renovation will include: (i) removal of existing built-in furniture; (ii) renovation of the building to bring the facility up to code compliance; (iii) installation of life-safety equipment; (iv) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility. The renovation of the Renovated Facility is scheduled for completion by August 1, 2006.

The Facilities will be managed by Capstone On-Campus Management, LLC (the "*Manager*").

THE BOARD

General

The Board is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. The colleges and universities supervised by the Board are the following: Grambling State University, Grambling, Louisiana; Louisiana Tech University, Ruston, Louisiana; McNeese State University, Lake Charles, Louisiana; Nicholls State University, Thibodeaux, Louisiana; Northwestern State University, Natchitoches, Louisiana; Southeastern Louisiana University, Hammond, Louisiana; University of Louisiana at Lafayette, Lafayette, Louisiana; and University of Louisiana at Monroe, Monroe, Louisiana.

The Board adopted resolutions on December 5, 2003, and June 25, 2004, authorizing the development of the Facilities and the execution of the Ground Lease, the Facilities Lease, and the Management Agreement.

Membership

The Board is governed by a sixteen (16)-member Board of Trustees. Members are appointed by the Governor and serve six-year overlapping terms (except for the student member whose term is one year) or until their successors are appointed, whichever occurs later. There are two members from each congressional district, one at-large member and one student member. The current Board members are as follows:

<u>Name</u>	<u>Profession/Occupation</u>	<u>Term Expires</u>
Mr. Donald T. Bollinger	Chairman of the Board/CEO Bollinger Shipyards, Inc.	12/31/06
Mrs. Elsie P. Burkhalter	Educator/Administrator St. Tammany Parish School System	12/31/04
Mr. Victor Bussie	Retired	12/31/06
Mr. Andre G. Coudrain	Attorney at Law Cash, Lewis, Moody & Coudrain	12/31/06
Mr. Robert C. Davidge	Chief Executive Officer Our Lady of the Lake Hospital, Inc.	12/31/04
Mr. Jimmy D. Long, Sr.	Retired State Legislator	12/31/06
Mr. D. Wayne Parker	Retired	12/31/08
Ms. Katie Ortego	Student University of Louisiana at Lafayette	5/31/05

<u>Name</u>	<u>Profession/Occupation</u>	<u>Term Expires</u>
Mr. Gordon A. Pugh	Attorney at Law Breazeale, Sachse & Wilson, L.L.P.	12/31/06
Mr. Walter R. Rhodes	Vice President and Chief Procurement Officer Entergy Corporation	12/31/06
Mr. Carl Shetler	Owner/Manager Shetler Lincoln Mercury	12/31/04
Mr. Winfred F. Sibille	Retired Educator	12/31/06
Dr. Eunice W. Smith	Retired Educator	12/31/08
Mr. Charles C. Teamer, Sr.	Board of Directors, Dryades Savings Bank	12/31/06
Mr. Michael H. Woods	President Woods Operating Company	12/31/08
Mr. David Wright	Restaurant Owner	12/31/04

Administrative Officers

The senior administrative officers of the University of Louisiana Systems are as follows:

Dr. Sally Clausen, President

Dr. Clausen was appointed as President of the University of Louisiana System in July, 2001. Dr. Clausen began her professional career as a classroom teacher for the East Baton Rouge Parish School System in 1968. She has since served the State of Louisiana and its citizens as Louisiana Deputy Commissioner of Administration, Louisiana Commissioner of Higher Education, the Assistant Dean of Students at Southeastern Louisiana University and the Louisiana Secretary of Education. Prior to being appointed as President of the University of Louisiana System, Dr. Clausen was President of Southeastern Louisiana University in Hammond, Louisiana ("*Southeastern*"). Under her leadership, Southeastern had one of the fastest growing enrollments in the country, now exceeding 15,000 students. During her presidency at Southeastern, faculty and staff salaries increased 30%, African-American enrollment rose 68%, and international enrollment grew by 48%. Dr. Clausen received a Bachelor of Science in Education, a Masters of Education and a doctorate from Louisiana State University and Agricultural and Mechanical College ("*LSU*").

Mr. David C. Nicklas, Vice President of Finance and Administration

Mr. Nicklas has served as Vice President of Finance and Administration for the University of Louisiana System since 1992. Prior to that time, he served as Fiscal Analyst and as Assistant Director of Finance for the University of Louisiana System and as Vice President of Business Affairs at Delgado Community College. He received his Bachelor of Science degree from Louisiana State University and Agricultural and Mechanical College.

Mr. J. Douglas Lee, Assistant Vice President for Facilities Planning

Mr. Lee has served as Assistant Vice President for Facilities Planning for the University of Louisiana System since October, 1998. Prior to that time, he served in various assistant director positions with LSU, beginning in May 1979. At LSU, he served as Assistant Director of Campus/Facilities Planning and Space Management from 1982 to 1998. He received his Bachelor of Science degree from Northeast Louisiana University

(now known as University of Louisiana at Monroe) and his Master of Business Administration degree from the University of North Florida.

The address of the University of Louisiana System is 1201 North Third Street, Suite 7-300, Baton Rouge, Louisiana 70802.

THE CORPORATION

The Corporation is a Louisiana nonprofit corporation created exclusively to promote, assist, and benefit the educational, scientific, research, and public service mission of the University by engaging in any lawful activity in which a nonprofit corporation meeting the requirements of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*") may participate. The business affairs of the Corporation are administered by a Board of three (3) of Directors, who also comprise the entire membership of the Corporation. Officers of the Corporation are the Chairperson, Vice Chairperson, and Secretary-Treasurer. Information concerning the members of the Board of Directors of the Corporation is set forth below.

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Employment</u>
Stephen M. Smith	Chairperson and President	June 30, 2006	Vice President of Finance and Administration of the University
Phil K. Livingston	Vice Chairperson	June 30, 2006	Banking Officer-AmSouth Bank (Retired)
Jack Gautier	Member	June 30, 2005	Banking Officer-AmSouth Bank (Retired)

Management of the Corporation has been delegated to Brad O'Hara, Ph.D., Executive Director/Secretary Treasurer, c/o Southeastern Louisiana University, Luther Dyson Hall, 548 Western Avenue, Hammond, Louisiana 70402. Dr. O'Hara is employed on a full-time basis as the Vice President for Student Affairs of the University. See "**CONFLICTS OF INTEREST; RELATIONSHIPS**" herein.

In accordance with its Articles of Incorporation, the Corporation may specifically engage in acquiring, constructing, developing, managing, leasing, mortgaging, or conveying student housing and other facilities on the campus of the University. The Corporation has no other assets other than the Facilities.

THE SERIES 2004 BONDS

General Provisions

The Series 2004 Bonds will be issued pursuant to the Indenture in fully registered form without coupons in book-entry only form. So long as Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("*DTC*"), is the registered owner of the Series 2004 Bonds, references herein to the Bondholders or registered owners of the Series 2004 Bonds mean Cede & Co. and not the beneficial owners of the Series 2004 Bonds. See "**Book-Entry Only System**" below. The Series 2004A Bonds and the Series 2004C Bonds will be issued in the denominations of \$5,000 and any multiple thereof, and the Series 2004B Bonds will be issued in the denominations of \$25,000 and any multiple thereof. The Series 2004A Bonds and the Series 2004C Bonds will bear interest at the rates shown on the cover hereof. For an Initial Period from the date of their delivery to and including the Thursday immediately succeeding the Closing Date, the Series 2004B Bonds will bear interest at initial rates determined by the University not later than the Business Day preceding their delivery date. After the Initial Period and until converted to a Fixed Rate (a "**Fixed Rate Conversion**"), until converted to a Variable Rate (a "**Variable Rate Conversion**"), or until a different Auction Period shall be established, the Series 2004B Bonds will bear interest at Auction Rates determined initially on the Thursday immediately succeeding the Closing Date, and every Thursday thereafter; provided, that if such day is not a Business Day, the Auction Date will be the preceding Business Day, as more fully herein described. The

interest rate determined at each such Auction will be effective from and including the Business Day following such Auction (each an “*Auction Rate Adjustment Date*”) to, but excluding, the next succeeding Auction Rate Adjustment Date. See “**THE SERIES 2004 BONDS - Interest at the Auction Rate**” herein. The applicable Auction Rate will be established pursuant to the Auction Procedures described below under “**SERIES 2004B BOND AUCTIONS.**” The University may change the length of an Auction Period or all Auction Periods by written notice to the Trustee, Morgan Keegan & Company, Inc. (together with any successor as market agent, the “*Market Agent*”), The Bank of New York, New York, New York (together with any successor bank, trust company, or other entity as auction agent entering into a similar agreement with the Trustee, the “*Auction Agent*”), and The Depository Trust Company, New York, New York (“*DTC*” or the “*Securities Depository*”) at least ten (10) days, but no more than fifteen (15) days, prior to the Auction Date for such Auction Period. Also, at the direction of the Board, the Market Agent may change the Auction Date to conform to then-current market practice or to accommodate economic or financial factors, each as further described under the subheadings “**SERIES 2004B BOND AUCTIONS - General -- *Change of Auction Date***” and -- “***Change of Auction Period.***” Interest shall be computed as follows: (i) for Series 2004A Bonds, Series 2004B Bonds on and after the Fixed Rate Conversion Date, and Series 2004C Bonds, on the basis of a 360-day year consisting of twelve (12) thirty (30) day months apportioned for partial months or (ii) for Auction Rate Bonds, on the basis of a 360-day year and the actual number of days elapsed.

Payments of Principal and Interest

The Series 2004A Bonds will be issued in the aggregate principal amount of \$61,495,000*, will be dated August 1, 2004, and will mature on August 1 of the years 2007* through 2019,* inclusive, 2023,* and 2031,* subject to mandatory redemption provisions. The Series 2004B Bonds will be issued in the aggregate principal amount of \$15,000,000,* will be dated as of the date of delivery thereof, and will mature on August 1, 2034, subject to mandatory redemption provisions. The Series 2004C Bonds will be issued in the aggregate principal amount of \$1,295,000,* will be dated August 1, 2004, and will mature on August 1, 2008,* subject to mandatory redemption provisions. The Series 2004A Bonds, the Series 2004B Bonds, and the Series 2004C Bonds will be issued on a parity basis and, except as to benefit of the Debt Service Reserve Fund, tax-exempt status, interest rates, principal amounts, and maturities, have substantially the same terms.

The payment of principal of and premium, if any, on the Series 2004 Bonds will be payable at the principal corporate trust office of the Trustee. Interest on the Series 2004 Bonds shall be paid by check or draft mailed by the Trustee to each person in whose name a Series 2004 Bond is registered, at the address(es) as they appear on the Bond Register maintained by the Trustee at the close of business on the applicable Record Date, irrespective of any transfer or exchange of the Series 2004 Bonds subsequent to such Record Date and prior to an Interest Payment Date. Owners of \$1,000,000 or more in aggregate principal amount of Bonds may request payment by wire transfer if such owners have requested payment in writing to the Trustee no later than a Record Date. Such request shall be irrevocable until a new request is delivered not later than a Record Date. Payment of interest shall be made in such coin or currency of the United States as is legal tender for payment of public and private debts at the time payment is made.

Any installment of interest or principal payable on any Series 2004 Bonds that is punctually paid or duly provided for by the Authority on the applicable payment date or redemption date will be paid to the person in whose name such Series 2004 Bond (or predecessor bond) is registered on the Record Date for such payment date by check or draft mailed to such person's address as it appears in the Bond Register on such Record Date, except that the final installment of principal payable with respect to such Series 2004 Bond (or the redemption price for any Series 2004 Bond called for redemption in full) will be payable upon presentation and surrender of the Series 2004 Bond on or after the payment date or redemption date thereof at the corporate trust office of the Trustee.

All reductions in the principal amount of a Series 2004 Bond effected by payments of installments of principal made on any payment date or redemption date will be binding upon all registered owners of that Series 2004 Bond and of any Series 2004 Bond issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Series 2004 Bond.

*Preliminary, Subject to Change

Should the Series 2004 Bonds cease to be book entry only, Series 2004 Bonds may be transferred or exchanged at the principal office of the Trustee. For every exchange or transfer of any Series 2004 Bond, the Authority or the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Trustee will not be required to register the transfer or exchange of (a) any Series 2004 Bond during the fifteen (15) day period next preceding the selection of Series 2004 Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004 Bonds selected for redemption, or (b) any Series 2004 Bonds selected, called, or being called for redemption in whole or in part, except in the case of any Series 2004 Bond to be redeemed in part, the portion thereof not so to be redeemed.

If any Series 2004 Bond is mutilated, lost, stolen, or destroyed, the Indenture will provide that the Authority may execute and the Trustee will be required to authenticate a replacement Series 2004 Bond or Series 2004 Bonds of the same tenor and principal amount, as the case may be. In the case of a lost, stolen, or destroyed Series 2004 Bond, the Authority and the Trustee may require satisfactory evidence of the ownership of and the circumstances of the loss, destruction, or theft of such Series 2004 Bond and may require satisfactory indemnification prior to executing and authenticating a new Series 2004 Bond. The Authority and the Trustee may charge the owners of the Series 2004 Bonds for their reasonable fees and expenses in connection with replacing mutilated, lost, stolen, or destroyed Series 2004 Bonds.

Redemption Prior to Maturity

Optional Redemption. The Series 2004A Bonds maturing on and after August 1, 2015, and, after the Fixed Rate Conversion Date, the Series 2004B Bonds will be subject to redemption prior to maturity, at the option of the Authority, upon written direction from the Board, on or after August 1, 2014, as a whole or in part at any time and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Auction Rate Bonds will be subject to redemption at the option of the Authority, upon the written direction of the Board as a whole or in part on the first day of any Auction Period if there are sufficient moneys to make such redemption on such date at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2004 B Bonds will be subject to redemption in part at the option of the Authority, upon written direction from the Board, on any Interest Payment Date from amounts transferred by the Trustee from the Project Fund to the Principal Account of the Debt Service Fund upon completion of construction of the Facilities in accordance with the Indenture, the Series 2004B Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

Mandatory Redemption. If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the provisions of the Facilities Lease, the Series 2004 Bonds will be redeemed as a whole. With respect to (i) any Auction Rate Bonds and any Variable Rate Bonds, the same will be redeemed on the first respective Interest Payment Date or Dates after such purchase and (ii) with respect to the Series 2004A Bonds, the Series 2004B Bonds bearing interest at a Fixed Rate, and the Series 2004C Bonds, the same will be redeemed on the later of (a) June 1, 2014, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2004 Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2004 Bonds will be redeemed as a whole or in part (in any Authorized Denomination) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Expropriation proceedings with respect to the Facilities will not be applied to restoration, repair, or reconstruction of the Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of

the Series 2004 Bonds is not an Authorized Denomination, the principal amount of Series 2004 Bonds to be so redeemed will be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, Series 2004A Bonds.

Mandatory Sinking Fund Redemption. The Series 2004A Bonds maturing on August 1, 2023,* will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date*</u>	<u>Principal Amount</u>	<u>Redemption Date*</u>	<u>Principal Amount</u>
2020		2022	
2021		2023**	

**Final Maturity

The Series 2004A Bonds maturing on August 1, 2031,* will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date*</u>	<u>Principal Amount</u>	<u>Redemption Date*</u>	<u>Principal Amount</u>
2024		2028	
2025		2029	
2026		2030	
2027		2031**	

**Final Maturity

If on any occasion less than all of the Series 2004A Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under the subheadings “**Optional Redemption**” or “**Mandatory Redemption**,” then the principal amount of the Series 2004A Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

The Series 2004B Bonds will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date*</u>	<u>Principal Amount</u>	<u>Redemption Date*</u>	<u>Principal Amount</u>
2031		2033	
2032		2034**	

**Final Maturity

*Preliminary, Subject to Change

If on any occasion less than all of the Series 2004B Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under either of the subheadings “**Optional Redemption**” or “**Mandatory Redemption**,” then the principal amount of the Series 2004B Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above table. The principal amounts required by the table above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional or mandatory redemption.

The Series 2004C Bonds will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date*</u>	<u>Principal Amount</u>	<u>Redemption Date*</u>	<u>Principal Amount</u>
2006		2008**	
2007			

**Final Maturity

If on any occasion less than all of the Series 2004CA Bonds then outstanding shall be redeemed pursuant to the mandatory redemption provisions described above under the subheading “**Mandatory Redemption**,” then the principal amount of the Series 2004C Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above table. The principal amounts required by the table above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

Partial Redemption of Series 2004 Bonds

Unless otherwise specified above, if fewer than all of the Series 2004 Bonds are redeemed, the maturity of the Series 2004 Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2004 Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2004 Bond is redeemed, a new Series 2004 Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

Notice of Redemption

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2004 Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2004 Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004 Bonds then outstanding shall be called for redemption, the numbers of such Series 2004 Bonds to be redeemed and, in the case of Series 2004 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2004 Bond, a new Series 2004 Bond in principal amount equal to the unredeemed portion will be issued.

Any notice of redemption may, at the direction of the Authority upon the written request of the Board, state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of sufficient and legally available funds to pay the redemption price of the Series 2004 Bonds to be redeemed and that if

*Preliminary, Subject to Change

such funds are not so received or are not so legally available such notice shall be of no force or effect and such Series 2004 Bonds will not be required to be redeemed. In the event that such notice contains such a condition and sufficient funds to pay the redemption price of such Series 2004 Bonds shall not be received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will be required, within a reasonable time thereafter, to give notice, in the manner in which the notice of redemption shall have been given, that such funds were not so received.

On the redemption date, notice thereof having been given and money for payment of the redemption price being held in the Debt Service Fund in trust for the owners of the Series 2004 Bonds to be redeemed, the Series 2004 Bonds so called for redemption will become due and payable at the redemption price on such date, interest on the Series 2004 Bonds called for redemption will cease to accrue, such Series 2004 Bonds will cease to be entitled to any benefit or security under the Indenture, and the owners will have no rights in respect thereof except to receive payment of the redemption price, and, in the case of a partial redemption, to receive a new Series 2004 Bond for any unredeemed portion of any Series 2004 Bonds.

Series 2004 Bonds and portions thereof duly called for redemption, or with respect to which irrevocable instructions for redemption shall have been given to the Trustee, and for the payment of the redemption price for which moneys, or Defeasance Obligations, shall be held by the Trustee in a segregated account for the owners of the Series 2004 Bonds to be redeemed, will not thereafter be deemed to be outstanding under the provisions of the Indenture and shall cease to be entitled to any security or benefit under the Indenture, other than to receive payment from such moneys.

Additional Bonds

Additional Bonds may be issued in one or more series by the Authority at the request of the Corporation as advised by the Board under a supplemental indenture to pay all or part of the additional cost of the Facilities, including, but not limited to, the costs of Phase Three of the Facilities, so long as:

(a) No Event of Default under the Indenture has occurred and is then continuing and the Authority shall have approved the issuance of such additional bonds; and

(b) There shall have been filed with the Trustee an opinion of an attorney or firm of attorneys generally recognized as having expertise in matters relating to municipal bonds to the effect that the exclusion from "gross income" for federal income tax purposes of the interest on the Series 2004 Bonds then outstanding under the Indenture shall not be adversely affected.

The written consent of the Bond Insurer will not be required in connection with the issuance of such Additional Bonds, but the Bond Insurer will have the right to review and approve the documentation prepared in connection with the issuance of such Additional Bonds to ensure that such documentation is as contemplated by the Indenture and does not adversely affect the rights of the Bond Insurer under the Indenture in a manner not contemplated thereby.

Additional Bonds may be issued under the Indenture for any other purpose with the prior written consent of the Bond Insurer.

Additional Bonds, if issued on a parity with or subordinate to the Series 2004 Bonds, would be issued to pay all or a part of the additional costs of the Facilities. Such Additional Bonds will be dated, bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall mature at such times and have redemption provisions as may be provided in the supplemental indenture authorizing issuance of such Additional Bonds.

Interest at the Auction Rate

Interest on the Series 2004B Bonds bearing interest at an Auction Rate will accrue during each Interest Period and will be payable in arrears on each Interest Payment Date. The interest rate on the Series 2004B Bonds for the period from and including the date of initial delivery to and including the initial Auction Date (the "*Initial Period*") will

be determined not later than the Business Day immediately preceding the date of delivery of the Series 2004B Bonds. The interest payable on the Series 2004B Bonds for the period from and including the date of initial delivery to and including the initial Interest Payment Date and for any period thereafter from and including an Interest Payment Date for such Series 2004B Bonds to, but excluding, the next succeeding Interest Payment Date for such Series 2004B Bonds will, subject to certain exceptions described below, be equal to the aggregate amount of interest calculated at the applicable Auction Rate for such Interest Accrual Period which the Auction Agent shall advise has resulted on the Auction Dates (as defined herein under "AUCTIONS - Auction Dates" below) from the implementation of the Auction Procedures set forth in the Indenture and as set forth in APPENDIX "C" hereto in which persons determine to hold or offer to sell or, based on interest rates bid by them, offer to purchase or sell such Series 2004B Bonds. Each periodic implementation of the Auction Procedures is hereinafter referred to as an "Auction." The interest rate on the Series 2004B Bonds or any portion thereof may be converted from an Auction Rate to a Fixed Rate upon satisfaction of certain terms set forth in the Indenture described below under the subheading "Conversion to a Fixed Rate."

In the event an Auction Date occurs on a date other than the first day preceding such Interest Period, the Trustee, after confirming the calculation described above, will calculate the portion of the interest payable on such Interest Payment Date and the portion payable on the next succeeding Interest Payment Date. The Auction Agent will make the calculation described above not later than the close of business on each Auction Date and will communicate it to the Trustee not later than 12:00 noon on the next Business Day.

As more fully described in APPENDIX "C" hereto, the Auction Rate for any Auction Period may not exceed the Maximum Auction Rate which will be the lesser of: (i) the Applicable Percentage (which is equal to 175% so long as the Series 2004B Bonds are rated Aaa, Aa, or A; 200% if such Series 2004B Bonds are rated Baa; and 265% if such Series 2004B Bonds are rated below Baa) multiplied by the BMA Municipal Swap Index; (ii) 12% per annum; or (iii) the maximum rate permitted by applicable law.

If, on any scheduled Auction Date, an Auction for any Auction Period shall not be held for any reason (with the determination that an Auction was not held to be made by the Auction Agent and if the Auction Agent is not capable of or does not make such determination, then such determination shall be made by the Market Agent), then the following shall apply:

- (i) With respect to an Auction Period of greater than one hundred eighty (180) days, the Standard Auction Period will automatically convert to an Auction Period of seven (7) days;
- (ii) An Auction will be deemed to have occurred on the scheduled Auction Date;
- (iii) The Auction Rate for such deemed Auction to be in effect for the succeeding Auction Period will be equal to the Auction Rate for the preceding Auction Period; and
- (iv) The succeeding Auction Period will begin on the calendar day following the scheduled Auction Date.

Such procedures set forth above will be applicable for one Auction Period. In the event that the next Auction shall not be held for any reason (with the determination to be made by the Auction Agent that an Auction was not held and if the Auction Agent is not capable of or does not make such determination, then such determination shall be made by the Market Agent), then the Maximum Auction Rate will apply with respect to succeeding Auction Periods until an Auction can be held.

By purchasing Auction Rate Bonds, whether in an Auction or otherwise, each such purchaser or its Broker-Dealer, must agree and will be deemed by such purchase to have agreed (i) to participate in Auctions on the terms described herein, (ii) to have its beneficial ownership of the Auction Rate Bonds maintained at all times in book-entry form for the account of its Participant, which in turn will maintain records of such beneficial ownership and (iii) to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

So long as the beneficial ownership of Auction Rate Bonds is maintained in a book entry system, an Existing Owner of Auction Rate Bonds may sell, transfer, or otherwise dispose thereof only pursuant to a Bid or Sell Order placed in an Auction or otherwise sell, transfer, or dispose thereof through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

Notwithstanding the foregoing, if:

(i) the beneficial ownership of the Auction Rate Bonds shall no longer be maintained in a book entry system, the Auction Rate on such Auction Rate Bonds for any Interest Accrual Period commencing after the delivery of certificates representing Auction Rate Bonds pursuant to the Indenture will equal the Maximum Auction Rate;

(ii) a Payment Default shall have occurred, then the rate of interest for each subsequent Auction Period commencing after such occurrence and during the continuance thereof to and including the subsequent Auction Period, if any, during which, or commencing less than two (2) Business Days after, such Payment Default is waived in accordance with the terms of the Indenture, will equal the Nonpayment Rate on the Auction Date for each such subsequent Auction Period; or

(iii) a proposed Fixed Rate Conversion shall have failed, then the rate of interest for the Auction Rate Bonds will be the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

Conversion to a Fixed Rate or a Variable Rate

In accordance with the provisions of the Indenture, the Authority may elect to change the interest mode on the Series 2004B Bonds from an Auction Rate to a Fixed Rate or a Variable Rate, provided that upon such election, the Authority, the Rating Agencies, and Trustee shall have received (i) an opinion of Bond Counsel to the effect that the implementation of such Conversion will not affect the exclusion from gross income for federal income tax purposes of interest on the Series 2004B Bonds, as the case may be, as of the date of such opinion and (ii) written confirmation from the Rating Agencies of the ratings on the Series 2004 Bonds after the implementation of such Conversion. Any such Conversion will be made as follows: The Authority will give written notice by first-class mail of any such Conversion and will specify the proposed Conversion Date to the Bondholders, the Trustee, the Bond Insurer, the Broker-Dealer, the Auction Agent, the Remarketing Agent, and DTC not less than thirty-five (35) nor more than forty-five (45) days prior to the proposed Conversion Date. The Conversion Date may only be the last Interest Payment Date for an Auction Period.

Mandatory Tender Upon Conversion; Certain Notices

Mandatory Tender Upon Conversion. Any Series 2004B Bonds to be converted to bear interest at a Fixed Rate or a Variable Rate will be subject to mandatory tender for purchase on the Conversion Date at a price equal to the principal amount thereof plus accrued interest thereon to the Conversion Date.

Notice to Registered Owners. Any notice of a Conversion given to owners will, in addition to the requirements described above, be required to specify that all outstanding Series 2004B Bonds being so converted are subject to mandatory tender pursuant to the provisions thereof and of the Indenture and will be purchased on the Conversion Date by payment of a purchase price equal to the principal amount thereof plus accrued interest to the Conversion Date.

Certain Notices by Trustee, Remarketing Agent, and Tender Agent. The notices to be given in connection with a Conversion will be specified in the supplement to the Indenture.

Registration and Delivery of Tendered or Purchased Bonds. Upon receipt of notice from the Trustee, the Registrar will register and authenticate, and, as promptly thereafter as practicable, the Registrar will be required to

deliver Series 2004B Bonds remarketed by the Remarketing Agent to the Remarketing Agent or to the purchasers thereof in accordance with the instructions of the Remarketing Agent.

Delivery of Series 2004B Bonds; Effect of Failure to Surrender Series 2004B Bonds. All Series 2004B Bonds to be purchased on any Conversion Date will be required to be delivered to the designated office of the Trustee, or its designated agent for such purposes, at or before 12:00 noon on such date. If the owner of any Series 2004B Bonds that are subject to purchase as described herein shall fail to deliver such Series 2004B Bonds to the Trustee, or its designated agent for such purposes, for purchase on the purchase date, and, if the Trustee, or its designated agent for such purposes, shall be in receipt of the purchase price therefor, such Series 2004B Bond shall nevertheless be deemed tendered and purchased on the Conversion Date and shall be Undelivered Bonds as described below under the subheading “**Undelivered Bonds**,” and registration of the ownership of such Series 2004B Bond will be transferred to the purchaser thereof as described under the subheading “**Undelivered Bonds**” below.

No Tender Purchases on Redemption Date

Any Series 2004B Bonds (or portions thereof) called for redemption are not subject to tender or purchase.

Undelivered Bonds

Any Series 2004B Bonds that are not tendered by a Conversion Date will be deemed tendered to the Trustee as of the Conversion Date, subject, however, to remarketing or purchase by the entity selected by the Remarketing Agent for settlement on the Conversion Date and receipt by the Trustee of the price equal to one hundred percent (100%) of the principal amount thereof from the purchasers thereof or the Remarketing Agent. In the event that on a Conversion Date the Remarketing Agent shall have been unable to remarket all Series 2004B Bonds for settlement on the Conversion Date and shall have elected not to purchase for its own account such unremarketed Series 2004B Bonds, or on the Conversion Date the Trustee shall not have received the purchase price therefor, the proposed Conversion will be cancelled, and such Series 2004B Bonds will remain subject to the Auction Procedures and will bear interest at the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC, AND NEITHER THE AUTHORITY NOR THE CORPORATION TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Series 2004 Bonds initially will be delivered in the form of fully registered, book-entry only bonds. Upon initial delivery, the Series 2004 Bonds will be registered in the registry books kept by the Trustee, as bond registrar, in the name of Cede & Co., as nominee for The Depository Trust Company (“*DTC*”), New York, New York, which will act as the initial securities depository for the Series 2004 Bonds (the “*Bond Depository*”) under a book-entry only system. Purchasers of Series 2004 Bonds (the “*Beneficial Owners*”) will not receive certificates representing their interest in the Series 2004 Bonds. Purchases of beneficial interests in the Series 2004 Bonds will be made in book-entry only form in Authorized Denominations by credit to participating broker-dealers and other institutions on the books of DTC as described herein. Payments of principal of and interest on the Series 2004 Bonds will be made by the Trustee directly to DTC as the registered Owner thereof. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined), as more fully described herein. Any purchaser of beneficial interests in the Series 2004 Bonds must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2004 Bonds.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of 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 §17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its

participants (the “*DTC Participants*”) deposit with DTC. DTC also facilitates the settlement among DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the “*Indirect Participants*”). The rules applicable to DTC and its Direct Participants are on file with the SEC.

Purchases of Series 2004 Bonds under the DTC system must be made by or through DTC Participants which will receive a credit balance for the Series 2004 Bonds in the records of DTC. The ownership interest of each Beneficial Owner is in turn to be recorded in the DTC Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive a written confirmation of their purchase providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participants and Indirect Participants through which the Beneficial Owner entered the transaction. Transfers of ownership interest in the Series 2004 Bonds will be accomplished by entries made on the books of DTC Participants and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2004 Bonds, except in the event the use of the book-entry system for the Series 2004 Bonds is discontinued.

SO LONG AS CEDE & CO., AS THE NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2004 BONDS, THE AUTHORITY AND THE TRUSTEE WILL TREAT CEDE & CO. AS THE ONLY REGISTERED OWNER OF THE SERIES 2004 BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND INTEREST ON THE SERIES 2004 BONDS, RECEIPT OF NOTICES, AND VOTING.

To facilitate subsequent transfers, all Series 2004 Bonds deposited by DTC Participants and Indirect Participants are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2004 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2004 Bonds; DTC's records reflect only the identity of the DTC Participants in whose accounts such Series 2004 Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to Cede & Co. If less than all of the Series 2004 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each DTC Participant within a maturity of the Series 2004 Bonds being redeemed.

Beneficial Owners of the Series 2004 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2004 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. Beneficial Owners of Series 2004 Bonds may wish to ascertain that the nominee holding the Series 2004 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or 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.

Neither DTC nor Cede & Co., will consent or vote with respect to the Series 2004 Bonds. 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 DTC Participants to whose accounts the Series 2004 Bonds are credited on the record date (identified in the listing attached to the omnibus proxy).

Principal and interest payments on the Series 2004 Bonds will be made to DTC. DTC's practice is to credit DTC Participants' accounts on the payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now 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 DTC Participant or Indirect Participant and not of DTC, the Trustee, as paying agent, or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of the principal and interest to DTC is the responsibility of the Trustee, as paying agent, disbursement of such payments to DTC Participants will be the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners will be the responsibility of the DTC Participants and the Indirect Participants.

The Trustee will pay principal of and interest on the Series 2004 Bonds to or upon the order of the respective Owners, as shown on the Bond Register, or upon their respective attorneys duly authorized in writing, as provided in the Indenture, and all such payments will be valid and effective to fully satisfy the Authority's obligations with respect to the payment of principal and interest on the Series 2004 Bonds to the extent of the sum or sums so paid. Upon delivery by the nominee of DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of the existing nominee, and subject to the provisions of the Indenture with respect to record dates, the word "Cede & Co." in the Indenture will refer to such new nominee of DTC.

In the event the Authority or the Trustee receives written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, and the Authority or the Trustee is unable to find a substitute depository, in the opinion of the Authority and the Trustee, willing and able to undertake the functions of the Bond Depository upon reasonable and customary terms, then the Series 2004 Bonds will no longer be restricted to being registered in the Bond Register in the name of the nominee of DTC or DTC, but may be registered in whatever name or names the Beneficial Owners (as certified by DTC) transferring or exchanging the Series 2004 Bonds will designate, in accordance with the provisions of the Indenture.

In the event the Authority shall determine that it is in the best interests of the Beneficial Owners of the Series 2004 Bonds that they be able to obtain bond certificates, the Authority may notify DTC and the Trustee, whereupon DTC will notify the DTC Participants and Indirect Participants of the availability through the nominee or DTC of bond certificates. In such event, the Trustee will issue, transfer, and exchange Series 2004 Bond certificates as requested by DTC and any other Bondholders in appropriate amounts, and whenever the Bond Depository requests the Authority and the Trustee to do so, the Authority and the Trustee will cooperate with DTC by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2004 Bonds to any nominee or DTC Participant having Series 2004 Bonds credited to its account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2004 Bonds.

Notwithstanding any other provision described herein or contained in the Indenture to the contrary, so long as any Series 2004 Bond is registered in the name of the nominee of DTC, all payments with respect to the principal of and interest on such Series 2004 Bond will be made and given, respectively, to the nominee or DTC in the manner provided in the Blanket Letter of Representation entered into between DTC and the Authority.

In connection with any notice or communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority, or the Trustee, as the case may be, will establish a record date for such consent or other action and give the nominee or DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

NEITHER THE AUTHORITY, THE CORPORATION, THE BOARD, THE UNIVERSITY, NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATIONS TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2004 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL

OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2004 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED BONDHOLDER.

Series 2004 Bonds Are Limited Obligations

THE SERIES 2004 BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY, EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE SERIES 2004 BONDS AND TEMPORARY INVESTMENTS THEREOF, FROM PAYMENTS DERIVED BY THE AUTHORITY UNDER THE LOAN AGREEMENT, FROM THE ASSETS AND INTERESTS PLEDGED UNDER THE MORTGAGE, AND FROM THE BOND INSURANCE POLICIES. THE SERIES 2004 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2004 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO POWER TO TAX.

Payment Procedure Pursuant to the Series 2004 Bond Insurance Policies

In the event that, on the second (2nd) Business Day, and again on the Business Day, prior to any day on which the principal of or interest on the Series 2004 Bonds shall be payable (each such date, a "*Bond Payment Date*"), the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2004 Bonds due on the second (2nd) following or following, as the case may be, business day, the Trustee will be required to notify the Bond Insurer or its designee immediately on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency. If such deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Trustee will be required to so notify the Bond Insurer or its designee.

In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal of or interest on a Series 2004 Bond to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder, within the meaning of any applicable bankruptcy laws, then the Trustee will be required to notify the Bond Insurer or its designee of such fact immediately by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

The Trustee has been irrevocably designated, appointed, directed, and authorized to act as attorney-in-fact for the Owners of the Series 2004 Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2004 Bonds, the Trustee will be required to (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Series 2004 Bond Insurance Policies (the "*Insurance Paying Agent/Trustee*"), in form satisfactory to the Insurance Paying Agent/Trustee, (1) an instrument appointing the Bond Insurer as agent for the Owners of the Series 2004 Bonds in any legal proceeding related to the payment of such interest and (2) an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and that are paid by the Bond Insurer, (B) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Series 2004 Bond Insurance Policies payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (C) disburse the same to such Owners; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Series 2004 Bonds, the Trustee will be required to (A) execute and deliver to the Insurance Paying Agent/Trustee, in form satisfactory to the Insurance Paying Agent/Trustee, (1) an instrument appointing the Bond Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and (2) an assignment to the Bond Insurer of any of the Series 2004 Bonds surrendered to the Insurance Paying Agent/Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such

assignment shall be delivered only if payment from the Insurance Paying Agent/Trustee is received), (B) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Series 2004 Bond Insurance Policies payment therefor from the Insurance Paying Agent/Trustee, and (C) disburse the same to such Owners.

Payments with respect to claims for interest on and principal of Series 2004 Bonds disbursed by the Trustee from proceeds of the Series 2004 Bond Insurance Policies will not be considered to discharge the obligation of the Authority with respect to the Series 2004 Bonds, and the Bond Insurer will become the owner of such unpaid Series 2004 Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions described above or otherwise.

AUCTIONS

The provisions described herein regarding Auction Procedures may be amended from time to time to conform such procedures to industry practices or change in law solely upon notice to the owners of any affected Series 2004B Bonds.

General

Auction Dates. Except as otherwise described herein, an Auction to determine the Auction Rate for each subsequent Auction Period is to be held on the Business Day immediately preceding the first day of such subsequent Auction Period (each an "***Auction Date***"). The first Auction will be held on the Thursday immediately succeeding the Closing Date, and every Thursday thereafter; provided, that if such Thursday is not a Business Day, the Auction will be held on the first Business Day preceding such Thursday. Each subsequent Auction Period is to begin on the Business Day following the Auction Date to which such Auction Period relates. See "***Change of Auction Date***" and "***Change of Auction Period***" below for information concerning the circumstances under which the Auction Date or the first day of a subsequent Auction Period may be moved to a different date.

Change of Auction Date. The Market Agent, with the prior written consent of the Authority, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction Periods to a different day so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur.

Change of Auction Period. The Authority may change the length of the Auction Period on any Auction Date by means of a written notice delivered not less than ten (10), nor more than fifteen (15), days prior to the Auction Date for such Auction Period to the Trustee, the Market Agent, the Auction Agent, and the Securities Depository. If such Auction Period shall be less than twenty-one (21) days, such notice will be effective only if it shall be accompanied by a written statement of the Trustee, the Market Agent, the Auction Agent, and the Securities Depository to the effect that they are capable of performing their duties under the General Resolution, the Series Resolution, the Market Agent Agreement, and the Auction Agency Agreement, as applicable, with respect to such Auction Period and by the written consent of the Bond Insurer. The length of an Auction Period may not be changed unless Sufficient Clearing Bids existed at the Auction immediately preceding such changed Auction Period.

Auction Procedures

The following summary of the Auction Procedures to be used with respect to Auctions is qualified by reference to the Auction Procedures appended hereto as APPENDIX "C."

Orders by Existing Holders and Potential Holders. See "**AUCTION PROCEDURES - Orders by Existing and Potential Holders**" in APPENDIX "C" for a description of the procedure for the submission of orders prior to the Submission Deadline.

If an Existing Holder shall fail to submit an Order prior to the Submission Deadline, such Existing Holder will be deemed to have submitted a Hold Order. The communication to a Broker-Dealer of the foregoing information is

herein referred to as an “*Order*” and, collectively, as “*Orders*.” An Existing Holder or a Potential Holder placing an order is herein referred to as a “*Bidder*” and, collectively, as “*Bidders*.”

An Order may be submitted only in the principal amount of Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof.

An Existing Holder may submit different types of Orders in an Auction with respect to Series 2004B Bonds then held by such Existing Holder. An Existing Holder who offers to purchase additional Series 2004B Bonds is, for purposes of such offer, treated as a Potential Holder. For information concerning the priority given to different types of Orders placed by Existing Holders, see “*Submission of Orders by Broker-Dealers to Auction Agent*” below.

The Maximum Auction Rate is the maximum rate per annum that can result from an Auction. Any Bid specifying a rate higher than the Maximum Auction Rate is to (i) be treated as a Sell Order if submitted by an Existing Holder, and (ii) not be accepted if submitted by a Potential Holder. See “*Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate*” and “*Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds*” below.

The principal amount of Series 2004B Bonds purchased or sold may be subject to certain proration procedures. See “*Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds*” below. Each purchase or sale of Series 2004B Bonds is to be made for settlement on the first Business Day following the Auction Date at a price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date of settlement. See “*Notification of Results; Settlement*” below. The Auction Agent is entitled to rely upon the terms of any Order submitted to it by a Broker-Dealer.

Neither the Authority, the Trustee, nor the Auction Agent will be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent. If an Order or Orders covering the entire outstanding principal amount of Series 2004B Bonds held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline either because a Broker-Dealer failed to contact such Existing Holder, the Existing Holder elected not to submit an Order, or otherwise, the Auction Agent will deem a Hold Order to have been submitted on behalf of such Existing Holder covering the outstanding principal amount of Series 2004B Bonds held by such Existing Holder and not subject to Orders submitted to the Auction Agent.

Submission of Orders by Broker-Dealers to Auction Agent. Investors must submit orders to the Broker-Dealers by 1:00 p.m. (New York City time) on the Auction Date. Prior to 1:00 p.m. (New York City time), on each Auction Date, or such other time on the Auction Date specified by the Auction Agent (the “*Submission Deadline*”), each Broker-Dealer will submit to the Auction Agent in writing all Orders obtained by it for the Auction to be conducted on such Auction Date. See “**AUCTION PROCEDURES - Submission of Orders by Broker-Dealers to Auction Agent**” in APPENDIX “C” hereto.

If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted will be a separate Bid with the rate and principal amount of Series 2004B Bonds therein specified.

Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Series 2004B Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof will be rejected and will be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Series 2004B Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof will be immediately rejected.

Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate. Not earlier than the Submission Deadline, the Auction Agent will be required to assemble all valid Orders submitted to it or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer hereinafter referred to individually as a “*Submitted Hold Order*,” a “*Submitted Bid*,” or a “*Submitted Sell Order*,” as the case may be, or as a “*Submitted Order*” and collectively as “*Submitted Hold Orders*,” “*Submitted Bids*,” or “*Submitted Sell Orders*,” as the case may be, or as “*Submitted Orders*”) and is to determine the excess of the outstanding principal amount of Series 2004B Bonds over the sum of the outstanding principal amount of Series 2004B

Bonds subject to Submitted Hold Orders (such excess being herein referred to as the “*Available Auction Rate Bonds*”) and whether Sufficient Clearing Bids have been made in the Auction. Sufficient Clearing Bids shall have been made if the principal amount of Series 2004B Bonds, which is the subject of Submitted Bids by Potential Holders specifying rates equal to or lower than the Maximum Auction Rate, equals or exceeds the principal amount of Series 2004B Bonds which is the subject of Submitted Sell Orders (including the principal amount of Series 2004B Bonds subject to Submitted Bids by Existing Holders specifying rates higher than the Maximum Auction Rate).

If Sufficient Clearing Bids have been made, the Auction Agent is to determine the lowest rate specified in the Submitted Bids (the “*Winning Bid Rate*”) which, taking into account the rates in all Submitted Bids of Existing Holders, would result in Existing Holders continuing to hold an aggregate principal amount of Series 2004B Bonds which, when added to the principal amount of Series 2004B Bonds to be purchased by Potential Holders based on the rates in their Submitted Bids, would equal not less than the Available Auction Rate Bonds. In such event, the Winning Bid Rate is to be the Auction Rate for the next Auction Period.

If Sufficient Clearing Bids have not been made (other than because all Series 2004B Bonds are subject to Submitted Hold Orders), the Auction Rate for the next Auction Period is to be the Maximum Auction Rate. If Sufficient Clearing Bids have not been made, Existing Holders who have submitted Sell Orders may not be able to sell in the Auction all Series 2004B Bonds subject to such Submitted Sell Orders. See “*Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds*” below.

If all of the Series 2004B Bonds are subject to Submitted Hold Orders, the Auction Rate for the next Auction Period is to be equal to the All-Hold Rate.

As used herein, All-Hold Rate, on any date of determination, means eighty-five percent (85%) of the lesser of (a) the After-Tax Equivalent Rate, or (b) the BMA Municipal Swap Index; provided, however, that in no event will such All-Hold Rate exceed the lower of (i) twelve percent (12%) per annum or (ii) the maximum rate permitted on the Series 2004B Bonds by applicable laws of the State of Louisiana; and provided, further, the All-Hold Rate may not exceed the Maximum Auction Rate.

Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds. Based on the determinations made under “*Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate*” above and, subject to the discretion of the Auction Agent to round off fractional amounts as described below, Submitted Bids and Submitted Sell Orders will be accepted or rejected in the order of priority set forth in the Auction Procedures with the result that Existing Holders and Potential Holders of Series 2004B Bonds will sell, continue to hold, and/or purchase Series 2004B Bonds as set forth below. Existing Holders who submitted or were deemed to have submitted Hold Orders will continue to hold Series 2004B Bonds subject to such Hold Orders.

Sufficient Clearing Bids. If Sufficient Clearing Bids shall have been made:

(a) each Existing Holder who shall have placed a Submitted Sell Order or Submitted Bid specifying a rate higher than the Winning Bid Rate will sell the principal amount of Series 2004B Bonds subject to such Submitted Sell Order or Submitted Bid;

(b) each Existing Holder who shall have placed a Submitted Bid specifying a rate lower than the Winning Bid Rate will continue to hold the principal amount of Series 2004B Bonds subject to such Submitted Bid;

(c) each Potential Holder who shall have placed a Submitted Bid specifying a rate lower than the Winning Bid Rate will purchase the principal amount of Series 2004B Bonds subject to such Submitted Bid;

(d) each Existing Holder who shall have placed a Submitted Bid specifying a rate equal to the Winning Bid Rate will continue to hold the principal amount of Series 2004B Bonds subject to such Submitted Bid unless the aggregate principal amount of Series 2004B Bonds subject to all such Submitted Bids shall be greater than the aggregate principal amount of Available Auction Rate Bonds less the Series 2004B Bonds accounted for in clauses (b) and (c) above, in which event each Existing Holder with such a Submitted Bid will continue to hold a principal amount of Outstanding Series 2004B Bonds subject to such Submitted Bid determined on a *pro rata* basis based on the

aggregate principal amount of Outstanding Series 2004B Bonds subject to all such Submitted Bids by Existing Holders; and

(e) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate will be accepted but only in an amount equal to the principal amount of Series 2004B Bonds obtained by multiplying the excess of the aggregate principal amount of Available Auction Rate Bonds over the aggregate principal amount of Series 2004B Bonds subject to Submitted Bids described in clauses (b), (c), and (d) above by a fraction, the numerator of which will be the aggregate principal amount of Outstanding Series 2004B Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which will be the sum of the principal amounts of Outstanding Series 2004B Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

Insufficient Clearing Bids. If Sufficient Clearing Bids shall not have been made (unless all of the Outstanding Series 2004B Bonds are subject to Submitted Hold Orders):

(a) each Existing Holder who shall have placed a Submitted Bid specifying a rate equal to or lower than the Maximum Auction Rate will continue to hold the principal amount of Series 2004B Bonds subject to such Submitted Bid;

(b) each Potential Holder who shall have placed a Submitted Bid specifying a rate equal to or lower than the Maximum Auction Rate will purchase the principal amount of Series 2004B Bonds subject to such Submitted Bid; and

(c) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder will be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Series 2004B Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Series 2004B Bonds obtained by multiplying the aggregate principal amount of Series 2004B Bonds subject to Submitted Bids described in clause (b) above by a fraction, the numerator of which will be the aggregate principal amount of Outstanding Series 2004B Bonds held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which will be the aggregate principal amount of Outstanding Series 2004B Bonds subject to all such Submitted Bids and Submitted Sell Orders.

Neither the Authority nor the Trustee will be required to provide moneys to pay the purchase price of Series 2004B Bonds if Sufficient Clearing Bids have not been made. If all Outstanding Series 2004B Bonds are subject to Submitted Hold Orders, all Submitted Bids will be rejected.

If, as a result of the Auction Procedures, (i) any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of Series 2004B Bonds which is not equal to Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof, the Auction Agent will, in such manner as it, in its sole discretion, shall determine, round up or down the principal amount of Series 2004B Bonds being sold or purchased on such Auction Date so that the principal amount of Series 2004B Bonds sold or purchased by each Existing Holder or Potential Holder will be equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof or (ii) any Potential Holder would be entitled or required to purchase less than Twenty-Five Thousand Dollars (\$25,000) principal amount of Series 2004B Bonds, the Auction Agent will, in such manner as it, in its sole discretion, shall determine, allocate principal amounts of Series 2004B Bonds for purchase among Potential Holders so that only principal amounts of Series 2004B Bonds equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof are purchased by any such Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing Series 2004B Bonds.

Notification of Results: Settlement. The following summary of the Settlement Procedures to be used with respect to Auctions is qualified by reference to the Settlement Procedures attached hereto as **APPENDIX "D."**

The Auction Agent is required to advise each Broker-Dealer who submitted an order of the Auction Rate for the next Auction Period and, if such Order was a Bid or Sell Order, whether such Bid or Sell Order was accepted or rejected, in whole or in part, on each Auction Date. Each Broker-Dealer who submitted an Order on behalf of a Bidder

is required then to advise such Bidder of the Auction Rate for the next Auction Period and, if such Order was a Bid or a Sell Order, whether such Bid or Sell Order was accepted or rejected, in whole or in part, to confirm purchases and sales with each Bidder purchasing or selling Series 2004B Bonds as a result of the Auction to give instructions to its agent member of the Securities Depository to pay the purchase price against delivery of such Series 2004B Bonds or to deliver such Series 2004B Bonds against payment therefor, as appropriate.

In accordance with what are understood to be the Securities Depository's procedures, on the Business Day after the Auction Date, the transactions described above are to be executed through the Securities Depository and the accounts of the respective agent members at the Securities Depository will be debited and credited and Series 2004B Bonds delivered as necessary to effect the purchases and sales as determined in the Auction. Purchasers are required to make payment through their agent member in same-day funds to the Securities Depository against delivery through their agent members. The Securities Depository is to make payment in accordance with its normal procedures, which now provide for payment against delivery by its agent members in same-day funds.

If any Existing Holder selling Series 2004B Bonds in an Auction fails to deliver such Series 2004B Bonds, the Broker-Dealer, or any person who was to have purchased Series 2004B Bonds in such Auction, may deliver to such person a principal amount of Series 2004B Bonds which is less than the principal amount of Series 2004B Bonds that otherwise was to be purchased by such person but in any event equal to \$25,000 or an integral multiple thereof. In such event, the principal amount of Series 2004B Bonds to be delivered will be determined by such Broker-Dealer. Delivery of such lesser principal amount of Series 2004B Bonds will constitute good delivery.

Concerning the Auction Agent. The Trustee is to enter into an agreement (the "**Auction Agency Agreement**") with The Bank of New York, New York, New York (together with any successor bank or trust company or other entity entering into a similar agreement with the Trustee, the "**Auction Agent**") which provides, among other things, that the Auction Agent is to follow the Auction Procedures for the purposes of determining the Auction Rate so long as the Auction Rate is to be based on the results of an Auction.

The Auction Agent is acting as agent for the Trustee in connection with Auctions. The Auction Agent has not assumed any fiduciary relationship, agency or trust with the holders of the Series 2004B Bonds or with any other person. In the absence of bad faith or negligence on its part, the Auction Agent will not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and will not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

The Auction Agent may terminate the Auction Agency Agreement upon notice to the Trustee and the Market Agent on a date no earlier than ninety (90) days after such notice. If the Auction Agent should resign or be removed, the Trustee is obligated to use its best efforts to appoint a successor Auction Agent and to enter into an agreement with a successor Auction Agent containing substantially the same terms and conditions as the Auction Agency Agreement. The Trustee will, acting at the direction of (i) the holders of sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of the Series 2004B Bonds, or (ii) the Authority, upon ninety (90) days' notice to the Auction Agent, remove the Auction Agent, provided that such resignation or removal will not become effective until a successor Auction Agent has been appointed and qualified.

Broker-Dealers. The Auction Agent is to enter into an agreement with Morgan Keegan & Company, Inc. and may enter into similar agreements (collectively, the "**Broker-Dealer Agreements**") with one or more additional broker-dealers (collectively, the "**Broker-Dealers**") selected by the Trustee at the request of the Authority which provide for the participation of Broker-Dealers in Auctions.

If a Broker-Dealer submits an Order for its own account in any Auction, it may have an advantage over other Bidders due to its knowledge of Orders placed through it in that Auction; such Broker-Dealer, however, would not have knowledge of Orders submitted by other Broker-Dealers in the Auction.

Market Agent Agreement. The Trustee is to enter into a market agent agreement (the "**Market Agent Agreement**") with Morgan Keegan & Company, Inc. (together with any successor as market agent under the Series Resolution, the "**Market Agent**") which sets forth the Market Agent's duties and responsibilities. The Market Agent,

upon notice, may make changes in the Applicable Percentages used to determine the Maximum Auction Rate in the event of a Change of Tax Preference Law (as defined herein under "AUCTION PROCEDURES - Changes in Percentages Used in Determining Maximum Auction Rate" in APPENDIX "C" hereto) and the determination of the Index used to determine the Maximum Auction Rate and the All-Hold Rate. Upon appropriate notice, the Market Agent may alter the denomination size of the Series 2004B Bonds, may change the Auction Date and may shorten or extend the Auction Period, as discussed above under the subheadings "Change of Auction Date" and "Change of Auction Period."

SEC INQUIRY

Morgan Keegan & Company, Inc. has advised the Authority, the Corporation, and the Board that it and certain other participants in the auction rate securities markets, including both taxable and tax-exempt markets, have received letters from the SEC requesting that each of them voluntarily conduct a review regarding their respective practices and procedures in those markets. Morgan Keegan & Company, Inc. is cooperating fully with the SEC in this process. No assurance can be given as to whether the results of this process will affect the market for the Series 2004B Bonds or the auctions therefor.

SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS

Trust Estate and Mortgaged Property

The Series 2004 Bonds are special limited obligations of the Authority payable from the Trust Estate held for the benefit of the Bondholders pursuant to the Indenture and from property pledged under the Mortgage. The Series 2004 Bonds are not payable from any other revenues, funds, or assets of the Authority. The Trust Estate will include: (i) all right, title, and interest of the Authority in, to and under the Loan Agreement and (ii) moneys held in funds and accounts (other than the Rebate Fund) established pursuant to the Indenture. The property pledged under the Mortgage will include all right, title, and interest of the Corporation in, to and under the Facilities Lease, including all rental payments received pursuant to the Facilities Lease. The obligation of the Board to make rental payments under the Facilities Lease is subject to, and dependent upon, the University's budgeting and appropriating funds necessary to make payments required under the Facilities Lease. Any discussion in this Official Statement concerning the Trust Estate or any other source of payment for the Series 2004 Bonds should be construed with respect to any particular Series 2004 Bond to be limited to the extent described in this paragraph. The Trustee has no authority to extend the time for any Payment of principal, premium, or interest without the prior written consent of or authorization of the owners of the Series 2004 Bonds so affected.

Limitation of Authority's Obligations

THE SERIES 2004 BONDS ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE AUTHORITY, AND DO NOT CONSTITUTE OR CREATE AN OBLIGATION, GENERAL OR SPECIAL, DEBT, LIABILITY OR MORAL OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER AND NEITHER THE FAITH OR CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2004 BONDS. THE SERIES 2004 BONDS ARE NOT A GENERAL OBLIGATION OF THE AUTHORITY (WHICH HAS NO TAXING POWER AND RECEIVES NO FUNDS FROM ANY GOVERNMENTAL BODY) BUT ARE A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE, INCLUDING, WITHOUT LIMITATION, THE INCOME, REVENUES AND RECEIPTS DERIVED OR TO BE DERIVED FROM PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT AND FROM ANY MONEYS RECEIVED BY THE TRUSTEE UNDER THE MORTGAGE.

Funds and Accounts

The Indenture will create the following funds and accounts which will be held by the Trustee: (i) Bond Proceeds Fund and a Costs of Issuance Account therein; (ii) Debt Service Fund, and the following accounts therein:

(1) Interest Account and (2) Principal Account; (iii) Project Fund; (iv) Debt Service Reserve Fund; (v) Replacement Fund; (vi) Rebate Fund; (vii) Receipts Fund; and (viii) Capitalized Interest Fund.

Bond Proceeds Fund. The Bond Proceeds Fund will be used to receive the proceeds of the Series 2004 Bonds. On the Closing Date, the Trustee will disburse amounts held in the Bond Proceeds Fund as follows:

(a) to the Interest Account in the Debt Service Fund that portion of the proceeds of the Series 2004 Bonds representing accrued interest on the Series 2004 Bonds in an amount specified in the request and authorization delivered pursuant to the Indenture;

(b) to the Debt Service Reserve Fund an amount of proceeds equal to the Debt Service Reserve Fund Requirement;

(c) to the Replacement Fund an amount of proceeds equal to the Replacement Fund Requirement;

(d) to the Capitalized Interest Fund an amount of proceeds equal to the capitalized interest amount;

(e) to retain such sum in the Costs of Issuance Account to pay the Costs of Issuance as shall be specified in the request and authorization delivered pursuant to the Indenture; and

(f) to the Project Fund the balance of the proceeds of the Series 2004 Bonds.

Amounts deposited on the Closing Date into Costs of Issuance Account of the Bond Proceeds Fund will be disbursed, pursuant to the written instructions of the Authority, to pay Costs of Issuance. Any amounts remaining in the Costs of Issuance Account one hundred eighty (180) days after delivery of the Series 2004 Bonds (and not specifically committed to pay additional Costs of Issuance) will be transferred to the Project Fund.

Debt Service Fund. The Trustee will deposit into the applicable account of the Debt Service Fund the amounts required by the Indenture.

Moneys on deposit in the Interest Account of the Debt Service Fund will be used solely to pay the interest on the Series 2004 Bonds as it becomes due and payable, whether on an Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2004 Bonds.

Moneys on deposit in the Principal Account of the Debt Service Fund will be used solely to pay the principal of the Series 2004 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption, or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2004 Bonds; and, if funds are available for such purpose and at the written direction of the Authority, to effect the redemption of the Series 2004 Bonds prior to their maturity in accordance with the redemption provisions thereof or, with Bond Insurer consent, the purchase of Series 2004 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest.

Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds, the Trustee will transfer money from the Surplus Fund, the Replacement Fund, and the Debt Service Reserve Fund, in that order and will give immediate notice to the Bond Insurer.

Project Fund. The Project Fund will be maintained by the Trustee in trust and be used to receive the immediate transfer from the balance of the proceeds of the Series 2004 Bonds as provided in the Indenture. Moneys in the Project Fund will be applied to the payment of the Costs of the Facilities pursuant to the procedure established in the Indenture and, pending such application, will be subject to a lien and charge in favor of the Bondholders for the further security of such Bondholders until paid out or transferred as provided in the Indenture.

Debt Service Reserve Fund. Moneys on deposit in the Debt Service Reserve Fund will be maintained in an amount equal to the Debt Service Reserve Fund Requirement. Moneys in the Debt Service Reserve Fund will be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, together with money available therefor in the Surplus Fund and the Replacement Fund, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all outstanding Series 2004 Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund will be transferred to the Debt Service Fund and shall be available to pay all outstanding Series 2004 Bonds in accordance with their terms. **Notwithstanding the foregoing, amounts in the Debt Service Reserve Fund will not be available to pay the principal of, or the interest on, the Series 2004C Bonds.**

Replacement Fund. The Replacement Fund will be maintained with the Trustee and used to fund the cost of replacing any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, fixtures, or equipment of Lessee placed upon or used in connection with the Facilities. Moneys in the Replacement Fund will also be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, together with money available therefor in the Surplus Fund, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds.

Rebate Fund. Moneys deposited and held in the Rebate Fund will be used to make all rebate payments owed to the United States under the Code, and will not be subject to the pledge of the Indenture. The Corporation will be required to make the calculation(s) required by the Code and the Tax Regulatory Agreement and to direct the Trustee to make deposits to and make disbursements from the Rebate Fund that the Corporation determines are in accordance therewith. The Tax Regulatory Agreement and any provisions of this Indenture governing deposits to the Rebate Fund may be superseded or amended by the Corporation (except the requirement of annual calculations and deposits to the Rebate Fund, if required) if accompanied by an opinion of Bond Counsel addressed to the Corporation and the Trustee to the effect that the use of the new Tax Regulatory Agreement will not cause the interest on the Series 2004A Bonds or the Series 2004B Bonds to become includable in gross income of the recipient thereof for federal tax purposes.

Receipts Fund. There will be deposited into the Receipts Fund all funds received by or on behalf of the Board under the Facilities Lease, including: (i) daily, all rents, charges and other amounts, held in the deposit account maintained by the Management Company pursuant to the Management Agreement; and (ii) all Lawfully Available Funds from the Board used to make Base Rental Payments pursuant to the Facilities Lease. Moneys on deposit in the Receipts Fund will be applied by the Trustee on the dates indicated below in the following priority:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25th) day of each month, commencing on August 25, 2004, into the Operating Fund an amount necessary to make the amount in the Operating Fund equal to the Operating Expenses for the next month as shown on the Operating Budget for such month, as certified by the Management Company;

(c) With respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at the Fixed Rate, and the Series 2004C Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2004, into the Interest Account of the Debt Service Fund an amount equal to one-sixth (1/6th) of the interest due and payable on the such Series 2004 Bonds on the next February 1 or August 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date;

(d) With respect to the Auction Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing August 18, 2004, into the Interest Account of the Debt Service Fund an amount equal to the interest due and payable on the Auction Rate Bonds on such Interest Payment Date or such lesser amount that, together with

amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Auction Rate Bonds on such Interest Payment Date;

(e) With respect to the Variable Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing on the Interest Payment Date immediately succeeding the applicable Variable Rate Conversion Date, into the Interest Account of the Debt Service Fund an amount equal to the interest due and payable on the Variable Rate Bonds on such Interest Payment Date or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Variable Rate Bonds on such Interest Payment Date;

(f) With respect to the Series 2004 Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2005,* into the Principal Account of the Debt Service Fund an amount equal to one-twelfth (1/12th) of the principal payable on the Series 2004 Bonds on the next Principal Payment Date;

(g) On the twenty-fifth (25th) day of the month, any amounts due to the Bond Insurer under the Reimbursement Agreement;

(h) On the twenty-fifth (25th) day of each month following any drawing on the Debt Service Reserve Fund to pay debt service on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds, an amount equal to the lesser of (i) one twelfth (1/12th) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund;

(i) Annually, commencing on August 1, 2007, an amount equal to One Hundred Thousand Dollars (\$100,000) into the Replacement Fund, with such amount increased each year, commencing on August 1, 2008, at a rate of three percent (3%) annually or such lesser amount as shall be permitted by the Louisiana State Board of Regents and approved by the Bond Insurer and, in the event that any funds shall have been withdrawn from the Replacement Fund to pay debt service on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds, an amount equal to one twelfth (1/12th) of the amount so withdrawn;

(j) On the twenty-fifth (25th) day of each month, beginning August 25, 2004, an amount equal to the monthly Management Fee for the current Fiscal Year plus any Management Fee for any prior month that remains unpaid; and

(k) Annually on August 1, commencing on August 1, 2005, any amounts remaining in the Receipts Fund shall be transferred to the Surplus Fund.

If the interest rate on Auction Bonds or Variable Rate Bonds is subject to adjustment pursuant to the Indenture after the date of such required payment deposit and prior to such Interest Payment Date, interest accruing on such Bonds from such adjustment date will be assumed to accrue at the rate in effect on such Bonds as of the date of such required deposit plus 100 basis points or at such other rate as the Bond Insurer may from time to time direct in writing to the Trustee, the Corporation, and the Issuer

Capitalized Interest Fund. The Capitalized Interest Fund will be maintained with the Trustee. The Capitalized Interest Fund will be funded on the date of delivery of the Series 2004 Bonds from the proceeds thereof in the amount of capitalized interest required by the Indenture. On each date on which the Trustee is required to transfer moneys in the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to the provisions of the Indenture described in subsections (c), (d), or (e) of "Receipts Fund" above, prior to making any such transfer the Trustee will transfer amounts on deposit in the Capitalized Interest Fund to the Interest Account of the Debt Service Fund in the amounts required by such subsections or such lesser amount as shall then remain in the Capitalized Interest Fund. The Trustee will reduce the amount required to be transferred from the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to the provisions of the Indenture described in such

*Preliminary, Subject to Change

subsections (c), (d), or (e) by any amounts transferred to the Interest Account of the Debt Service Fund pursuant to the provisions of the Indenture described in this paragraph. Earnings on amounts in the Capitalized Interest Fund will be retained therein.

Surplus Fund. The Surplus Fund will be maintained with the Trustee. Upon satisfaction of certain performance covenants contained in the Indenture, funds on deposit in the Surplus Fund at the end of any Fiscal Year will be transferred to the University. Until such transfer, moneys in the Surplus Fund will be available to be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds.

Refunding Fund. The Refunding Fund will be maintained with the Trustee and used to receive a portion of the proceeds of the Series 2004 Bonds. It is expected that the Trustee will disburse substantially all of the moneys therein such to pay all of the outstanding principal and accrued interest on the Prior Debt within sixty (60) days of the date of issuance and delivery of the Series 2004 Bonds. Any balance of moneys deposited to the Refunding Fund after payment of the Prior Debt will be transferred to the Project Fund.

BONDHOLDERS' RISKS

Introduction

AN INVESTMENT IN THE SERIES 2004 BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED IN THIS OFFICIAL STATEMENT. No person should purchase any of the Series 2004 Bonds without carefully reviewing the following information, which summarizes some, but not all, of the factors that should be carefully considered prior to such a purchase. Furthermore, the tax-exempt feature of the Series 2004 Bonds is relatively more valuable to high tax bracket investors than to investors who are in the lower tax brackets, and so the value of the interest compensation to any particular investor will vary with his or her marginal tax rate. Each prospective investor should, therefore, determine his or her present and anticipated marginal tax rate before investing in the Series 2004 Bonds. Each prospective investor should also carefully examine this Official Statement and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2004 Bonds are an appropriate investment.

Identified and summarized below are a number of "Bondholders' Risks" that could adversely affect the operation of the Facilities and/or the Series 2004 Bonds and that should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

Revenues from Operation of the Facilities

If the Board is unable to generate sufficient revenues from the operation of the Facilities to make Rental Payments under the Facilities Lease, an Event of Default may occur under the Indenture. Upon an Event of Default, the Series 2004 Bonds may not be paid or may be paid before maturity or applicable redemption dates and a forfeiture of redemption premiums may result. The Board's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including (i) a decline in the enrollment of the University, (ii) increased competition from other schools, (iii) loss of accreditation, (iv) failure to meet applicable federal guidelines or some other event that results in students being ineligible for federal financial aid, and (v) cost overruns in connection with the Facilities or other capital improvements.

Non-Appropriation of Rental by the University

The Facilities are being leased by the Corporation to the Board on behalf of the University pursuant to the Facilities Lease. The obligation of the Board on behalf of the University to pay rental to the Corporation under the Facilities Lease is subject to, and dependent upon, appropriation of funds necessary to make payments of rental required under the Facilities Lease. Although each of the Board and University acknowledges its obligation to

budget annually an amount sufficient to make payments of rental under the Facilities Lease, notwithstanding this obligation such amounts may or may not ultimately be appropriated for such purpose. Further, both the Corporation and the Board acknowledge the Board's obligation on behalf of the University to pay rental shall not be construed as a debt of the Board, nor a pledge, lien, or encumbrance upon any specific tax or other revenues of the Board.

Ability to Assess or Impose Fees

The Board is obligated to make payments of Base Rental under the Facilities Lease solely from Lawfully Available Funds which include Rents received from the operation of the Facilities and other auxiliary revenues of the University. The ability of the Board to increase Rents and such other auxiliary fees or assess new fees may require approval by the Louisiana Legislature. The failure of the Board or the University to generate sufficient auxiliary revenues could affect the Board's ability to make payments of Base Rental and result in a default under the terms of the Facilities Lease. See "FACILITIES LEASE - Litigation Concerning Student Fees" herein.

Limited Obligations of the Authority

The Series 2004 Bonds constitute limited obligations of the Authority and have three potential sources of payment. The sources of payment are as follows:

- (1) Loan Payments received by the Trustee from the Corporation pursuant to the terms of the Indenture and the Loan Agreement.

The Authority has no obligation to pay the Series 2004 Bonds except from the related Trust Estate, including the loan payments derived from the Loan Agreement. See APPENDIX "A" for the definition of "*Trust Estate*." The Series 2004 Bonds, together with interest and premium, if any, thereon, will not be or constitute general obligations or indebtedness of the State, the University, the Board, or any other political subdivision of the State, but will be limited obligations of the Authority. Neither the faith and credit nor the taxing power of the State or any other agency or political subdivision thereof is pledged to the payment of the debt service payments on the Series 2004 Bonds, and the owners of the Series 2004 Bonds, will not have the right to compel any exercise of the taxing power of the State or any other political subdivision of the State to pay the Series 2004 Bonds, any premium thereon, or the interest thereon. The Authority has no taxing power. The Corporation will be required to make loan payments (the interest in which the Trustee has received by assignment from the Authority) to the Trustee in amounts sufficient to enable the Trustee to pay the debt service payments on the Series 2004 Bonds. See "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE – Debt Service Fund" in APPENDIX "B" hereto. The Loan Payments will be derived solely from operation of the Facilities and from Lawfully Available Funds of the University received under the Facilities Lease. Furthermore, the Corporation's ability to meet its obligations under the Loan Agreement will depend upon achieving and maintaining certain occupancy levels at the Facilities throughout the term of the Series 2004 Bonds. However, no assurance can be made that the Corporation will generate sufficient revenues from the Facilities or from Lawfully Available Funds to pay debt service payments on the Series 2004 Bonds after payment of operating expenses of the Facilities.

- (2) Revenues received from operation of the Facilities by a receiver upon a default under the Indenture.

It has been the experience of lenders in recent years that attempts to have a receiver appointed to take charge of properties with respect to which loans have been made are frequently met with defensive measures such as the initiation of protracted litigation and the initiation of bankruptcy proceedings. Such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. See "BONDHOLDERS' RISKS - Enforceability of Remedies" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2004 Bonds in accordance with their terms are largely dependent upon Loan Payments from the Corporation described in the preceding paragraph, which are wholly dependent upon the success of the Corporation in the operation of the Facilities.

- (3) Proceeds realized from the sale or lease of the Corporation's interest in the Facilities to a third party by the Trustee at or following foreclosure by the Trustee of the Mortgage and proceeds realized from the liquidation of other security for the Series 2004 Bonds.

Debtors frequently employ defensive measures, such as protracted litigation and bankruptcy proceedings, in response to lenders' efforts to foreclose on real property or otherwise to realize upon collateral to satisfy indebtedness that is in default. Such defensive measures can prevent, or greatly increase the expense and time involved in achieving, such foreclosure or other realization. In addition, the Trustee could experience difficulty in selling or leasing the real and personal property portion of the Facilities upon foreclosure due to the special purpose nature of a student housing facility, and the proceeds of such sale may not be sufficient to pay fully the owners of the Series 2004 Bonds. See "BONDHOLDERS' RISKS - Enforceability of Remedies" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2004 Bonds in accordance with their terms are largely dependent upon the Loan Payments described in paragraph (1) above, which are wholly dependent upon the success of the Facilities. Even if the Facilities is operating in an efficient manner, other factors could affect the ability of the Corporation to make Loan Payments under the Loan Agreement. The Corporation also may become engaged in other ventures in the future.

Required Occupancy Levels and Rents

In order for the Corporation to generate sufficient revenues to enable it to make the payments at the times required under the Loan Agreement, the Facilities must meet certain occupancy levels and achieve certain rents. There can be no assurance, however, that the Facilities will be able to meet and maintain such required occupancy and rent levels.

Special Use Nature of the Facilities

The Facilities will be renovated and/or constructed to serve as student housing facilities and are located on the campus of the University. If it were necessary to sell the Corporation's interest in the Ground Lease pursuant to the Mortgage upon an Event of Default, the special use nature of the Facilities and the fact that the interest to be sold is in the nature of a leasehold interest and subject to the terms of the Ground Lease may curtail the purchase price that could be obtained, and the net proceeds received may be less than the principal amount of Series 2004 Bonds Outstanding. For all practical purposes, payment of the Series 2004 Bonds will be almost solely dependent upon the continued operation of the Facilities.

Risks of Construction

On the basis the Developer's representation, management of the Corporation believes that the proceeds of the Series 2004 Bonds will be sufficient to complete the Facilities; however, the Development Agreement does not contain either a fixed price or a guaranteed maximum price with respect to all portions of the Facilities and additionally, the cost of construction of the Facilities may be affected by factors beyond the control of the Corporation, including strikes, material shortages, adverse weather conditions, subcontractor defaults, delays, and unknown contingencies.

The General Construction Contract between the Developer and the General Contractor (hereinafter defined) will obligate the General Contractor to complete the Facilities within a specified time, but it too does not contain either a fixed price or a guaranteed maximum price with respect to all portions of the Facilities. The projected cost of the Facilities may be increased, however, if there are change orders. The General Construction Contract requires the General Contractor to furnish performance and payment bonds; however, there can be no assurance that the obligations of the surety under such bonds can be enforced without costly and time-consuming litigation.

If cost overruns resulting from inaccurate estimates, delays, change orders, or other causes are experienced, neither the Developer nor the General Contractor will have any obligation to provide for the completion of the Facilities. In the event the Facilities are not completed, the only meaningful security for the owners of the Series 2004 Bonds would be the right to foreclose under the Mortgage on the Corporation's leasehold interest in the uncompleted Facilities. While the Indenture permits the Authority to issue Additional Bonds to complete the Facilities, the Authority is not obligated to issue such Additional Bonds and there can be no assurance that a purchaser for such Additional Bonds could be obtained.

Clean-up Costs and Liens under Environmental Statutes

In anticipation of the execution and delivery of the Ground Lease, the Developer retained Professional Service Industries, Inc., New Orleans, Louisiana (the "*Environmental Engineer*"), to conduct an environmental site assessment (the "*Site Assessment*") of the Land. The Environmental Engineer identified no concerns. Prospective purchasers of the Series 2004 Bonds may obtain a copy of the Site Assessment from the Underwriter; however, prospective purchasers of the Series 2004 Bonds may not rely upon the findings contained in the Site Assessment or upon any action or undertaking of the Developer in connection therewith.

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

Pledge and Assignment of, and Grant of Security Interest in, Future Revenues

Under the Mortgage, the Corporation will grant to the Trustee a first priority security interest in the leases and subleases affecting the Property and/or the Facilities, including, without limitation, the Facilities Lease (collectively, the "*Leases*") and all revenues, rentals, and other sums due or becoming due under the Leases. Nevertheless, certain interests and claims of others may be on a parity with or prior to the grant of security interest made in the Mortgage and in the Indenture and certain statutes and other provisions may limit the Corporation's and the Authority's rights to make such pledges, assignments, and/or grants of security interests. Examples of such claims, interests, and provisions are:

- (1) statutory liens,
- (2) the Louisiana Uniform Commercial Code may not recognize a security interest in future revenues derived from the Facilities,
- (3) constructive trusts, equitable liens, or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction,
- (4) federal bankruptcy laws as they affect amounts earned with respect to the Facilities after any effectual institution of bankruptcy proceedings by or against the Corporation or the Authority,
- (5) as to those items in which a security interest can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Trustee,
- (6) items not in possession of the Trustee, the records to which are located or moved outside the State of Louisiana, which are thereby not subject to or are removed from the operation of Louisiana law, and
- (7) the requirement that appropriate continuation statements be filed in accordance with the Louisiana Uniform Commercial Code as from time to time in effect.

Enforceability of Remedies

The Series 2004 Bonds are payable from the Trust Estate and from the property pledged under the Mortgage, including payments to be made under the Loan Agreement and the Indenture. The payments to be made by the Corporation under the Loan Agreement are secured by (i) a first mortgage lien on the Corporation's leasehold interest in

the Facilities and the Land and in the furnishings, equipment, and other personal property included in the Facilities and by first priority security interest in the Leases and all revenues, rentals, and other sums due or becoming due thereunder. Pursuant to the Indenture, the Series 2004 Bonds are secured by the Trust Estate, including the pledge to the Trustee of the Authority's interest in the Loan Agreement. The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Indenture and the Mortgage. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the Indenture and the Mortgage may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Indenture and the Mortgage. The various legal opinions to be delivered concurrently with the delivery of the Series 2004 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Effect of Determination of Taxability

The Corporation will covenant not to take any action that would cause the Series 2004A Bonds or the Series 2004B Bonds to be arbitrage bonds or that would otherwise adversely affect the federal income tax status of interest in the Series 2004A Bonds or the Series 2004B Bonds. The Corporation will also make representations with respect to certain matters within their knowledge that have been relied on by Bond Counsel and that Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Series 2004A Bonds or the Series 2004B Bonds to become subject to federal income taxation retroactively from their date of issuance.

It is possible that a period of time may elapse between the occurrence of the event that causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2004A Bonds or the Series 2004B Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of Series 2004A Bonds or the Series 2004B Bonds are subject to possible adverse tax consequences. See "TAX EXEMPTION" herein.

Market for the Series 2004 Bonds

There can be no assurance that a secondary market exists, or that the Series 2004 Bonds can be sold for any particular price. Accordingly, a purchaser of the Series 2004 Bonds should recognize that an investment in the Series 2004 Bonds will in all likelihood be illiquid and be prepared to have his or her funds committed until the Series 2004 Bonds mature or are redeemed.

Additional Bonds

The Authority has the right to issue Additional Bonds under the Indenture that will be equally and ratably secured on a parity basis with the Series 2004 Bonds. See "SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS - ADDITIONAL BONDS" herein and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE -- Additional Bonds" in APPENDIX "B" hereto. **SUCH ADDITIONAL BONDS COULD DILUTE THE SECURITY FOR THE SERIES 2004 BONDS.**

Consequences of Changes in the Corporation's or the University's Tax Status

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

The Corporation will covenant to cause to remain eligible for such tax-exempt status and to avoid operating the Facilities as an unrelated trade or business (as determined by applying §512(a) of the Code). Failure of the Facilities to remain so qualified or of the Corporation so to operate the Facilities could affect the funds available to the Corporation for payments under the Loan Agreement by subjecting the Corporation to federal income taxation and could result in the loss of the excludability of interest on the Series 2004A Bonds and the Series 2004B Bonds from gross income for purposes of federal income taxation. Potential investors should note that in such event, the provisions of the Indenture relating to a Determination of Taxability may be applicable. Continuation of the tax-exempt status of the Series 2004A Bonds and the Series 2004B Bonds may also be dependent upon the continuing tax-exempt status of the University. See “**BONDHOLDERS' RISKS - Effect of Determination of Taxability**” above.

Taxation of Series 2004A Bonds and the Series 2004B Bonds

An opinion of Bond Counsel will be obtained as described under “**TAX EXEMPTION**” herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2004A Bonds and the Series 2004B Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading “**TAX EXEMPTION.**” Failure by the Authority or the Corporation to comply with certain provisions of the Code and covenants contained in the Indenture, the Loan Agreement, and the Tax agreement could result in interest on the Series 2004A Bonds and the Series 2004B Bonds becoming includable in gross income for federal tax purposes.

An opinion of Bond Counsel will be obtained regarding the exemption of interest on the Series 2004 Bonds from certain taxation by the State of Louisiana, as described under “**TAX EXEMPTION**” herein. Bond Counsel has not opined as to whether interest on the Series 2004 Bonds is subject to state or local income taxation in jurisdictions other than Louisiana. Interest on the Series 2004 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Louisiana under applicable state or local laws. Each purchaser of the Series 2004 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2004 Bonds in a particular state or local jurisdiction.

Municipal Bond Insurance

If the Authority should fail to make payment of the principal of or interest on the Series 2004 Bonds when the same shall become due, any owner of Series 2004 Bonds will have recourse against the Bond Insurer for such payments; however, the Series 2004 Bond Insurance Policies do not insure the principal of or interest on the Series 2004 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor do they insure the payment of any redemption premium payable upon the Series 2004 Bonds, and under no circumstances, including the situation in which the interest on the Series 2004 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2004 Bonds be accelerated without the consent of the Bond Insurer. Furthermore, so long as the Bond Insurer shall perform its obligations under the Bond Insurance Policies, the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture. If the Bond Insurer should be unable to make payments of and interest on the Series 2004 Bonds, such Series 2004 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement. See the heading “**MUNICIPAL BOND INSURANCE**” herein and **APPENDIX ‘F’** attached hereto for more information about the Bond Insurer and the Series 2004 Bond Insurance Policies.

Insolvency of the Bond Insurer

The obligations of the Bond Insurer under the Series 2004 Bond Insurance Policies are general obligations of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer. In the event of insolvency of the Bond Insurer, the Owners of the Series 2004 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2004 Bonds.

MUNICIPAL BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to APPENDIX "F" for a specimen of the Bond Insurance Policies.

The Bond Insurance Policies

The Bond Insurance Policies unconditionally and irrevocably guarantee the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2004 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Bond Insurance Policies shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2004 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "*Preference*").

The Bond Insurance Policies do not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2004 Bonds. The Bond Insurance Policies do not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2004 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Bond Insurance Policies also do not insure against nonpayment of principal of or interest on the Series 2004 Bonds resulting from the insolvency, negligence, or any other act or omission of the Trustee or any other paying agent for the Series 2004 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Bond Insurer from the Trustee or any owner of a Series 2004 Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Bond Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2004 Bonds or presentment of such other proof of ownership of the Series 2004 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2004 Bonds as are paid by the Bond Insurer, and appropriate instruments to effect the appointment of the Bond Insurer as agent for such owners of the Series 2004 Bonds in any legal proceeding related to payment of insured amounts on the Series 2004 Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Series 2004 Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.]

The Bond Insurer

The Bond Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "*Company*"). The Company is not obligated to pay the debts of or claims against the Bond Insurer. The Bond Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Bond Insurer has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Bond Insurer, changes in

control and transactions among affiliates. Additionally, the Bond Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

The Bond Insurer does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurance Policies and the Bond Insurer set forth under this heading "MUNICIPAL BOND INSURANCE." Additionally, the Bond Insurer makes no representation regarding the Series 2004 Bonds or the advisability of investing in the Series 2004 Bonds.

The Bond Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following documents filed by the Company with the SEC are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2003; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Series 2004 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Bond Insurer is (914) 273-4545.

As of December 31, 2003, the Bond Insurer had admitted assets of \$9.9 billion (audited), total liabilities of \$6.2 billion (audited), and total capital and surplus of \$3.7 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2004, the Bond Insurer had admitted assets of \$10.3 billion (unaudited), total liabilities of \$6.5 billion (unaudited), and total capital and surplus of \$3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of the Bond Insurer

Moody's Investors Service, Inc. rates the financial strength of the Bond Insurer "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of the Bond Insurer "AAA."

Fitch Ratings rates the financial strength of the Bond Insurer "AAA."

Each rating of the Bond Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Bond Insurer and its ability to pay claims on its

policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2004 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2004 Bonds. The Bond Insurer does not guaranty the market price of the Series 2004 Bonds nor does it guaranty that the ratings on the Series 2004 Bonds will not be revised or withdrawn.

DISCLAIMER

The information relating to the Bond Insurer and the Bond Insurance Policies contained herein and in APPENDIX "F" has been furnished by the Bond Insurer. No representation is made by the Authority or the Underwriter as to the accuracy, completeness, or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer subsequent to the date of this Official Statement. Reference is made to APPENDIX "F" for a copy of a specimen financial guaranty insurance policy.

NO ASSURANCE CAN BE GIVEN THAT THE BOND INSURER WILL BE ABLE TO MEET ITS OBLIGATIONS UNDER THE BOND INSURANCE POLICIES.

THE DEVELOPER AND THE DEVELOPMENT AGREEMENT

General

The Developer is an Alabama subchapter S corporation formed in 1990 for the express purpose of developing student housing communities. As of the present date, the Developer has developed (or has been selected to develop) 36,334 student beds, on 63 separate collegiate campuses (including the Facilities). The Developer's corporate headquarters are located in Birmingham, Alabama. The Developer was selected to develop the Facilities as a result of a request for proposals made by the University. The original founding members of the Developer had completed six previous projects, beginning in 1985. These members were employed with an Alabama based development/construction company, and left that firm in 1989 to form the Developer. Since the formation of the Developer, staff has been added to specialize in marketing, design and engineering, finance, and construction management in order to assure that all necessary disciplines are captive to the Developer. The Developer has a staff of seventy-two (72) full-time employees, including a legal consultant, three architects, three CPA's, and an MAI. A summary of student apartment communities developed by the Developer is included below.

Key Personnel

A brief description of the education and professional background of the officers of the Developer having primary responsibility for the development of the Facilities follows:

Michael A. Mouron, President

Mr. Mouron participated in the formation of the Developer in 1990 and has been the President of the Developer since its inception. He was graduated from the University of Alabama in 1972, and is a Certified Public Accountant. He supervises the operations of the Developer's development and management companies, and works with lenders and owners on all financial aspects of each of the Developer's projects.

L. Jeff Jones, Executive Vice President

Mr. Jones joined the Developer in January of 1991. Mr. Jones is a graduate of the University of Alabama and its School of Law (1982). He is or has been involved in all aspects of the Developer's off-campus development program, including investigation and selection of markets and sites, securing debt and equity capital, structuring partnerships, and regulatory, zoning, legal, and financing work related to the Developer's projects.

James M. Goodson, III, Executive Vice President - On-Campus Development

Mr. Goodson in one of the four officers who formed the Developer in 1990. He was graduated from Auburn University in Architecture in 1979 and is a registered architect. He returned to graduate school at State University of New York - Buffalo and received his Master of Architecture in Real Estate in 1989. Mr. Goodson coordinates the development of on-campus housing, working directly with the educational institutions and the Developer's consultants to insure that the Developer's housing solutions are appropriate, interface well with existing infrastructure, and are within projected development budgets.

William E. Davenport, II, Senior Vice President

Mr. Davenport joined the Developer in January of 1997. He was graduated from Birmingham Southern College in 1989 with degrees in accounting and finance and received a Master's in Business Administration from the University of Alabama at Birmingham in 1995. He manages the Developer's on-campus finance department as well as oversees finance for new development opportunities. His background of seven years in middle-market and capital market finance with banking institutions complements the Developer through maximizing the options and structure of financing proposals.

Joe Harrison, Executive Vice President - Construction

Mr. Harrison joined the Developer in September of 1998 with over twenty years of experience in development and general contracting. Mr. Harrison is a graduate of Virginia Polytechnic Institute and State University (Virginia Tech) with a degree in Building Construction and a Master's in Business Administration. He manages the construction management functions of the Developer's college housing developments to include budgeting, contract administration, scheduling, and quality control. He works closely with the Developer's construction managers and development team.

Projects Developed and to be Developed by the Developer

The tables below describes the student housing communities (including the Facilities) (off- and on-campus) developed (and to be developed) by the Developer.

**CAPSTONE DEVELOPMENT CORP.
STUDENT-ORIENTED APARTMENT PROJECTS
"OFF-CAMPUS"**

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
University Commons Tallahassee, Florida	1991	\$ 6,996,671	480
University Commons Starkville, Mississippi	1991	7,176,665	480
University Commons Phase I Athens, Georgia	1992	9,248,301	576
University Commons Phase II Athens, Georgia	1993	3,624,025	192
University Commons Phase I Tuscaloosa, Alabama	1993	9,937,778	636
University Commons Phase I Gainesville, Florida	1993	9,972,416	600

Off-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
University Commons Oxford, Ohio	1994	7,809,105	480
University Commons Oxford, Mississippi	1994	8,616,830	520
University Commons Phase I Columbia, South Carolina	1994	9,436,624	576
University Commons Baton Rouge, Louisiana	1995	9,478,132	528
University Commons Phase I College Station, Texas	1995	13,962,829	720
University Commons Norman, Oklahoma	1995	14,664,296	776
University Commons Lexington, Kentucky	1996	13,183,512	672
University Commons State College, Pennsylvania	1996	14,387,907	696
University Commons Manhattan, Kansas	1997	15,345,028	696
University Commons Bloomington, Indiana	1997	18,519,536	792
University Commons Phase II College Station, Texas	1997	6,841,778	240
University Commons Phase II Tuscaloosa, Alabama	1997	1,944,000	72
University Commons Austin, Texas	1998	21,079,622	792
University Commons Phase II Gainesville, Florida	1998	3,492,790	112
University Commons East Lansing, Michigan	1999	17,435,008	654
University Commons Eugene, Oregon	1999	21,447,678	696
University Commons Phase II Columbia, South Carolina	1999	4,202,504	120
University Commons Urbana, Illinois	1999	<u>18,619,330</u>	<u>728</u>
TOTAL		<u>\$267,422,365</u>	<u>12,834</u>

"ON-CAMPUS"

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Spring Hill College Mobile, Alabama	1996	\$ 3,227,047	143
Tuskegee University Tuskegee, Alabama	1997	11,223,639	504
University of West Florida Phase I Pensacola, Florida	1997	5,642,349	192
Gardner-Webb University Phase I Boiling Springs, North Carolina	1997	3,340,080	143
Belmont University Nashville, Tennessee	1998	8,500,925	252
Southern Polytechnic State University Marietta, Georgia	1998	8,678,154	288
East Tennessee State University Johnson City, Tennessee	1998	7,784,157	300
Arkansas Tech University Russellville, Arkansas	1998	5,118,883	168
Rochester Institute of Technology Project I Rochester, New York	1998	8,783,385	256
Florida Atlantic University Phase I Jupiter, Florida	1999	6,535,455	150
Southeastern Louisiana University Phase I Hammond, Louisiana	1999	6,799,450	312
University of West Florida Phase II Pensacola, Florida	1999	8,235,885	288
Christian Brothers University Memphis, Tennessee	1999	5,231,177	142
University of Central Oklahoma Phase I Edmond, Oklahoma	1999	13,746,072	384

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Rochester Institute of Technology Project II Rochester, New York	1999	14,712,517	416
Rochester Institute of Technology Project III Rochester, New York	1999	2,502,276	96
Gardner-Webb University Phase II Boiling Springs, North Carolina	1999	3,796,734	143
Benedictine University Lisle, Illinois	2000	13,195,401	276
Oklahoma State University Phase I Stillwater, Oklahoma	2000	17,857,852	631
Towson University Towson, Maryland	2000	19,273,147	420
Averett College Danville, Virginia	2000	5,573,068	143
Stillman College Tuscaloosa, Alabama	2000	6,546,003	300
University of Connecticut Storrs, Connecticut	2001	41,582,170	976
University of Alabama at Birmingham Birmingham, Alabama	2001	24,839,348	513
University of Maryland, Phase I College Park, Maryland	2001	61,990,000	1,080
Oklahoma State University Phase II Stillwater, Oklahoma	2001	55,071,492	1,101
University of the Pacific Phase I Stockton, California	2001	10,313,094	200
Xavier University Cincinnati, Ohio	2001	11,983,691	273
Southeastern Louisiana University Phase II Hammond, Louisiana	2001	7,099,919	270
Florida Atlantic University Phase II Jupiter, Florida	2001	5,663,174	150

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Oklahoma State University, Okmulgee Okmulgee, Oklahoma	2001	15,812,013	414
University of Central Oklahoma Phase II Edmond, Oklahoma	2001	8,895,404	302
Oakland University Oakland, Michigan	2002	20,468,641	459
University of San Diego San Diego, California	2002	25,597,016	362
Lawrence Technological University Detroit, Michigan	2002	9,368,557	230
Southwest Texas State University San Marcos, Texas	2002	44,334,596	660
Teikyo Post University Waterbury, Connecticut	2002	5,735,230	150
University of the Pacific, Phase II Stockton, California	2003	10,823,370	200
Winthrop University Rock Hill, South Carolina	2003	19,023,465	406
Oklahoma State University Phase III Stillwater, Oklahoma	2003	79,192,436	1,071
Indiana University Purdue University at Indianapolis Indianapolis, Indiana	2003	40,167,943	793
Georgia Southern University Statesboro, Georgia	2003	32,349,095	1,110
University of Redlands Redlands, California	2003	10,591,079	200
University of Maryland, Phase II College Park, Maryland	2003-2004	45,334,241*	788
Florida State University Tallahassee, Florida	2004	27,876,861*	312
Green River Community College Auburn, Washington	2004	18,594,299*	343
University of Missouri, Kansas City	2004	19,046,508*	553

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Kansas City, Missouri			
Washington and Jefferson College Pittsburgh, Pennsylvania	2004 - 2006	52,382,477*	738
DeVry University Fremont, California	2004	10,936,138*	300
Western Carolina University Cullowhee, North Carolina	2004	11,905,405*	244
Francis Marion University Florence, South Carolina	2004	16,548,532*	237
Johns Hopkins University Baltimore, Maryland	2005	53,440,000*	618
Southeastern Louisiana University Phase III Hammond, Louisiana	2005-2006	83,389,710*	1,350
East Stroudsburg University Stroudsburg, Pennsylvania	2005	27,518,762*	544
South Carolina State University Orangeburg, South Carolina	2005	<u>24,679,564*</u>	<u>606</u>
TOTAL		<u>\$1,118,857,886</u>	<u>23,500</u>

*Development Budget

The Developer will have no obligation to make payments on the Series 2004 Bonds. However, the obligations of the Corporation under the Lease to construct the Facilities and to provide alternative housing and transportation to students who have executed leases with respect to the Facilities to the extent the Facilities is not completed on schedule will be guaranteed by the Developer pursuant to a guaranty from the Developer to the Corporation. The above described obligations of the Corporation's will be subject to *force majeure* and eminent domain. See "THE GROUND LEASE" herein.

The Development Agreement

The Corporation and the Developer will enter into the Development Agreement which will set forth certain terms and conditions relating to the development of the Facilities and which will authorize the Developer to negotiate and enter into the General Construction Contract and the Architect's Agreement. The Development Agreement will contain a guaranteed maximum price only for Residence Hall I, but the Corporation and the Developer believe that the amounts to be deposited into the Construction Fund from the proceeds of the sale of the Series 2004 Bonds will be sufficient to complete the Facilities. The Developer will assign to the Corporation all of its right, title, and interest in and to the Development Agreement, the General Construction Contract and the Architect's Agreement. In the event of a default by the Authority under the Indenture, the Trustee will be entitled to enforce performance of the Development Agreement, but will not be required to perform the obligations of the Corporation as set forth therein. See "BONDHOLDERS' RISKS" herein.

THE GENERAL CONTRACTOR AND THE GENERAL CONSTRUCTION CONTRACT

The Developer has identified the General Contractor as the general contractor for the Facilities; however, the Developer and the General Contractor have not, as yet, entered into a construction contract (the "*General Construction Contract*"). The General Contractor is a general contractor licensed in the State, commenced business in January, 1997, and has advised the Corporation that during the past five (5) years it has served as general contractor for thirty-four student housing projects having an aggregate construction cost of approximately \$471,129,148. These dormitory projects were and are for the following universities:

University of West Florida	Christian Brothers University
Gardner-Webb University	Benedictine University
Averett College	Stillman College
University of Connecticut	Xavier University
Southeastern Louisiana State University	University of Central Oklahoma
Michigan State University	University of South Carolina
Oakland University	Lawrence Technological University
Southwest Texas State University	Teikyo Post University
University of the Pacific	Winthrop University
Oklahoma State University	Georgia Southern University
University of Redlands	University of Florida
Sam Houston State University*	Western Carolina University*
Florida State University*	University of Missouri*

* In progress

THE ARCHITECT AND THE ARCHITECT'S AGREEMENT

The Developer has entered into an agreement (the "*Architect's Agreement*") with A Joint Venture of Bruce Herrington P.C. and Design Collective, Inc. (the "*Architect*"), dated December 1, 2003, relating to the Facilities.

Design Collective, Inc., Baltimore, Maryland, is licensed in the State, commenced business in 1978, and has advised the Corporation that during the past five (5) years it has served or is serving as architect for approximately fourteen (14) student housing projects having an aggregate construction cost of approximately \$175,000,000. These student housing projects were and are for the following universities:

University of Maryland*	University of Missouri Kansas City*
Winthrop University	DeVry University*
Francis Marion University*	South Carolina State University*
Longwood University *	Western Carolina University*
Maine Maritime University*	Southeastern Louisiana University*

* In progress

Bruce Herrington Architect P.C., Birmingham, Alabama, is licensed in the State, commenced business in 1994, and has advised the Corporation that during the past five (5) years it has served or is serving as architect for approximately thirty-five (35) student housing or multi-family housing projects having an aggregate construction cost of approximately \$216,000,000. These projects were and are:

Averett College, Danville, Virginia
Autumn Park Apartments; Dickson, Tennessee
Cedar Park Apartments, Jonesboro, Arkansas*
Colony Park Apartments; Pearl, Mississippi
Colony Park/Addition; Pearl, Mississippi*
Elton Park Apartments; Jackson, Mississippi
Heritage Park Apartments; Oxford, Mississippi
Laurel Park Apartments; Walls, Mississippi
Orchard Park Apartments, Clarksville, Tennessee
Park Crest Apartments; Sherwood, Arkansas
Park Plaza Apartments; West Memphis, Arkansas
Park Springs Apartments, Jackson, Mississippi *
Park Village Apartments; Athens, Tennessee
Peachtree Park Apartments; Dyersburg, Tennessee
Windsor Park Apartments; Jackson, Mississippi
Terrace Park Apartments; Southaven, Mississippi

Southeastern Louisiana University, Hammond, Louisiana*
Bay Park Apartments; Bay St. Louis, Mississippi
Colonial Park Apartments; Conway, Arkansas
Colony Park/The Grande; Pearl, Mississippi
Cove Townhomes; Jackson, Tennessee
Hampton Park Apartments; Jackson, Mississippi
Highland Park Apartments; Jackson, Mississippi
Magnolia Park Apartments; Gulfport, Mississippi
Orchard Park, Phase 2, Clarksville, Tennessee *
Park Pines Apartments, Hattiesburg, Mississippi
Park Ridge Apartments; Jackson, Tennessee
Park Trail Apartments; Shelbyville, Tennessee
Park Wind Apartments; Jackson, Mississippi
Piedmont Park Apartments, Hattiesburg, Mississippi *
Summer Park Apartments; Jackson, Mississippi
The Park at Shiloh; Tyler, Texas

* In progress

THE MANAGEMENT COMPANY

General

The Management Company is an Alabama limited liability company formed in 2003 for the express purpose of managing and maintaining student housing communities. As of the present date, the Management Company manages (or has been selected to manage) 20,545 private beds of housing on 27 separate collegiate campuses (including the Facilities). The Management Company's headquarters are in Birmingham, Alabama, with regional managers located in Gainesville, Florida; Starkville, Mississippi; and Bloomington, Indiana; and Baltimore, Maryland, and on-site property managers at each student housing development location.

Key Personnel

A brief description of the education and professional background of the employees of the Management Company having primary responsibility for the management of the Project follows:

Douglas R. Brown, President

Mr. Brown joined the Management Company in August of 2003. He was graduated from Southwest Missouri State University in 1980 with a Bachelor of Science degree in Marketing/Psychology and received his Master of Science degree in Guidance and Counseling from Southwest Missouri State University in 1982. He is responsible for the internal operations of the Management Company in providing resources needed by the field personnel in managing campus facilities. He has over 20 years experience as a university administrator.

Sandy Hill, Senior Vice President

Ms. Hill joined the Management Company in September of 2003. She was graduated from the University of North Carolina at Chapel Hill in 1982 with a Bachelor of Arts degree in Leisure Services. She is responsible for all aspects of field operations at all Capstone sites nationwide. She began her student housing career as a resident assistant at the University of North Carolina at Chapel Hill. She had over 24 years of experience in the management of high-rise, mid-rise, and garden style apartments for private housing providers such as Allen and O'Hara, GMH Management Inc., and Ambling Companies before joining the Management Company.

Michelle R. Smith, Executive Director of Management and Operations

Ms. Smith joined the Management Company in January of 2004. She was graduated from Florida State University in 1989 with a Bachelor of Science degree in Psychology. She is responsible for overall operations of management, procedure implementation, hiring and training of general managers and regional managers, and start up service to all Capstone sites nationwide. She began her student housing career as a resident assistant at Florida State University in 1987. She has managed high-rise, mid-rise, and garden style apartments for private housing providers such as Allen and O'Hara, GMH Management Inc., and Ambling Companies before joining the Management Company. She also spent time in marketing for Kent State University and in public relations for a professional sports team.

Management Agreement

The Corporation intends to engage the Management Company to manage and maintain the Project pursuant to a Management Agreement (the "**Management Agreement**"). Under the Management Agreement, the Management Company will be responsible for the collection of all rents, payment of operating expenses, and payment of indebtedness for the Project. In addition to these duties, the Management Company will assure proper scheduled maintenance of the Project, including daily, monthly, and annual maintenance requirements.

The Management Company's responsibilities under the Management Agreement will include hiring, training, and overseeing the on-site manager and on-site student housing personnel. The Management Company will agree to manage, operate, and maintain the Project in compliance with the standards, rules, and procedures outlined within the Lease. In connection with the management, operation, and maintenance of the Project, the Management Company will be required to provide, or cause to be provided, and be responsible for, among other things, (a) the preparation of a marketing program for the Project and the supervision of all advertising layouts, brochures, campaigns, and model apartments; (b) the preparation on behalf of, and with the approval of, the Corporation of the Project' operating budget describing in detail all of the revenue and expenses entailed in the operation and maintenance of the Project and the submission of the same to the Lessor and the Corporation for their approval; (c) the preparation on behalf of, and with the approval of, the Corporation of a capital budget describing the source and use of funds necessary or appropriate to repair, replace, refurbish, remodel, or rehabilitate the Project or any of its capital components and the submission of the same to the Corporation and the University for their approval; (d) the implementation of the marketing program, the operating budget, and capital budget (collectively, the "**Management Plans**"); and (e) the collection of all rents and other charges due for services provided in connection with the use or occupancy of the Project.

The Management Company, in fulfilling its duties and obligations under the Management Agreement, will agree to operate, manage, and lease the Project in the same manner as is customary and usual in the operation, management, and leasing of comparable student residential facilities and is obligated to provide such services as are customarily provided by operators of such complexes of comparable class and standing as the Project.

All employees necessary or appropriate to the implementation of the terms of the Management Agreement will be employed by the Management Company, and will be under the control and supervision of the Management Company, except that two employees will be supervised by the Management Company but will remain employees of the University.

Termination

The Management Agreement will take effect on the date of its execution and will have an initial term of five (5) years, unless terminated earlier in accordance with the provisions thereof. At the expiration of the initial term, the Management Agreement will automatically renew for successive two year terms, unless on or before ninety (90) days prior to the expiration of any such period or any extension thereof, the Corporation (independently or at the request of the University) or the Management Company shall notify the other in writing that it elects to terminate the Management Agreement. The Management Agreement may also be terminated (i) by the mutual consent of the Corporation (independently or at the request of the University) and the Management Company as of the end of any calendar month, (ii) in the event a petition in bankruptcy is filed by or against either the Corporation or the Management Company, or in the event either makes an assignment for the benefit of creditors or takes

advantage of any insolvency act, by the other party, (iii) by the Corporation (independently or at the request of the University) or the Management Company by written notice to the other party in the event that the other party shall breach its obligations, duties, or covenants under the Management Agreement and the failure of such other party to effect a cure to the satisfaction of the non-breaching party within ninety (90) days of the date of the notice.

Management Fee

The management fee payable to the Management Company will \$220,000 per year. To the extent that annual expenses exceed revenues, the excess will be deducted from the annual management fee payable in respect of such year and the amount of the fee deducted will be deferred to the immediately succeeding fiscal year to the extent of the excess of revenues over expenses. No interest will be paid with respect to deferred management fees.

Projects Managed and to be Managed by the Management Company

The tables below describes the student housing communities (including the Project) (off- and on-campus) managed (and to be managed) by the Management Company.

**CAPSTONE ON-CAMPUS MANAGEMENT, LLC
STUDENT-ORIENTED APARTMENT PROJECTS
“OFF-CAMPUS”**

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
University Commons Tallahassee, Florida	1991	480
University Commons Starkville, Mississippi	1991	480
University Commons Phase I Athens, Georgia	1992	576
University Commons Phase II Athens, Georgia	1993	192
University Commons Phases I and II Tuscaloosa, Alabama	1993/1997	676
University Commons Phase I Gainesville, Florida	1993	600
Harbrooke Downs Apartments Tuscaloosa, Alabama	1991	209
University Commons Oxford, Ohio	1994	480
University Commons Phases I and II Columbia, South Carolina	1994/1999	696
University Commons Baton Rouge, Louisiana	1995	528
University Commons Phases I and II College Station, Texas	1995/1997	960

Off-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
University Commons Norman, Oklahoma	1995	776
University Commons Lexington, Kentucky	1996	672
University Commons State College, Pennsylvania	1996	696
University Commons Manhattan, Kansas	1997	696
University Commons Bloomington, Indiana	1997	792
University Commons Austin, Texas	1998	792
University Commons Phase II Gainesville, Florida	1998	112
University Commons East Lansing, Michigan	1999	654
University Commons Eugene, Oregon	1999	696
University Commons Urbana, Illinois	1999	728
TOTAL		<u>12,491</u>

"ON-CAMPUS"

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
Towson University Towson, Maryland	2000	420
University of Alabama at Birmingham Birmingham, Alabama	2001	513
University of Maryland Phases I and II College Park, Maryland	2001-2004	1,824
University of Missouri Kansas City, Missouri	2004	553

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
Francis Marion University Florence, South Carolina	2004	1,371
Southeastern Louisiana University Phases I, II, and III Hammond, Louisiana	1999-2006	2,300
University of Maryland – Baltimore County Baltimore, Maryland	2003/2004	581
Green River Community College Auburn, Washington	2004	343
DeVry University Freemont, California	2004	300
TOTAL		<u>8,205</u>

THE UNIVERSITY

The University is located in Hammond, Louisiana, the heart of Louisiana's "Florida Parishes." Hammond is located at the intersection of Interstate Highways 55 and 12, approximately 60 miles north of New Orleans, Louisiana's largest city, and 40 miles east of Baton Rouge, the state's capital. The University has a current enrollment of approximately 15,000 students with a faculty and staff population of 1,700.

The University is the outgrowth of Hammond Junior College, which was established in 1925. By Act No. 136 of 1928 of the Louisiana Legislature, the institution was made part of the state educational system under control of the State Board of Education. The same act of the legislature granted the college the right to establish four-year curricula and to grant the baccalaureate degrees when the facilities of the college permitted and the State Board approved.

In 1937, the State Board of Education authorized the President to submit curricula extending through four years and leading to the baccalaureate degrees. Four-year curricula in the liberal arts, teacher education, business administration, music, the social sciences, and health and physical education were submitted to the State Board and were formally approved. The first degrees were conferred in May 1939.

On July 15, 1970, the Hon. John J. McKeithen, Governor of the State of Louisiana, signed the legislative act changing the name of the institution to Southeastern Louisiana University.

The 1974 Constitution of the State of Louisiana created the Louisiana State Board of Regents with certain powers, duties, and responsibilities relative to all public institution of higher education in the State of Louisiana. The 1974 Constitution also established three higher education management boards, placing the University under the Board of Trustees for State Colleges and Universities (Now known as the University of Louisiana System).

The following tables set forth certain demographic information concerning the University;

Demographic Information

	Fall 2003	Fall 2002	Fall 2001
Total Students	15,662	15,195	14,522
Total Hours	193,682	191,433	181,110
Students, By Class			
Freshman	5,308	5,002	4,847
Sophomore	2,754	2,775	2,639
Junior	2,281	2,320	2,193
Senior	3,286	3,291	3,142
Undergraduate Total	13,629	13,388	12,821
Grad/Spec.	3,033	1,807	1,701
New Students			
Undergraduate			
Beginning Freshmen	2,583	2,486	2,127
Transfers	751	767	604
Other	56	53	27
	3,390	3,306	2,750
Graduate	497	398	371
Beginning Freshmen ACT	19.9	19.6	19.7

Source: Southeastern Louisiana University Budget Office

Composition of Student Body (FTEs)

	Fall 2003		Fall 2002		Fall 2001	
Average Age						
Undergraduate	23.0		22.0		23.0	
Graduate	34.0		34.0		34.8	
Undergraduates						
Males	5,611	36%	5,446	36%	5,146	35%
Females	10,051	64%	9,749	64%	9,376	65%
Resident	100%		100%		100%	
Race (Undergraduate)						
White	12,618		12,283		11,920	
African American	2,389		2,298		2,066	
Hispanic	243		213		244	
Other	412		361		292	
Financial Aid (# of Students)	7,244		7,159		6,964	

Source: Southeastern Louisiana University Budget Office

State Appropriations 1999 – 2004

The Chart Shows the Appropriations Received from the State of Louisiana Annually Since 1998.

	2004	2003	2002	2001	2000	1999
State Appropriations	44,312,005	43,592,407	42,108,729	37,624,452	38,333,384	34,110,351
As a % of Unrestricted General Fund Revenues		52.7%	57.9%	55.0%	57.5%	55.1%

Source: Southeastern Louisiana University Budget Office

Sources of Unrestricted Revenue

	2003		2002		2001		2000	
Tuition and Fees ⁽¹⁾	30,339,822	33.8%	26,779,671	31.9%	27,138,515	34.2%	24,920,954	32.5%
State Appropriations ⁽¹⁾	43,592,407	48.5%	42,108,729	50.1%	37,624,452	47.4%	38,333,384	49.9%
Auxiliary Revenue	11,917,232	13.3%	11,227,189	13.4%	10,919,829	13.8%	10,146,171	13.2%
Other	3,985,557	4.4%	3,896,054	4.6%	3,687,748	4.6%	3,380,868	4.4%
TOTAL	89,835,018	100.0%	84,011,643	100.0%	79,370,544	100.0%	76,781,377	100.0%

⁽¹⁾ Not included in Lawfully Available Funds.

Source: Southeastern Louisiana University Budget Office

Tuition and Fees

The University meets the cost of its educational program primarily through tuition, fees, state appropriations and Federal grants contracts. The following table sets forth the base tuition and fees charged each semester to full-time undergraduate students on the basis of in-state residence for the upcoming year and the past four years.

	2004	2003	2002	2001	2000
Tuition	\$1,022.14	\$985.70	\$950.00	\$950.00	\$825.00
Student Union Bond Fee	10.00	10.00	10.00	10.00	10.00
Health Center Bond Fee	6.00	6.00	6.00	6.00	6.00
Student Rec Building Fee	20.00	20.00	20.00	20.00*	20.00*
Academic Excellence Fee	120.00				
Other Fees	202.90	192.90	222.90	163.90	153.90
Total	\$1,381.04	\$1,214.60	\$1,208.90	\$1,149.90	\$1,014.90
Dormitory & Meal Plan	\$1,820.00	\$1,770.00	\$1,625.00	\$1,427.00	\$1,260.00

*Student Union Annex Fee (in 1995-96 Student Union Annex Fee Discontinued and Student Recreation Center Fee Begun)

Source: Southeastern Louisiana University Budget Office

Auxiliary Financial Operations

Campus Dining

Southeastern Louisiana University has a continuing commitment to offer quality dining that reflects the lifestyle of today's college student. Campus Dining provides a unique combination of specialty restaurants that offer a variety of foods. Emphasis is placed on nutritionally balanced diets and tantalizing food specials that are served in each restaurant. At Southeastern, Campus Dining is made up of six specialty restaurants, a quality catering service, an on-going nutrition program, and much more.

Office of Student Housing

All unmarried full-time undergraduate students with less than 60 hours, regardless of age or whether or not they have been emancipated, are required to live in on-campus residence halls as long as space is available.

The University provides living quarters for approximately 2,000 students in campus residence halls and apartments. Only regularly enrolled full-time, unmarried students will be eligible to live in the residence halls without special permission from the Office of Student Housing. Continuous efforts are made to provide educational, social, and cultural advantages as part of the experience in group living for the residents of these halls.

Students who live in the Southeastern Louisiana University residence halls are required to purchase a meal plan. If a resident student fails to select a meal plan during the registration process, the default meal plan will automatically be selected for him or her. Meal plans are non-transferable.

War Memorial Student Union

The War Memorial Student Union is the community center of the University. The Student Union provides services and conveniences to the students, faculty, and staff during their daily life on campus. Services available in the Student Union include the Corner Pocket Game Room, ATM-machines, University Post Office, The Document Source, University Bookstore, Lion's Den, and Subway. Meeting rooms are also available and may be reserved by using the on-line reservation form. Various audio visual equipment may be reserved in these rooms as well as catering services.

University Bookstore

The Bookstore provides students with all required and optional textbooks that are not available from Textbook Rental. The Bookstore also provides a full line of University apparel, souvenirs, office and art supplies, and greeting cards.

The Document Source

The Document Source, located in the War Memorial Student Union, provides copying and a variety of services for students including: class course packets, syllabus, collating, stapling, folding, cutting, hole-punching, plastic coil binding, and plastic spiral binding.

Campus Card Operations

Vending services are provided across campus as a convenience to the students. Soft drink, juice and snack machines, as well as copiers are provided in key locations on campus. Lion's Lagniappe is a campus-wide account enabling students to deposit funds and use their ID card as a form of payment at vending machines, copy machines, campus dining locations, University Bookstore, and The Document Source (campus copy center).

Textbook Rental

The Textbook Rental System issues all hardcover textbooks on a student fee system charged per course. The charge is included on the student invoice and is refundable only upon resignation on or before the last day of regular registration or when a course is dropped, and the book is returned by the drop/add deadline. Students must present their Southeastern Student ID card to rent textbooks from Textbook Rental.

The following table reflects the history of occupancy and housing for the University.

**Dormitory Occupancy and Housing
Fall**

	2003	2002	2001	2000	1999	1998
Available Beds	2,266	2,046	2,046	2,188	2,188	1,876
Assigned Beds	1,800	1,824	1,749	1,575	1,738	1,719
Occupancy	79%	89%	85%	72%	79%	92%

Source: Southeastern Louisiana University Office of Auxiliary Services

ESTIMATED SOURCES AND USES OF FUNDS

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Series 2004 Bonds (excluding accrued interest, if any):

SOURCES OF FUNDS:	Series 2004A	Series 2004B	Series 2004C	Total
Par Amount				
Less: Underwriter's Discount				
TOTAL SOURCES OF FUNDS				
USES OF FUNDS:				
Deposit to Project Fund				
Repay Prior Debt				
Deposit to Capitalized Interest Account of the Bond Fund				
Deposit to Debt Service Reserve Fund ⁽¹⁾				
Deposit to Replacement Fund ⁽²⁾				
Additional Issuance Costs				
TOTAL USES OF FUNDS				

⁽¹⁾ Equal to the Debt Service Reserve Fund Requirement.

⁽²⁾ Equal to the Replacement Fund Requirement.

This section will be completed in the final Official Statement.

PLAN OF REFUNDING

The Corporation intends to use a portion of the proceeds of the Series 2004 Bonds to refund the Prior Debt, which was incurred to finance the construction of two student housing facilities included in the Facilities known as Southeastern Oaks and The Village and containing an aggregate of 582 beds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The real property comprising Southeastern Oaks and The Village and the revenues derived therefrom are pledged to secure the payment of the Prior Debt and unless and until the Prior Debt is paid, neither the Ground Lease, the Facilities Lease, nor the Mortgage will be effective with respect to such Facilities and revenues. The Corporation expects that the Prior Debt will be paid in full, and the liens securing the same will be satisfied, on or before October 15, 2004, at which time the Ground Lease, the Facilities Lease, and the Mortgage will be effective with respect to these two Facilities.

THE GROUND LEASE

General

The Ground Lease will be entered into between the Board, on behalf of the University, as Lessor, and the Corporation, as Lessee, for lease of the Renovated Facility and four tracts of approximately 34 total acres of land owned by the Board and located on the campus of the University on which the Renovated Facility is located and the New Facilities are to be constructed. As a consideration for the Ground Lease, the Corporation will agree to perform its obligations under the Facilities Lease and all other documents contemplated by and ancillary to the Ground Lease and the Facilities Lease.

The Corporation's obligations under the Ground Lease may be suspended if by reason of *force majeure*, as described in the Ground Lease, the Corporation is unable to carry out such obligations.

Default and Remedies

Each of the following is an Event of Default under the Ground Lease:

(a) failure by the Corporation to make timely payment of any sum required to be paid under the Ground Lease that remains uncured after thirty (30) days following receipt of written notice of such failure;

(b) the taking by execution of the Corporation's leasehold estate (other than a foreclosure of the Mortgage) for the benefit of any Person;

(c) failure by the Corporation to perform any other covenant, condition or agreement on its part under the Ground Lease and such failure remaining uncured for more than ninety (90) days following receipt of written notice of such failure; provided that if during such ninety (90) day period, the Corporation shall take action to cure such failure but shall be unable, by reason of the nature of the work involved, to cure such failure within such period and shall continue such work thereafter diligently and without unnecessary delays, such failure will not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure;

(d) certain events of dissolution, liquidation, insolvency, or bankruptcy of the Corporation; and

(e) the Corporation, after commencement of construction but prior to substantially completing construction of the Facilities, abandons (with no intent to continue) demolition, renovation, or construction for a period of forty-five (45) consecutive days.

Whenever an Event of Default shall have occurred and be continuing, the Lessor will be permitted to seek any and all damages or other remedies available at law or in equity, including specific performance. The Lessor will not have the right to terminate the Ground Lease prior to its Expiration Date, but upon ninety (90) days' written notice and opportunity to cure provided to the Bond Insurer and the Trustee, will be permitted to terminate the Corporation's right to occupancy of the Land and to take possession of the Land and the Facilities and to re-let the

same or take possession in its own right for the remainder of the Term. Upon such re-letting, the Corporation will agree to release its leasehold interest and all of its rights under the Ground Lease and the Facilities Lease to the new lessee of the Land (or to the Board, if the Board wishes to remain in possession on its own behalf) in consideration for the new lessee (or the Board, if applicable) agreeing to assume all of the Corporation's obligations under the Ground Lease, the Facilities Lease, and under any debt incurred by or for the Corporation in connection with the Facilities.

The Bond Insurer will be required to be notified by the University in the Event of Default and will have an opportunity to cure said default.

THE FACILITIES LEASE

General

Under the Facilities Lease, the Corporation will lease the Facilities to the Board. The Corporation, as approved by the Board, will contract with the Management Company to operate and maintain the Facilities for housing of University students, faculty, staff, and other persons who are participants in any other activities related to the mission of the University.

Rate Covenant

The Board will covenant that, as long as any bonds, notes, or lease obligations remain outstanding that are payable from Lawfully Available Funds, if the Debt Service Coverage Ratio for the Facilities shall fall below 1.10:1.00 or if the Debt Service Coverage Ratio for the University shall fall below 1.25:1.0, the Board will use its best efforts to raise its fees, rentals, rates, and charges relating to the Facilities so that within two (2) full semesters after either of the Debt Service Coverage Ratios shall become deficient, the Debt Service Coverage Ratio for the Facilities equals 1.10:1.00 and the Debt Service Coverage Ratio for the University equals 1.25:1.0. At the end of two (2) full semesters, if the Debt Service Coverage Ratio for the Facilities shall remain below 1.10:1.00 or the Debt Service Coverage Ratio for the University shall remain below 1.25:1.0, the Board will be required to hire an outside consultant, approved by the Bond Insurer, and the Board will be required to follow any reasonably feasible recommendations of such consultant regarding the operation and management of the Facilities, including raising fees and rents, reducing expenses, if necessary, increasing the average occupancy rate through strict enforcement of parietal rules requiring students to reside on campus, and, to the extent legally possible, revising parietal rules to increase the number of students required to reside on campus. So long as the Board shall be working in good faith with such consultant to increase any deficient Debt Service Coverage Ratio, there will not be an Event of Default under the Facilities Lease unless (i) the Debt Service Coverage Ratio for the Facilities shall be less than 1.00:1.00 at the end of any Fiscal Year or (ii) the Debt Service Coverage Ratio for the Facilities shall be less than 1.10 to 1.00 for two (2) full consecutive semesters after retention of an outside consultant by the Board. For purposes of the foregoing, when establishing such fees, rentals, rates, and charges and calculating each Debt Service Coverage Ratio, the Board will be required to take into account payments required to be made into the Debt Service Reserve Fund pursuant to the provisions of the Indenture described in subsection (h) under the subheading "**SERIES 2004 BONDS - Funds and Accounts -- Receipts Fund**" above. The Board will further covenant that it will seek any required approval necessary in order to comply with the covenant described under this subheading.

Additional Facilities

Without the prior written consent of the Bond Insurer, the University will agree not to build, acquire, or renovate any similar student housing facilities, whether such facilities are owned by the University or a private entity, unless (i) the Debt Service Coverage Ratio for the Facilities shall have been met for the prior Fiscal Year, (ii) it is projected that the Debt Service Coverage Ratio for the Facilities will be met for the two Fiscal Years following the projected completion of the proposed facility, and (iii) based on a market analysis prepared by a market research company with experience in student or multi-family housing that is independent from the University, the University's proposed project shall not be expected to have a material adverse affect on the Facilities. Notwithstanding the foregoing, it is understood that with respect to Phase Three of the Facilities, the foregoing tests do not have to be met, provided that the availability of Phase Three of the Facilities is accompanied by a removal

from service of at least the same number of beds included in Phase Three. Such additional student housing facilities owned or leased by the Board or the Corporation will be required to be incorporated with the Facilities into a single housing system so that such additional student housing facilities and all revenues derived therefrom will secure the Bonds, and the Facilities and the revenues derived therefrom, including all revenues derived from the Facilities Lease, will secure any debt incurred to finance such additional student housing facilities.

Rental

The Board will agree to pay Base Rental and Additional Rental as set forth in the Facilities Lease. The Base Rental amount will be an amount equal to the principal of, premium, if any, and interest due on the Series 2004 Bonds and any Additional Bonds, payable prior to the dates that such debt shall become due and payable. The Base Rental will also include any amounts required to be paid into any funds established in the Indenture, including the Debt Service Reserve Fund or to make up any deficiency or to restore any loss resulting from investment and any other payment required to be made to such fund by the Indenture.

In addition, the Board will agree in the Facilities Lease, to pay as Additional Rental any and all expenses incurred by or on behalf of the Corporation on behalf of the Board and/or by the Board in the management, operation, ownership, and/or maintenance of the Facilities, owed to the Authority or the Trustee.

Insurance

(a) The University, at the direction of the Board, will be required to secure and maintain or cause to be secured and maintained at the University's cost and expense:

(i) A policy or policies covering the Facilities against loss or damage by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, which insurance will be required to be not less than the full replacement cost of the Facilities, without deduction for depreciation. In the event that the Facilities shall not be repaired or replaced, insurance proceeds will be no greater than the actual cash value (replacement cost less depreciation) of the Facilities at the time of the loss. The policy will be required to be adjusted to comply with any applicable co-insurance provisions of such insurance policy. Full payment of insurance proceeds shall not be contingent on the degree of damage sustained at other Lessee facilities. The policy or policies covering such loss must explicitly waive any co-insurance penalty.

(ii) A policy of comprehensive public liability insurance with respect to the Facilities and the operations related thereto, whether conducted on or off the Facilities, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$2,000,000 in combined single limit liability coverage. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability, water damage legal liability, motor vehicle liability for all owned and non-owned vehicles, including rented or leased vehicles.

(iii) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Facilities, in an amount not less than \$5,000,000 with deductible provisions not exceeding \$100,000 per accident.

(iv) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such worker's compensation insurance to cover all persons employed by the Corporation in connection with the Facilities and to cover full liability for compensation under any such act aforesaid.

(v) A policy of rental interruption insurance in the amount of at least one year's rental in the event of loss of or damage to the Facilities.

(b) The Corporation will be required to secure and maintain a policy of title insurance insuring the Corporation's leasehold interest under the Ground Lease in an amount equal to the par amount of the Series 2004 Bonds.

All insurance required in the Facilities Lease and all renewals of such insurance (excepting self insurance or commercial insurance through ORM) will be required to be issued by commercial insurers authorized to transact business in the State, and rated at least A- by Best's Insurance Reports (property liability) or in the two highest rating categories of S&P and Moody's. All insurance policies provided or caused to be provided by the Corporation will be required to expressly provide that the policies shall not be canceled or altered without thirty (30) days' prior written notice to the University and the Trustee; and will, to the extent obtainable, be required to provide that no act or omission of the Corporation or other provider of insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

All policies of liability insurance that the University will be obligated to maintain according to the Facilities Lease (other than any policy of worker's compensation insurance) will be required to name the Corporation, the Trustee, and such other Persons or firms as the Board specifies from time to time as additional insureds and will be required to expressly provide that the policies shall not be cancelled or altered without thirty (30) days' prior written notice to the Corporation and the Trustee and will, to the extent obtainable, be required to provide that no act or omission of the University that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All public liability, property damage liability, and casualty policies maintained by the University will be required to be written as primary policies.

Proceeds of insurance received and/or the amount of any loss that is self-insured through ORM with respect to destruction of or damage to any portion of the Facilities by fire, earthquake, or other casualty or event will be required to be paid to the Trustee for application in accordance with the provisions of the Facilities Lease and the Indenture.

Condemnation, Casualty, and Other Damage

The risk of loss or decrease in the enjoyment and beneficial use of the Facilities due to any Casualty or in consequence of any Expropriation will be expressly assumed by the Board. The Corporation and the Trustee will in no event be answerable, accountable, or liable therefor, nor will any of the foregoing events entitle the Board to any abatements, set-offs, or counter claims with respect to its Base Rental, Additional Rental, or any other obligation under the Facilities Lease.

Application of Insurance Proceeds: Condemnation Award

If, during construction, all or any portion of the Facilities shall be damaged or destroyed by a Casualty, or shall be taken by Expropriation proceedings, the Board will be required to instruct the Corporation, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. Following the completion of construction and acceptance of the Facilities by the Board on behalf of the Corporation, the Board will be required, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted, the repair, restoration, or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Facilities will be required to be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust (or in the case of self insurance

through ORM, as set forth in the third succeeding paragraph below), and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be required to be disbursed to pay the costs of restoration, replacement, and repair of the Facilities with respect to which they shall be held, in each case promptly after receipt of a written request of the Corporation stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Facilities or for the improper use of moneys properly disbursed pursuant to request made under the Facilities Lease. Any proceeds remaining on deposit with Trustee following completion of the repairs, restoration, or replacement of the Facilities will be required to be paid by Trustee in accordance with the terms of the Indenture.

In the event the proceeds of any insurance, and any additional funds deposited with the Trustee, are insufficient to fully repair, restore, or replace the Facilities, the proceeds shall be paid to the Trustee and used to redeem the outstanding Bonds.

Notwithstanding the foregoing, the Corporation's obligation to replace the Facilities in the event of Expropriation Proceedings will be dependent on the Board's entering into a lease with a different portion of the campus of the University as provided in the Ground Lease. In the event it shall be necessary to restore or replace the Facilities in a different location because of the Expropriation of all or a portion of the Facilities, the Corporation and the Board will agree to amend or enter into a new Facilities Lease and Ground Lease in accordance with the Ground Lease. In the event the Board, pursuant to the Ground Lease, shall decide not to repair, restore or replace the Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation) will be required to be paid to the Board for immediate delivery to the Trustee and applied to the prepayment of the Bonds in accordance with the terms of the Indenture, and the Facilities Lease and the Ground Lease will terminate.

In the event that ORM shall insure the Facilities, the Board will be required to use the insurance proceeds received from ORM in accordance with the policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration, or replacement of the Facilities

Default by the Board

If (i) the Board shall fail to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the Facilities Lease by the close of business on the day such deposit is required pursuant to the Facilities Lease, and shall fail to remedy such breach within five (5) days thereof, but in no event later than the date on which such payment is required to enable the Corporation to make payment on the Series 2004 Bonds (without use of moneys held in the Debt Service Reserve Fund), or (ii) the Board shall fail to pay or discharge any monetary obligation under the Lease (other than the payment of Base Rental) as and when due, or within thirty (30) days after receipt of Notice from the Corporation that such sums are due and owing; or (iii) the Board shall breach any non-monetary terms, covenants, or conditions therein, and shall fail to remedy any such breach with all reasonable dispatch within a reasonable period of time (or such longer period as the Trustee may approve) after written notice thereof from the Corporation to the Board, then and in any such event the Board will be deemed to be in default under the Facilities Lease, and the Corporation will have the right, at its option, without any further demand or notice to terminate the Facilities Lease on the earliest date permitted by law or on any later date specified in any Notice given to the Board in which case the Board's right to possession of the Facilities will cease, and the Facilities Lease will be terminated, without, however, waiving the Corporation's right to collect all Rental and other payments due or owing for the period up to the time the Corporation regains possession (and which have been appropriated for payment to the Corporation under the Facilities Lease, but not paid by the Board), and to enforce other obligations of the Board that survive termination of the Facilities Lease, and in such event the Corporation may without any further demand or notice re-enter the Facilities and eject all parties in possession thereof, subject to the

rights of students, faculty, staff, and Permitted Sublessees. The foregoing remedies of the Corporation are in addition to and not exclusive of any other remedy of the Corporation. Any such re-entry will be required to be allowed by the Board without hindrance, and the Corporation will not be liable in damages for any such re-entry or be guilty of trespass. The Corporation will agree that upon its termination of the Board's right to possession of the Facilities or termination of the Facilities Lease, the Corporation upon its re-entry of the Facilities will only be allowed to use the Facilities for the Permitted Use and will be subject to all applicable Governmental Regulations heretofore or hereafter enacted by any Governmental Authority relating to the use and operation of the Facilities.

Notwithstanding any other provision of the Facilities Lease, (i) in no event will the Corporation have the right to accelerate the payment of any Base Rental payment under the Facilities Lease, and (ii) the Bond Insurer will have ninety (90) days to cure an Event of Default thereunder.

Notwithstanding anything contained in the Facilities Lease to the contrary, a failure by the Board to pay when due any payment required to be made under the Facilities Lease or a failure by the Board to observe and perform any covenant, condition, or agreement on its part to be observed or performed under the Facilities Lease, resulting from a failure by the Board to appropriate moneys will not constitute an Event of Default thereunder, and the Corporation will not have any of the remedial rights set forth in the Facilities Lease. Notwithstanding the foregoing, in such event, the Facilities Lease will terminate and the University will be required to vacate the Facilities immediately and deliver the Facilities to the Corporation.

Cumulative Remedies

Each right and remedy provided for in the Facilities Lease shall be cumulative and shall be in addition to every other right or remedy provided for in the Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Corporation of any one or more of the rights or remedies provided for in the Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by the Corporation of any or all other rights or remedies provided for in the Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise. All costs incurred by the Corporation in collecting any amounts and damages owing by the Board pursuant to the provisions of the Facilities Lease or to enforce any provision of the Facilities Lease, including reasonable Litigation Expenses from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by the Corporation, will also be recoverable by the Corporation from the Board. The waiver by the Corporation of any breach by the Board and the waiver by the Board of any breach by the Corporation of any term, covenant, or condition of the Facilities Lease will not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition thereof.

Nonappropriation of Funds

In the event no funds or insufficient funds shall lawfully be appropriated in any Fiscal Year enabling the payment of Base Rental and Additional Rental payments due during the next succeeding Fiscal Year, the Board will be required to notify the Corporation immediately of such occurrence. On the first day of the month following the Base Rental payment date on which the last payment of Base Rental can be made in full from Lawfully Available Funds, the Facilities Lease will terminate without penalty or expense to the Board of any kind whatsoever, except as to the portions of Base Rental and Additional Rental payments therein agreed upon for Fiscal Years for which sufficient funds shall have been lawfully appropriated. In the event of such termination, the Board will agree to surrender possession of the Facilities to the Corporation peaceably on the date of such termination in its original condition (normal wear and tear excepted). The Corporation will have all legal and equitable rights and remedies to take possession of the Facilities and re-let or sell the Facilities as the Corporation determines and as granted in the Facilities Lease. The Board will acknowledge that the Corporation's rights to take possession and to re-let or sell the Facilities under the Facilities Lease may be assigned to the Trustee for the benefit of the owners of the Series 2004 Bonds, and the Board will agree that the Trustee will be entitled to exercise all of the rights of the Corporation under the Facilities Lease. The event of an inability by the University to cause the appropriation of sufficient funds for the payment of sums due under the Facilities Lease will not constitute a default thereunder, but will, *ipso facto*, terminate the Facilities Lease. This provision will be operative notwithstanding any provisions of the Facilities

Lease to the contrary. The Board will be considered in default thereunder if sufficient funds shall have been lawfully appropriated for the payment of Rental required under the Facilities Lease and the Board shall fail to use lawfully appropriated funds for the payment of Rental. In such event, the Corporation will be entitled to the rights and remedies set forth in the Facilities Lease.

Litigation Concerning Student Fees

The Board will make payments of Base Rental solely from Lawfully Available Funds which includes Rents derived from the operation of the Facilities and other auxiliary revenues of the University.

Recent litigation may affect the ability of the University to increase such fees. A Louisiana State University ("*LSU*") student filed suit against the LSU Board of Supervisors (the "*LSU Board*") (civil action filed on October 16, 2003, captioned "Donald C. Hodge, Jr. vs. Board of Supervisors of Louisiana State University and Agricultural and Mechanical College," Number 512.930, Sect. "D,") which seeks to enjoin the LSU Board from implementing a football ticket pricing policy as violative of Article VII, § 2.1 of the Constitution of Louisiana. The 19th Judicial District Court (the "*Trial Court*") ruled that the LSU Board's adoption of a new general pricing policy for home football games did not constitute implementation or assessment of a fee under said Article VII, Section 2.1 which would otherwise require approval by a vote of two-thirds of each house of the Legislature. The Trial Court decision was appealed by Hodge to the Louisiana First Circuit Court of Appeal (the "*Appeal Court*"). In affirming the Trial Court's decision, the Appeal Court, as did the Trial Court, agreed with the reasoning of the Louisiana Attorney General that the Legislature has evidenced no intent to have oversight over "nonmandatory fees" with respect to LSU, other than those fees directly connected with LSU's principal governmental function of providing higher education to the citizens of the State.

The Trial Court ruled on the Hodge action on November 18, 2003, and the Appeal Court rendered its affirming decision on December 23, 2003. On January 22, 2004, Hodge requested that the Louisiana Supreme Court grant writs and review the ruling of the Appeal Court. On March 11, 2004, the Louisiana Supreme Court denied writs on the Hodge action. While the Hodge action did not directly address the Rents and other student fees making up Lawfully Available Funds, the above described reasoning of the Attorney General was followed by the Trial Court and the Appeal Court in this first judicial interpretation of Article VII, Section 2.1 of the Constitution.

There can be no assurance absent favorable judicial interpretation specifically as to charges imposed on students to generate Rents and other auxiliary revenues that this Constitutional provision does not apply to such charges making up a portion of Lawfully Available Funds. In the event this provision does apply, neither the Board nor the University could increase Rents or other auxiliary revenue charges or impose a new auxiliary revenue charge without a two-thirds favorable vote of the Louisiana Legislature. See "**BONDHOLDER'S RISKS**" herein.

LITIGATION

The Authority

There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that restrains or enjoins the issuance or delivery of the Series 2004 Bonds or questions or affects the validity of the Series 2004 Bonds or the proceedings and authority under which they are to be issued. To the Authority's knowledge, neither the creation, organization, or existence of the Authority, nor the title of the present members or other officers of the Authority to their respective offices, is being contested or questioned. There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that in any manner questions the right of the Authority to enter into the Indenture or the Loan Agreement to secure the Series 2004 Bonds in the manner provided in the Indenture.

The Corporation

There is no litigation now pending or threatened against the Corporation, of which the Corporation has knowledge, that in any manner questions the right of the Corporation to enter into or perform its obligations under the

Loan Agreement, the Mortgage, or the Assignment or that individually or in the aggregate would adversely affect the operations of the Corporation, financial or otherwise.

CONFLICTS OF INTEREST; RELATIONSHIPS

Management of the Corporation has been delegated to Brad O'Hara, Ph.D. Dr. O'Hara is employed on a full-time basis as the Vice President for Student Affairs of the University. Stephen M. Smith is the President and the Chairperson of the Board of Directors of the Corporation and is also Vice President for Administration and Finance of the University. The Developer is owned by Michael A. Mouron. Mr. Mouron also owns Capstone Properties Corp., the sole member of the Management Company.

TAX EXEMPTION

General

In the opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, subject to the discussion below, interest on the Series 2004A Bonds and the Series 2004B Bonds (and original issue discount treated as interest (see discussion below)) is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and judicial decisions. Except as hereinafter described under the subheading "**Alternative Minimum Tax Considerations**," interest on the Series 2004A Bonds and the Series 2004B Bonds (and original issue discount treated as interest) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations.

Interest on the Series 2004C Bonds (and original issue discount treated as interest) is **not** excludable from federal income tax. Interest on the Series 2004C Bonds (and original issue discount treated as interest) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations.

The Internal Revenue Code of 1986, as amended (the "*Code*") imposes a number of requirements that must be satisfied for interest on state and local obligations to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States government, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service.

In rendering the foregoing opinions, Bond Counsel will assume continuing compliance by the Corporation with the provisions of the Indenture and the Loan Agreement by the Authority and the Corporation subsequent to the issuance of the Series 2004A Bonds and the Series 2004B Bonds which affect the exclusion from gross income of all amounts treated as interest on the Series 2004A Bonds and the Series 2004B Bonds. In addition, Bond Counsel will rely upon certain representations and certifications of the Corporation made in certificates dated the date of initial delivery of the Series 2004 Bonds pertaining to the use, expenditure and investment of the proceeds of the Series 2004A Bonds and the Series 2004B Bonds. These representations relate to matters that are solely within the knowledge of the Corporation, which Bond Counsel has not verified. The Indenture and the Loan Agreement contain certain covenants by the Authority and the Corporation with respect to, among other matters, the above requirements. Failure of the Corporation to comply with any of the covenants may result in interest on the Series 2004A Bonds and the Series 2004B Bonds being included in the gross income of the owners thereof from the date of issue of the Series 2004 Bonds.

Prospective purchasers of the Series 2004A Bonds and the Series 2004B Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred to continued indebtedness to purchase or carry tax-exempt obligations. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Alternative Minimum Tax Considerations

As stated above, interest on the Series 2004 Bonds will not be an item of tax preference for purposes of computing the federal alternative minimum tax on individuals and corporations. The Code, however, imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation, if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, a corporation's alternative minimum taxable income will include 75% of the amount by which a corporation's "adjusted current earnings" exceeds a corporation's alternative minimum taxable income. Because interest on tax-exempt obligations is included in a corporation's "adjusted current earnings," ownership of the Series 2004 Bonds could subject a corporation to alternative minimum tax consequences.

Original Issue Premium and Discount

Certain maturities of the Series 2004A Bonds (the "*Premium Bonds*") may be offered and sold to the public at a price in excess of their stated principal amounts. Such excess is characterized as a "bond premium." For federal income tax purposes, bond premium on the Premium Bonds must be amortized by an investor purchasing a Premium Bond on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium related to a tax-exempt bond for federal income tax purposes..

Certain maturities of the Series 2004A Bonds may be offered and sold at an original issue discount (the "*OID Bonds*"). The difference between the initial public offering price of the OID Bonds (as set forth on the front cover hereon) and their stated principal amount payable at maturity constitutes original issue discount treated as interest. OID on the OID Bonds is treated as interest that is excluded from gross income for federal income tax purposes and which is exempt from all taxation in the State subject to the caveats and provisions described above.

In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such an OID Bond which are attributable to accrued original issue discount will be treated as interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Bond, on days which are determined by reference to the maturity date of such OID Bond. The amount treated as original discount on such OID Bond for a particular semiannual period is equal to (i) the product of (a) the yield to maturity for such OID Bond and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular semiannual period if held by the original purchaser, (ii) less the amount of any payments on such OID Bond during the semiannual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such an OID Bond is sold between compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Investors who purchase an OID Bond should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Bonds as of any date, with respect to the accrual of original issue discount for such OID Bonds purchased on the secondary markets and with respect to the state and local tax consequences of owning such OID Bonds.

Non-Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," which are designated by

an issuer as “qualified tax-exempt obligations.” Section 265(b) of the Code defines the term “financial institution” as referring to any corporation described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business which is subject to federal or state supervision as a financial institution.

The principal amount of the Series 2004A Bonds and the Series 2004B Bonds exceeds \$10,000,000 in aggregate principal amount and thus the Authority cannot designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

Louisiana Taxes

In the opinion of Bond Counsel and in accordance with the Act, the Series 2004 Bonds together with interest thereof, income therefrom, and gain from the sale thereof are exempt from all State taxes and local taxes.

No Other Opinions

Except as stated above, Bond Counsel expresses no other opinions with respect to any tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2004 Bonds.

UNDERWRITING

The Authority is offering the Series 2004 Bonds through Morgan Keegan & Company, Inc., Nashville, Tennessee (the “*Underwriter*”), pursuant to a Bond Purchase Agreement. The obligation of the Underwriter to sell the Series 2004 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter is purchasing the Series 2004 Bonds and intends to offer the Series 2004 Bonds to the original purchasers thereof at the offering prices set forth on the cover page of this Official Statement, which offering price may subsequently be changed without any requirement of prior notice. The Underwriter will purchase the Series 2004 Bonds at a price equal to _____% of the par amount thereof. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2004 Bonds. The Underwriter may offer and sell Series 2004 Bonds to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts and/or commissions that may be received by such dealers in connection with the sale of the Series 2004 Bonds will be deducted from the Underwriter's discount.

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

RATING OF THE SERIES 2004 BONDS

Moody's Investors Service, Inc. (“*Moody's*”) is expected to assign the Series 2004 Bonds the long-term rating of “Aaa”, with the understanding that upon delivery of the Series 2004 Bonds, policies insuring the payment when due of the principal of and interest on the Series 2004 Bonds will be issued by the Bond Insurer. An explanation of the significance of such rating may be obtained from Moody's. Such rating reflects only the view of Moody's, and neither the Authority, the University, the Bond Insurer, nor the Underwriter makes any representation as to the appropriateness thereof.

There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely, if in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse affect on the market price of the Series 2004 Bonds.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series 2004 Bonds will be subject to the approving opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P, Baton Rouge, Louisiana, Bond Counsel, the form of which is included as **APPENDIX "E"** hereto. Certain legal matters will be passed on for the Authority by its counsel, Casten & Pearce, A.P.L.C., Shreveport, Louisiana, for the Corporation by its counsel, Seale & Ross, P.L.C., Hammond, Louisiana, and for the Underwriter by its counsel, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina.

Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2004 Bonds have been authorized to be issued, and rendering opinions in conventional form as to the validity and legality of the Series 2004 Bonds and to the exemption or lack thereof of interest thereon from income taxation by the United States of America and the State of Louisiana. While Bond Counsel has assisted in the preparation of this Official Statement and is of the opinion that the statements made herein under the headings "**SUMMARY STATEMENT, - The Series 2004 Bonds,**" "**THE SERIES 2004 BONDS,**" "**TAX EXEMPTION,**" "**LEGAL MATTERS**" and "**SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS**" in **APPENDIX "B"** hereto fairly summarize the matters there referred to, such counsel has not been requested to check or verify, has not checked or verified, and will express no opinion with respect to the accuracy, completeness, or fairness of any other information contained in this Official Statement (other than the form of legal opinion set forth in **APPENDIX "E"**).

None of the legal counsel referenced in this Official Statement has (a) participated in the underwriting of the Series 2004 Bonds, (b) provided any advice regarding the creditworthiness of the Series 2004 Bonds or (c) assisted in determining the value of the collateral for the Series 2004 Bonds upon the occurrence of an event of default. Legal counsel have solely and exclusively opined to those matters which are expressly set forth in their opinions which are attached hereto or which have been delivered in connection herewith and no holder of a Series 2004 Bond shall be authorized or entitled to infer that such legal counsel have rendered opinions beyond those stated in their written opinions or to rely on the participation of counsel in this transaction. Except for negligent errors in their express written opinions, legal counsel shall have no obligations to holders of the Series 2004 Bonds and holders of the Series 2004 Bonds must not rely either expressly or implicitly upon such counsel in determining whether the Series 2004 Bonds represent suitable investments or otherwise meet their creditworthiness and risk tolerance standards.

CONTINUING DISCLOSURE

The Board will agree to provide such information as may be required by the provisions of the Rule, and neither the Corporation, the Trustee, the University, nor the Authority will undertake any responsibility with respect to continuing disclosure under the Rule.

Annual Financial Information Disclosure

Following the issuance of the Series 2004 Bonds, until the Series 2004 Bonds shall have been paid in full, the Board will agree to undertake to, and will be required to, provide annually to any Bondholder who specifically requests in writing receipt of the foregoing, and to the Trustee, each NRMSIR, and any SID, within six (6) months after the end of each Fiscal Year ending on or after June 30, 2005:

(i) financial information and operating data of the general type included in this Official Statement for the University, consisting of the information under the heading "**THE UNIVERSITY;**"

(ii) audited financial statements of the Facilities, if then available. Any financial statements so to be provided shall be (a) prepared in accordance with generally accepted accounting principles consistently applied, and such other accounting principles approved by an Accountant, and (b) audited as required by the Loan Agreement. If one or more of the audits of such financial statements is not complete within such period, then the Board will be required to provide unaudited financial statements for the Facilities, within

the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements shall become available.

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

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

Events Disclosure

The following are the events with respect to the Series 2004 Bonds subject to the provisions of the Rule that the Board must agree to disclose in a timely manner pursuant to the Rule, if "material" under applicable federal securities laws and regulations promulgated thereunder:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Series 2004A Bonds or the Series 2004B Bonds;
- (vii) Modifications to rights of holders of the Series 2004 Bonds;
- (viii) Series 2004 Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Series 2004 Bonds; and
- (xi) Rating changes.

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

Additional Information

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

Failure to Comply

UNDER NO CIRCUMSTANCES WILL THE BOARD BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2004 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT DESCRIBED UNDER THIS HEADING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH WILL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

FINANCIAL ADVISOR TO THE UNIVERSITY

Sisung Securities Corporation serves as independent financial advisor (the "*Financial Advisor*") to the University in connection with the issuance of the Series 2004 Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the University to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The Financial Advisor expects to receive additional compensation in conjunction with the investment of certain bond proceeds.

MISCELLANEOUS

The information set forth herein relating to the Corporation has been furnished by the Corporation.

The information set forth herein relating to the Developer and the Facilities has been furnished by the Developer.

The information set forth herein regarding the University has been furnished by the University.

The Authority has furnished only the information included herein under the headings, "**THE AUTHORITY,**" and "**LITIGATION - The Authority.**"

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2004 Bonds.

The Corporation has duly authorized the execution, delivery, and distribution of this Official Statement in connection with the offering of the Series 2004 Bonds.

UNIVERSITY FACILITIES, INC.

By _____
Phil K. Livingston, Vice Chairperson, Board of Directors

APPENDIX "A"

DEFINITIONS

Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below for all purposes of this Official Statement:

"Act" means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended, (La. R.S. 33:4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

"Additional Bonds" means bonds, if any, issued in one or more series on a parity with the Series 2004 Bonds pursuant to the Indenture.

"Additional Debt" means any obligation (whether present or future, contingent or otherwise, as principal or security or otherwise): (i) in respect of borrowed money, including without limitation, bonds, notes, and similar obligations; or (ii) under a lease arrangement, installment sale agreement or other similar arrangement, that is secured by or payable from Rents.

"Additional Facilities" means any additional student housing facilities owned or leased by the Board or the Corporation that have been incorporated with the Facilities into a single housing system pursuant to the provisions of the Facilities Lease.

"Additional Rental" means the amounts specified as such in the Facilities Lease.

"Administrative Expenses" means the necessary, reasonable, and direct out-of-pocket expenses incurred by the Authority or the Trustee pursuant to the Indenture and the Loan Agreement, the compensation of the Trustee under the Indenture (including, but not limited to any annual administrative fee charged by the Trustee), the compensation of the Authority, any amounts due to the Bond Insurer under the Reimbursement Agreement, and the necessary, reasonable, and direct out-of-pocket expenses of the Trustee incurred by the Trustee in the performance of its duties under the Indenture.

"All-Hold Rate" on any date of determination, means eighty-five percent (85%) of The Bond Market Association Municipal Swap Index, provided, however, that in no event shall such All-Hold Rate exceed the Maximum Auction Rate.

"Annual Debt Service" means the amount required to pay all principal of and interest on a series of Bonds and any Additional Debt, as applicable, in any Fiscal Year. For purposes of calculating the Annual Debt Service on a series of Bonds or Additional Debt, the interest rate borne by which is not fixed to the maturity thereof on any date, for any period during which an interest swap or similar agreement shall be in effect whereunder the Corporation or the Board pays a fixed rate and the swap provider pays a floating rate that, in the judgment of the Authorized Corporation Representative (as evidenced by a certificate delivered to the Trustee) approximates the variable rate payable on such series of Bonds or Additional Debt, the interest rate on such series of Bonds or Additional Debt will be deemed to be equal to the fixed rate payable by the Corporation or the Board under such interest swap or similar agreement and for any period during which such an agreement shall not be in effect, the interest rate on such series of Bonds or Additional Debt will be deemed to be the average interest rate borne by such series of Bonds or Additional Debt during the immediately preceding twelve (12) month period or, if such series of Bonds or Additional Debt has borne a floating rate for less than twelve (12) months, such series of Bonds shall be treated as if it bears interest at the 25-year Revenue Bond Index as published by *The Bond Buyer* on the date of determination.

"Applicable Percentage," means, on any date of determination, the percentage determined based on the Rating Agencies' rating of the Series 2004 Bonds in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

<u>S&P and Fitch Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Applicable Percentage</u>
"AAA"	"Aaa"	175%
"AA"	"Aa"	175%
"A"	"A"	175%
"BBB"	"Baa"	200%
Below "BBB"	Below "Baa"	265%

provided, that if the Series 2004 Bonds are not then rated by a Rating Agency, the Applicable Percentage shall be 265%. For purposes of this definition, the rating categories shown above refer to and include the respective rating categories correlative thereto if a Rating Agency shall have changed or modified its generic rating categories or does not rate or no longer rates the Series 2004 Bonds or has been replaced. If two or more Rating Agencies are then rating the Series 2004 Bonds, the lowest of the correlative rating categories of the Rating Agencies shall apply.

"Assignment of Agreements and Documents" means the Assignment of Agreements and Documents dated as of August 1, 2004, by the Corporation in favor of the Trustee.

"Auction" means each periodic implementation of the Auction Procedures.

"Auction Agency Agreement" means the Initial Auction Agency Agreement and any agreement entered into between the Authority and a successor Auction Agent.

"Auction Agent" means The Bank of New York or another auction agent designated in accordance with the terms of the Indenture, and its successors or assigns.

"Auction Date" means initially the Thursday immediately succeeding the Closing Date and every Thursday thereafter (or such other day that the Market Agent shall establish as the Auction Date therefor); provided, that if such day is not a Business Day, the Auction Date shall be the preceding Business Day.

"Auction Period" means the Standard Auction Period or such other period established as further described in the Official Statement under the subheadings **"SERIES 2004B BOND AUCTIONS - General -- Change of Auction Date"** and -- **"Change of Auction Period."**

"Auction Procedures" means the procedures described in APPENDIX "C" hereto.

"Auction Rate" means, with respect to each Auction Period, the respective rate of interest per annum determined for the Series 2004B Bonds prior to the Fixed Rate Conversion Date pursuant to the implementation of the Auction Procedures or, if an Auction shall not be held or shall be cancelled hereunder, the rate determined pursuant to the Indenture.

"Auction Rate Adjustment Date" means the date of commencement of each Auction Period, being the first Business Day after each Auction Date.

"Auction Rate Bonds" means any principal amount of Series 2004B Bonds bearing interest at the Auction Rate.

"Auction Rate Determination Date" means the Auction Date, or if no Auction Date is applicable, the Business Day immediately preceding the date of commencement of an Auction Period.

"Authority" means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon by the Authority by said provisions shall be given by law.

“Authorized Corporation Representative” means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Authority and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“Authorized Denomination,” with respect to all Series 2004 Bonds other than Auction Rate Bonds and Variable Rate Bonds, means \$5,000 or any integral multiple thereof; with respect to Auction Rate Bonds, means \$25,000 or any integral multiple thereof, and with respect to Variable Rate Bonds, means \$100,000 or any integral multiple of \$5,000 in excess thereof; however, upon receipt of an approving opinion of Bond Counsel, the Authority may designate in writing to the Trustee other Authorized Denominations to be applicable to any Series 2004B Bonds Outstanding after a Variable Rate Conversion provided such designation is received by the Trustee on or before the date of such Variable Rate Conversion.

“Available Auction Rate Bonds” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”**

“Base Rental” means the amounts specified as such in the Facilities Lease.

“Beneficial Owner” means, so long as a book-entry system of registration is in effect pursuant to the Indenture, the actual purchaser of Series 2004 Bonds.

“Bid” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“Bidder” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“Board” means the Board of Supervisors for the University of Louisiana System or its legal successor as the management board of the University, acting on behalf of the University.

“Bond Counsel Opinion” means an opinion of an attorney or firm of attorneys of recognized standing with respect to tax-exempt obligations of municipal, state and public agencies, selected by the Authority.

“Bond Insurance Policies” means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally guarantee the full and complete payment of the principal of and interest on the Series 2004 Bonds as such payments shall become due but shall be unpaid.

“Bond Insurer” means MBIA Insurance Corporation, or any successor thereto.

“Bond Proceeds Fund” means the fund of that name created under the Indenture.

“Bond Register” means, when used with respect to the Series 2004 Bonds, the registration books maintained by the Trustee pursuant to the Indenture.

“Bond Year” means the twelve (12) month period beginning on August 2 of each calendar year and ending on August 1 of the immediately succeeding calendar year.

“Bondholder” or ***“owner”***, when used with reference to a Series 2004 Bond or Series 2004 Bonds, means the registered owner of any Outstanding Series 2004 Bond or Series 2004 Bonds.

“Bonds” means, collectively, the Series 2004 Bonds and any Additional Bonds issued pursuant to a supplemental Indenture as authorized by the Indenture.

“Broker-Dealer” means any broker or dealer (as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that is a DTC Participant (or an affiliate of a DTC Participant), has been selected by the Authority, is acceptable to the Auction Agent and has entered into a Broker-Dealer Agreement.

“Business Day” means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

“Casualty” means any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise.

“Closing Date” means the date on which the Series 2004 Bonds are delivered and payment therefor is received by the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

“Commencement Date” means the effective date of the Facilities Lease.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of August 1, 2004, by and among the Corporation, the Board and the Trustee, as the same may be amended or supplemented from time to time according to its terms.

“Conversion” means a Variable Rate Conversion or a Fixed Rate Conversion.

“Conversion Date” means a Variable Rate Conversion Date or a Fixed Rate Conversion Date.

“Corporation” means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Series 2004 Bonds.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale, and issuance of the Series 2004 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Authority, or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, and any other cost, charge, or fee in connection with the original sale and issuance of the Series 2004 Bonds, including the premiums payable for the Bond Insurance Policies.

“Cost of Issuance Account” means the account so designated that is established pursuant to the Indenture.

“Costs of the Facilities” means those costs incurred by the Corporation in connection with the demolition of certain existing facilities and the renovation, development, and construction of the Facilities, as set forth in the Indenture.

“Debt Service Fund” means the fund of that name created under the Indenture.

“Debt Service Coverage Ratios” means the Debt Service Coverage Ratio for the Facilities and the Debt Service Coverage Ratio for the University.

“Debt Service Coverage Ratio for the Facilities” means, for any Fiscal Year, the ratio determined by the Vice-President for Administration and Finance of the University by dividing the amount of Net Revenues of the Facilities for such Fiscal Year by Annual Debt Service on the Bonds outstanding and on any Additional Debt for such Fiscal Year; provided, however, that for the purpose of calculating the Debt Service Coverage Ratio pursuant to the covenant of the Corporation contained in the Facilities Lease and described herein under the subheading

“THE FACILITIES LEASE . - Additional Facilities,” to determine whether the Board may build, acquire, or renovate any Additional Facilities, the numerator of the fraction representing the Debt Service Coverage Ratio shall be increased by the additional anticipated revenues, if any, to be derived from the Additional Facilities to be constructed with the proceeds resulting from the Additional Debt as certified by the Vice-President for Administration and Finance of the University.

“Debt Service Coverage Ratio for the University” means, for any Fiscal Year, the ratio determined by the Vice-President for Administration and Finance of the University by dividing the amount of Lawfully Available Funds for such Fiscal Year by Annual Debt Service on the Bonds outstanding and on any Additional Debt for such Fiscal Year.

“Debt Service Reserve Fund” means the fund of that name created under the Indenture.

“Debt Service Reserve Fund Investment” means an irrevocable letter of credit issued by a bank or surety bond issued by an insurance company meeting the requirements of the Indenture.

“Debt Service Reserve Fund Requirement,” (i) with respect to the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds, at the time of determination, means the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes; and (ii) with respect to all Bonds issued under the Indenture, means the sum of the Debt Service Reserve Fund Requirements for each series of Bonds Outstanding; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory sinking fund redemption pursuant to the Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory sinking fund redemption in such Bond Year.

“Default or Delay Rental” means and shall consist of: (i) all amounts, fees, or expenses that the Corporation may be legally obligated to pay to other parties by reason of any default of the Board under the Facilities Lease or any delay in payment of any sums due by the Board thereunder; and (ii) all costs, expenses, and charges, including reasonable counsel fees, incurred by the Corporation whether by suit or otherwise, in collecting sums payable under the Facilities Lease or in enforcing any covenant or agreement of the Board contained in the Facilities Lease or incurred in obtaining possession of the Facilities after default by the Board that shall be due not later than thirty (30) days from notification that such Default or Delay Rentals are owed.

“Defeasance Obligations” means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

“DTC” or **“Securities Depository”** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depositories appointed pursuant to the Indenture.

“Existing Holder” means a person listed as the beneficial owner of Auction Rate Bonds during an Auction Period in the records of the Auction Agent.

“Expiration Date” means August 1, 2044, the expiration date of the Facilities Lease and the Ground Lease.

“Expropriation” means any foreclosures, attachments, levies, or executions; or the taking of all or any portion of the Facilities by condemnation, expropriation, or eminent domain proceedings.

“Facilities” means the student housing and related facilities described in the Loan Agreement, as amended and supplemented in accordance with the provisions of the Loan Agreement, that are to be renovated and/or

constructed in three (3) phases with the proceeds of the Series 2004 Bonds and Additional Bonds and two existing student housing facilities known as Southeastern Oaks and The Village and containing an aggregate of 582 beds.

“Facilities Documents” means collectively, the Loan Agreement, the Ground Lease, the Facilities Lease, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instrument pertaining to the Facilities.

“Facilities Lease” means that certain Agreement to Lease With Option to Purchase dated as of August 1, 2004, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby the Facilities are leased by the Corporation to the Board, on behalf of the University.

“Fiscal Year” means any period of twelve consecutive months adopted by the Corporation as its fiscal year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, **“Fitch”** shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Authority and approved by the Corporation and the Bond Insurer. Whenever rating categories of Fitch are specified in the Indenture, such categories shall be irrespective of gradations within a category.

“Fixed Rate” means the rate of interest fixed to the maturity of the Series 2004B Bonds and not subject to adjustment.

“Fixed Rate Conversion” means a conversion of the interest rate born by the Series 2004B Bonds from the Auction Rate to the Fixed Rate.

“Fixed Rate Conversion Date” means date on which the Series 2004B Bonds begin to bear interest at a Fixed Rate.

“Governmental Authority” means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

“Governmental Regulations” means any and all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, authorizations, concessions, investigation reports, guidelines, and requirements or accreditation standards of any Governmental Authority having jurisdiction over the Corporation and/or the Board, or affecting the Facilities.

“Ground Lease” means that certain Ground and Buildings Lease dated as of August 1, 2004 by and between the Board, as Lessor on behalf of the University, and the Corporation, as Lessee whereby the Land upon which certain existing facilities that are to be demolished are located and upon which the Facilities shall be constructed and/or renovated and the Facilities, as completed, are leased by the Board to the Corporation.

“Hold Order” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“Indenture” means the Trust Indenture dated as of August 1, 2004, between the Authority and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the terms of the Indenture.

“Initial Auction Agent” means The Bank of New York, together with any successors and assigns.

“Initial Auction Rate” means the rate of interest on the Auction Rate Bonds established for the Initial Period.

“Initial Period” means the period beginning on the Closing Date and ending on and including the Thursday immediately succeeding the Closing Date.

“Interest Account” means the Interest Account within the Debt Service Fund created pursuant to the Indenture.

“Interest Accrual Period” means the Initial Period and thereafter while the Series 2004B Bonds bear interest at the Auction Rate, the period commencing on and including the first day of an Auction Period and ending on and including the last day of such Auction Period.

“Interest Payment Date,” when used with respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate, and the Series 2004C Bonds, means each February 1 and August 1, commencing February 1, 2005, when used with respect to Auction Rate Bonds, means the Business Day following each Auction Date, and with respect to Variable Rate Bonds, means the date set forth in the supplemental indenture executed in connection with the applicable Variable Rate Conversion.

“Interest Rate” means the rate of interest on the Series 2004B Bonds determined in the manner provided in the Indenture.

“Land” means the real property and improvements thereon more particularly described in the Ground Lease upon which certain existing facilities are to be demolished and upon which the Facilities are to be renovated, constructed and located.

“Lawfully Available Funds” means all unrestricted funds available to the University and appropriated by the Board to make Rental payments from any source, including Rents.

“Legal Expenses” means the reasonable fees and charges of attorneys and of legal assistants, paralegals, law clerks and other persons and entities used by attorneys and under attorney supervision and all costs incurred or advanced by any of them irrespective of whether incurred in or advanced prior to the initiation of any legal, equitable, arbitration, administrative, bankruptcy, trial or similar proceedings and any appeal from any of same.

“Liquidity Provider” means a bank or other institution that delivers a standby purchase agreement, letter of credit, or other form of liquidity support and that satisfies the conditions set forth in the Indenture.

“Letter of Representations” means the letter agreement by that name among the Authority, the Trustee, and DTC, concerning the deposit of the Series 2004 Bonds with DTC.

“Litigation Expenses” means all out-of-pocket costs and expenses incurred as a result of a default, or in connection with an indemnification obligation, including Legal Expenses, the reasonable fees and charges of experts and/or consultants, and all court costs and expenses.

“Loan” means the aggregate amount of the moneys loaned to the Corporation pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as of August 1, 2004, between the Corporation and the Authority, including any amendments and supplements thereof and thereto as permitted thereunder.

“Management Agreement” means the Management Agreement dated as of July 1, 2004, between the Management Company and the Corporation, as agent for the Board, and any successor contract for the management of the Facilities.

“Management Company” means Capstone On-Campus Management, LLC, an Alabama limited liability company authorized to do business in Louisiana, and its successor under any Management Agreement.

“Management Fee” means the fee owed to the Management Company pursuant to the Management Agreement in place from time to time between the Management Company and the Corporation, as agent for the Board.

“Market Agent” means Morgan Keegan & Company, Inc. or another market agent or market agents designated in accordance with the terms of the Indenture, and its or their successors or assigns.

“Market Agent Agreement” means an agreement entered into between the Authority and the Market Agent.

“Maximum Annual Debt Service,” with respect to a series of Bonds issued under the Indenture, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

“Maximum Auction Rate” means the lesser of:

- (i) the Applicable Percentage multiplied by The Bond Market Association Municipal Swap Index; or
- (ii) 12% per annum; or
- (iii) the maximum rate permitted by applicable law.

“Moody's” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, **“Moody's”** shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Authority and approved by the Corporation and the Bond Insurer. Whenever rating categories of Moody's are specified in the Indenture, such categories shall be irrespective of gradations within a category.

“Mortgage” means the Mortgage, Assignment of Leases and Security Agreement dated as of August 1, 2004, by the Corporation in favor of the Trustee, mortgaging the Corporation's leasehold interest in and to the Land and the Facilities.

“Net Revenues of the Facilities” means, with respect to any period, the excess of the Rents (determined on a cash basis) over operating expenses (before extraordinary items) of the Facilities and any Additional Facilities, determined in accordance with generally accepted accounting principles, and excluding: (i) any profits or losses on the sale or disposition, not in the ordinary course of business, of investments or fixed or capital assets or resulting from the early extinguishment of debt; (ii) gifts, grants, bequests, donations, and contributions, to the extent specifically restricted by the donor to a particular purposes inconsistent with their use for the payment of Annual Debt Service on the Bonds or Additional Debt; and (iii) the net proceeds of insurance (other than business interruption insurance) and condemnation awards.

“Nonpayment Rate” means a rate equal to the Maximum Auction Rate.

“Notice” means any notice, filing, or other communication given under the Facilities Lease.

“Notice of Fixed Rate Conversion” means a notice from the Authority delivered to the Trustee, the Bond Insurer, the Auction Agent, the Broker-Dealer, and the Securities Depository at least thirty-five (35) but not more than forty-five (45) days prior to a proposed Fixed Rate Conversion Date to the effect that the Authority has determined to change the interest rate mode for the Auction Rate Bonds to a Fixed Rate and has established a Fixed Rate Conversion Date.

“Notice of Variable Rate Conversion” means a notice from the Authority delivered to the Trustee, the Bond Insurer, the Auction Agent, the Broker-Dealer, and the Securities Depository at least thirty-five (35) but not

more than forty-five (45) days prior to a proposed Variable Rate Conversion Date to the effect that the Authority has determined to change the interest rate mode for some or all of the Auction Rate Bonds to a Variable Rate.

“Operating Budget” means the budget of the University as approved by Board for any Fiscal Year during the Term of the Facilities Lease.

“Operating Expenses” means the current expenses of operation, maintenance, and current repair of the Facilities, as calculated in accordance with Generally Accepted Accounting Principles, and includes, without limiting the generality of the foregoing, insurance premiums, reasonable accounting and legal fees and expenses relating to the Facilities and the ownership thereof by the Board, payments with respect to worker's compensation claims not otherwise covered by insurance, any payments due from the Board under the Facilities Lease, the Loan Agreement, or the Indenture, any Rebate Amount, amounts payable by the Corporation under the Loan Agreement or the Mortgage (other than the principal of, premium, if any, and interest on the Series 2004 Bonds); administrative expenses of the Authority (including fees and expenses of the Trustee and counsel fees and expenses) relating solely to the Facilities, the cost of materials and supplies used for current operations, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. **“Operating Expenses”** will not include (1) the Management Fee, but only to the extent the same is subordinated to the payment of the Payments to the same extent as set forth in the initial Management Agreement; (2) the principal of and interest on the Series 2004 Bonds; (3) any allowance for depreciation or replacements of capital assets of the Facilities; or (4) amortization of financing costs.

“Operating Fund” means the account opened and maintained by the Management Company in the Facilities' name for the payment of Operating Expenses at such bank as the Management Company may choose.

“Option to Purchase” or **“Option”** means the option to purchase the Facilities granted in the Facilities Lease.

“Order” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“ORM” means the Office of Risk Management of the State.

“Outstanding” or **“outstanding”**, when used with reference to Series 2004 Bonds, means all Series 2004 Bonds that have been authenticated and issued under the Indenture except:

- (a) Series 2004 Bonds canceled by the Trustee pursuant to the Indenture;
- (b) Series 2004 Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of the Indenture;
- (c) Series 2004 Bonds that have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in the Indenture;
- (d) Series 2004 Bonds in exchange for which other Series 2004 Bonds shall have been authenticated and delivered by the Trustee as provided in the Indenture; and
- (e) For all purposes regarding consents and approvals or directions of Bondholders under the Loan Agreement or the Indenture, Series 2004 Bonds held by or for the Authority, the Corporation, or any person controlling, controlled by, or under common control with either of them.

“Participant” means any broker-dealer, bank, and other financial institution from time to time for which DTC holds Series 2004 Bonds as securities depository.

“Paying Agent” means any bank or trust company designated pursuant to the Indenture to serve as a paying agent or place of payment for the Series 2004 Bonds, and any successors designated pursuant to the Indenture. The initial Paying Agent shall be the Trustee.

“Payment Default” means a default by the Authority in the due and punctual payment of any installment of interest on any of the Outstanding Bonds or (ii) a default by the Authority in the due and punctual payment of the principal or premium, if any, of any of the Outstanding Bonds at their maturity or upon mandatory sinking fund redemption, which, in any case, is followed by the failure of the Bond Insurer to honor a submitted claim for such amounts in accordance with the Bond Insurance Policies

“Payments” means the amounts of repayments under the Loan Agreement with respect to the Bonds to be made by the Corporation as provided in the Loan Agreement.

“Permitted Investments” means any of the following securities to the extent permitted under State law:

(i) The following obligations to be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts:

- (a) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in item (ii)(b)(2) below, or
- (b) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

(ii) The following obligations to be used as Permitted Investment for all purposes other than defeasance investments in refunding escrow accounts:

- (a) Obligations of any of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:
 - (1) U.S. Export-Import Bank (Eximbank),
 - (2) Farm Credit System Financial Assistance Corporation,
 - (3) Rural Economic Community Development Administration,
 - (4) General Services Administration,
 - (5) U.S. Maritime Administration,
 - (6) Small Business Administration,
 - (7) Government National Mortgage Association (GNMA),
 - (8) Department of Housing & Urban Development (PHAs),
 - (9) Federal Housing Administration, and
 - (10) Federal Financing Bank;
- (b) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - (1) Senior debt obligations rated in the highest long-term rating category by at least two (2) nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
 - (2) Senior debt obligations of the Federal Home Loan Bank System, and
 - (3) Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;
- (c) U.S. dollar denominated deposit accounts, federal funds and bankers acceptances with domestic commercial banks that either (1) have a rating on their short-term certificates of

deposit on the date of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies, (2) are insured at all times by the Federal Deposit Insurance Corporation, or (3) are collateralized with direct obligations of the United States of America at one hundred two percent (102%) valued daily. All such certificates must mature no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the commercial bank);

- (d) Commercial paper that is rated at the time of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies and that mature not more than two hundred seventy (270) days after the date of purchase;
- (e) Investments in (1) money market funds subject to SEC Rule 2A-7 and rated in the highest short-term rating category of at least two (2) nationally recognized rating agencies and (2) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Authority's deposit is permitted or directed by the laws of the State and in which the Authority's deposit shall not exceed five percent (5%) of the aggregate pool balance at any time and such pool is rated in one of the two (2) highest short-term rating categories of at least two (2) nationally recognized rating agencies;
- (f) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (1) that are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of at least two (2) nationally recognized rating agencies,
 - (2) that are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow (A) may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this item (2) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (g) General obligations of states with a short-term rating in one (1) of the two (2) highest rating categories and a long-term rating in one (1) of the two (2) highest rating categories of at least two (2) nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually;
- (h) Investment agreements approved in writing by the Bond Insurer; and
- (i) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

"Permitted Sublessees" means persons other than University students, faculty, and staff who are participants in any activities related to the mission of the University and who are using the Facilities for a period of one (1) month or less pursuant to a concession or other housing arrangement with the University.

“Permitted Use” means the operation of the Facilities for the housing of Permitted Sublessees and for purposes related to or associated with the foregoing.

“Person” means all juridical persons, whether corporate or natural, including individuals, firms, trusts, corporations, associates, joint ventures, partnerships, and limited liability companies or partnerships.

“Phase Three of the Facilities” means that portion of the Facilities anticipated to contain not more than two hundred (200) beds the construction of which will be financed with Additional Bonds issued under the Indenture.

“Plans and Specifications” means the plans and specifications prepared for the Facilities, as implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of the Facilities in accordance with the Loan Agreement and the Ground Lease.

“Potential Holder” means any person, including any Existing Holder, who may be interested in acquiring Auction Rate Bonds (or, in the case of an Existing Holder thereof, an additional principal amount of Auction Rate Bonds).

“Principal Account” means the Principal Account within the Debt Service Fund created pursuant to the Indenture.

“Principal Payment Date,” when used with respect to the Bonds means each August 1, commencing August 1, 2006.*

“Prior Debt” means the amount borrowed by the Corporation pursuant to two Loan Agreements each dated as of June 1, 2000, as part of the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which \$14,590,000 is currently outstanding.

“Project Fund” means the fund of that name created under the Indenture.

“Rating Agency,” at any point in time, means any nationally recognized securities rating agency or service then rating the Series 2004 Bonds (collectively, the **“Rating Agencies”**).

“Rebate Amount” means any amounts required to be paid to the Rebate Fund pursuant to the Tax Regulatory Agreement.

“Rebate Fund” means the fund of that name created under the Indenture.

“Receipts Fund” means the fund of that name created under the Indenture.

“Record Date,” with respect to all Series 2004 Bonds other than Auction Rate Bonds and Variable Rate Bonds, means the fifteenth (15th) day of the month preceding each Interest Payment Date; with respect to Auction Rate Bonds, means the Business Day immediately preceding each the Interest Payment Date ; and with respect to Variable Rate Bonds, means the fifth (5th) day preceding each Interest Payment Date.

“Remarketing Agent” means the entity designated by the Authority as remarketing agent under a Remarketing Agreement, or any successor to it as such remarketing agent. The initial Remarketing Agent is Morgan Keegan & Company, Inc.

“Remarketing Agreement” means an agreement between the Authority and a Remarketing Agent, providing for the remarketing of any Bonds in accordance with the terms of the Indenture.

*Preliminary, Subject to Change

“Rental” means and includes the Base Rental and Additional Rental.

“Rents” means all revenues actually received from any source by, or on behalf of the Board or the University with respect to the Facilities and the Additional Facilities, including without duplication, all collected rents and other charges for the use or occupancy of the Facilities, parking charges and revenues, utility charges, vending machine and laundry machine revenues and forfeited security deposits relating to the Facilities, and rental interruption insurance proceeds actually received by or on behalf of the Board or the University (net of the costs of collecting such proceeds), if any; excluding tenants' security deposits unless and until applied in satisfaction of tenants' obligations as provided for in the Management Agreement.

“Reimbursement Agreement” means the Reimbursement and Indemnity Agreement dated as of August 1, 2004, between the Corporation and the Bond Insurer.

“Replacement Fund” means the fund of that name created under the Indenture.

“Replacement Fund Requirement” means, initially, an amount equal to \$_____ increased annually, beginning August 1, 2007, by an amount equal to \$100,000 with such amount increased each year beginning August 1, 2008, at a rate of 3% annually or such lesser annual amount as shall be permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

“S&P” means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Authority and approved by the Corporation and the Bond Insurer. Whenever rating categories of S&P are specified in the Indenture, such categories shall be irrespective of gradations within a category.

“Securities Depository” means The Depository Trust Company and any successor securities depository for the Series 2004 Bonds.

“Sell Order” shall have the meaning set forth in “APPENDIX “C” - AUCTION PROCEDURES” under the heading “Orders by Existing Holders and Potential Holders.”

“Series 2004 Bonds” means, collectively, the Series 2004A Bonds, the Series 2004B Bonds, and the Series 2004C Bonds (each, a “*Series 2004 Bond*”).

“Series 2004A Bonds” means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, authorized to be issued by the Authority in the aggregate principal amount of \$_____, including such Series 2004A Bonds issued in exchange for other such Series 2004A Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost, or stolen Series 2004A Bonds pursuant to the Indenture (each, a “*Series 2004A Bond*”).

“Series 2004B Bonds” means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, authorized to be issued by the Authority in the aggregate principal amount of \$_____, including such Series 2004B Bonds issued in exchange for other such Series 2004B Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost, or stolen Series 2004B Bonds pursuant to the Indenture (each, a “*Series 2004B Bond*”).

“Series 2004C Bonds” means the Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, authorized to be issued by the Authority in the aggregate principal amount of \$_____, including such Series 2004C Bonds issued in exchange for other such Series 2004C Bonds

pursuant to the Indenture, or in replacement for mutilated, destroyed, lost, or stolen Series 2004C Bonds pursuant to the Indenture (each, a “*Series 2004C Bond*”).

“*Standard Auction Period*” shall mean an Auction Period of seven (7) days following the Initial Period or such other Standard Auction Period authorized by the provisions of the Indenture described in “APPENDIX “C” - AUCTION PROCEDURES” under the heading “Orders by Existing Holders and Potential Holders.”

“*State*” means the State of Louisiana.

“*Submission Deadline*” means 1:00 p.m. (New York City time) on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

“*Submitted Bid*” shall have the meaning set forth in “APPENDIX “C” - AUCTION PROCEDURES” under the heading “Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”

“*Submitted Hold Order*” shall have the meaning set forth in “APPENDIX “C” - AUCTION PROCEDURES” under the heading “Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”

“*Submitted Order*” shall have the meaning set forth in “APPENDIX “C” - AUCTION PROCEDURES” under the heading “Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”

“*Submitted Sell Order*” shall have the meaning set forth in “APPENDIX “C” - AUCTION PROCEDURES” under the heading “Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”

“*Sufficient Clearing Bids*” shall have the meaning for which such term is used in “APPENDIX “C” - AUCTION PROCEDURES” under the heading “Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”

“*Tax-Exempt Bonds*” means any Bonds the interest on which is intended to be excluded from the gross income of the beneficial owners thereof for federal income tax purposes.

“*Tax Regulatory Agreement*” means the Tax Regulatory Agreement and Arbitrage Certificate dated as of the Closing Date, among the Authority, the Corporation, the Board and the Trustee.

“*Term*,” when used with respect to the Ground Lease, means the term thereof, as provided therein and when used with respect to the Facilities Lease means the term thereof, as provided therein.

“*Tender Agent*” means any tender agent designated by the Authority or any successor thereto under any substitute Tender Agent Agreement. The initial Tender Agent shall be The Bank of New York Trust Company, N.A.

“*The Bond Market Association Municipal Swap Index*” means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by The Bond Market Association, its successor and assigns, or any person acting in cooperation with or under its sponsorship and acceptable to the Market Agent, and effective from such date.

“*Trust Estate*” means all the property assigned by the Authority to the Trustee pursuant to this Indenture as security for the Series 2004 Bonds and any Additional Bonds.

“*Trustee*” means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Indenture that may be designated (originally or as a successor) as Trustee for the owners of the Series 2004 Bonds and any Additional Bonds issued and secured under the terms of the Indenture, initially The Bank of New York Trust Company, N.A.

“*Underwriter*” means Morgan Keegan & Company, Inc.

"University" means Southeastern Louisiana University in Hammond, Louisiana.

"University Representative" means the Person or Persons designated by the University in writing to serve as the University's representative hereunder; the University Representative shall be the Vice President for Administration and Finance of the University, or any other representative designated by President of the University, of whom the Authority and the Trustee have been notified in writing.

"Value," with respect to Permitted Investments, means (i) as to investments, the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investment so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investment by any two (2) nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) with respect to certificates of deposit and bankers' acceptances, means the face amount thereof, plus accrued interest; (iv) with respect to guaranteed investment contracts that permit the Corporation to withdraw amounts invested thereunder at any time without penalty for which repayment obligation the other party thereto has pledged collateral acceptable to the Bond Insurer, the amount available to be withdrawn therefrom; and (v) with respect to any investment not specified above, means the value thereof established by prior agreement among the Bond Insurer, the Trustee, and the Corporation.

"Variable Rate," with respect to Variable Rate Bonds means the rate of interest (adjusted weekly) borne thereby in a particular Variable Rate Period, as determined by the Remarketing Agent.

"Variable Rate Announcement Date" means the first (1st) day of a Variable Rate Determination Period and each subsequent Thursday during a Variable Rate Period, or if such Thursday is not a Business Day, the immediately preceding Business Day on which the Remarketing Agent will determine the interest rate for the immediately succeeding Variable Rate Determination Period.

"Variable Rate Bonds" means any principal amount of Series 2004B Bonds bearing interest at the Variable Rate.

"Variable Rate Conversion" means a conversion of the interest rate born by the Auction Rate Bonds from the Auction Rate to the Variable Rate.

"Variable Rate Conversion Date" means the first Variable Rate Effective Date.

"Variable Rate Determination Period," with respect to Variable Rate Bonds, means the period commencing on a Variable Rate Effective Date and continuing to and including the calendar day preceding the immediately succeeding Variable Rate Effective Date.

"Variable Rate Effective Date" means the Thursday immediately succeeding a Variable Rate Announcement Date.

"Variable Rate Period," with respect to any principal amount of the Series 2004B Bonds, means the period during which such Series 2004B Bonds bear interest at a Variable Rate.

"Winning Bid Rate" shall have the meaning set forth in "APPENDIX "C" - AUCTION PROCEDURES" under the heading "Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate."

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APPENDIX "B"

SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS

The following summaries of the Indenture and the Loan Agreement do not purport to be comprehensive or definitive statements of the provisions of such documents and prospective purchasers of the Series 2004 Bonds are referred to the complete texts of such documents, copies of which are available upon request from the Underwriter prior to the issuance and delivery of the Series 2004 Bonds and from the Trustee after the issuance and delivery of the Series 2004 Bonds.

THE INDENTURE

General

The Indenture will contain an assignment by the Authority to the Trustee, in trust, to secure payment of the Series 2004 Bonds, of all of the Authority's right, title, and interest in, to and under the Loan Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder), and in, to, and under the Facilities Lease assigned by the Corporation to the Authority pursuant to the Loan Agreement, including the right to receive all payments of Rental thereunder.

Investments

All moneys in any Fund will, at the written direction of the Corporation as advised by the Board, be invested and reinvested in Permitted Investments. All income derived from any profit or loss on any such investment of moneys on deposit in any such fund or account will be credited, or debited, as the case may be, to the respective fund or account in which earned, except that if the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Fund Requirement, earnings in the Debt Service Reserve Fund will be transferred to the Interest Account.

All cash investments in the Debt Service Reserve Fund will be required to be valued at fair market value and marked to market twice per year.

The Authority will agree in the Indenture that it will not direct the investment of moneys in the various funds and accounts created thereunder in a manner that would result in the loss of exclusion from gross income of interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds for federal income tax purposes or in such manner that would result in the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds becoming "arbitrage bonds" within the meaning of Section 148 of the Code.

Requisitions from the Project Fund

Payments from the Project Fund will be required to be made, as follows:

In connection with a payment from the Project Fund, there will be required to be filed with the Trustee a requisition, substantially in the form attached to the Indenture and made a part thereof, signed by an Authorized Corporation Representative, stating:

- (a) the item number of each such payment;
- (b) the name of the person, firm, or corporation to whom each such payment is due, or, if such payment has been made by the Corporation, that the Trustee is to reimburse the Corporation directly for such payment;
- (c) the respective amounts to be paid;
- (d) the purpose by general classification for which each obligation to be paid was incurred;

(e) that obligations in the stated amounts have been incurred by the Corporation and are either (i) presently due and payable or (ii) have been paid by the Corporation and that each item thereof is a proper charge against the Project Fund and has not been the subject of any prior requisition;

(f) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition; and

(g) a certification that all work, materials, supplies and equipment which are the subject of such requisition have been performed or delivered and are in accordance with the description of the Facilities.

Upon receipt of each requisition and accompanying certificate and information, the Trustee will pay the obligations set forth in such requisition out of the money in the Project Fund, and each such obligation will be paid by check signed by one or more officers or employees of the Trustee designated for such purpose by the Trustee or by wire transfer or credit to an account of the Corporation held by the Trustee or in such other manner as may be agreed on by the Corporation and the Trustee. In making such payments the Trustee may rely upon such requisitions. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

Application of Money in the Debt Service Reserve Fund

(a) The Debt Service Reserve Fund will be funded on the date of delivery of the Series 2004 Bonds in an amount equal to the Debt Service Reserve Fund Requirement. If any Additional Bonds that are Tax-Exempt Bonds shall be issued, the Authority will be required to cause to be deposited in the Debt Service Reserve Fund, an amount necessary to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement.

(b) The Trustee will be required to transfer money from the Debt Service Reserve Fund to the Interest Account and the Principal Account of the Debt Service Fund to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds, whenever and to the extent that the money on deposit in said accounts (together with any amounts available therefor in the Surplus Fund and the Replacement Fund), is insufficient for such purposes. **Amounts in the Debt Service Reserve Fund will not be available to pay the principal of, or the interest on, the Series 2004C Bonds or any Additional Bonds that are not Tax-Exempt Bonds.** If the Trustee shall apply any moneys in the Debt Service Reserve Fund to the payment of principal of or interest on the Bonds, the Trustee will be required to give immediate notice to the Bond Insurer.

(c) If the money held in the Debt Service Reserve Fund, including interest earnings, exceeds the Debt Service Reserve Fund Requirement, an amount equal to such excess will be transferred by the Trustee to the Interest Account of the Debt Service Fund unless Additional Bonds have been issued, in which case, at the direction of the Authority, the excess moneys in the Debt Service Reserve Fund will, at any time prior to completion of construction of the Facilities, be transferred to the Project Fund. The Trustee will not be required to liquidate any investment before its maturity to make such transfer. Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee will be required to notify the Authority, the Bond Insurer, and the Corporation of the amount of such deficiency and such deficiency will be remedied, as provided in the Indenture. Upon notification the Corporation will be required to deliver to the Trustee an amount sufficient to cure the deficiency in accordance with the Indenture and the Loan Agreement.

(d) The Authority may, at the direction of the Corporation and as advised by the Board and with the prior written consent of the Bond Insurer, at any time, deposit with the Trustee, to replace cash in the Debt Service Reserve Fund (in which case the replaced cash shall be paid to the University) or to meet the requirements in the Indenture that it deposit additional amounts in the Debt Service Reserve Fund, a Debt Service Reserve Fund Investment. Any bank issuing a letter of credit must have a rating on its unsecured debt, or on debt secured by its

letters of credit and which ratings are based solely on the bank's letter of credit, of "AA-" or better by S&P and "Aa3" or better by Moody's. Any insurance company issuing a surety bond must have a claims-paying ability rating of "AAA" by S&P and "Aaa" by Moody's. If such Debt Service Reserve Fund Investment expires prior to fifteen (15) days after the final maturity of the Series 2004 Bonds, it must provide, that if not renewed within fifteen (15) days prior to its expiration date in an amount equal to the undrawn amount thereof (other than because of a reduction in the Debt Service Reserve Fund Requirement or the deposit of cash in the Debt Service Reserve Fund to replace it), the Trustee will be permitted to draw the full amount of such Debt Service Reserve Fund Investment. The Trustee will draw down the full amount of such Debt Service Reserve Fund Investment and deposit such amount in the Debt Service Reserve Fund fifteen (15) days prior to expiration of such Debt Service Reserve Fund Investment if it is not renewed as provided for in the preceding sentence. The Debt Service Reserve Fund Investment must be able to be drawn upon at any time that cash could be withdrawn from the Debt Service Reserve Fund. Prior to accepting any such Debt Service Reserve Fund Investment, the Trustee, the Corporation, the Board, the Authority, and the Bond Insurer must receive a Bond Counsel opinion that such acceptance and any payment of funds in the Debt Service Reserve Fund to the Corporation is authorized by the Indenture and will not adversely affect the exclusion of interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds from gross income for purposes of federal income taxation. If a Debt Service Reserve Fund Investment shall be deposited in the Debt Service Reserve Fund in lieu of cash, the cash amount contained in the Debt Service Reserve Fund will be required to be transferred to the Replacement Fund.

If a disbursement shall be made under a surety bond deposited in the Debt Service Reserve Fund, the Corporation will be obligated to either reinstate the maximum limits of such surety bond immediately following such disbursement in twelve (12) equal monthly installments or as required by the Authority of the Debt Service Reserve Fund Investment in an amount equal to the Debt Service Reserve Fund Requirement or deposit into the Debt Service Reserve Fund funds in the amount of the disbursement made under the Debt Service Reserve Fund Investment, or a combination of such alternatives as shall equal the Debt Service Reserve Fund Requirement.

Application of Insurance Proceeds; Condemnation Award

If all or any portion of the Facilities shall be damaged or destroyed by a Casualty or shall be taken by Expropriation proceedings, the Corporation will be required, upon receipt of notice from the University and/or the Board instructing the Corporation to do so, as expeditiously as possible, to prosecute or cause to be prosecuted continuously and diligently the repair, restoration, or replacement thereof; provided however, that the Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Facilities will be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust or in the case of self insurance through ORM, as described in the second succeeding paragraph, and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be disbursed to pay the costs of restoration, replacement, and repair of the Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation as advised by the Board, stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Facilities, or for the improper use of moneys properly disbursed pursuant to request made under the Indenture. Any proceeds remaining on deposit with Trustee following completion of the repairs, restoration, or replacement of the Facilities will be paid by Trustee to the Board.

In the event the University shall decide not to repair, restore, or replace the Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation and including any portion of such payments attributable to the Board's interest) will be paid to the Trustee and applied to the

prepayment of the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds in accordance with the terms of the Indenture.

In the event ORM shall insure the Facilities, the Board will be required to cause the Corporation to use the insurance proceeds received from ORM in accordance with policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration, or replacement of the Facilities

Application of Money in the Replacement Fund

(a) The Replacement Fund will be funded on the Closing Date in the amount of the Replacement Fund Requirement from proceeds of the Series 2004 Bonds.

All moneys in the Replacement Fund will be held for the benefit of the Board through the Corporation, will not be pledged under the Indenture, and will be permitted to be drawn on and used by the Corporation or the Board to (i) replace any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, equipment, fixtures, and other property owned by the Board or the Corporation and located on the Facilities, and (ii) maintain the Facilities and to make all alterations, repairs, restorations, and replacements to the Facilities as and when needed to preserve the Facilities in good working order, condition, and repair, each as required by the Facilities Lease. Withdrawals from the Replacement Fund for the purposes set forth above will be made by the Trustee upon its receipt of a requisition from the Board or the Corporation complying with the requirements of the Indenture. Moneys in the Replacement Fund will also be permitted to be drawn by the Trustee and transferred to the Debt Service Fund if amounts on deposit therein, together with amounts available therefor in the Surplus Fund, are insufficient to pay debt service on the Bonds on any Interest Payment Date or Principal Payment Date.

(b) Any moneys remaining in the Replacement Fund immediately prior to the time all of the Bonds are paid, or provision for their payment is made in accordance with the Indenture, will be paid to the University.

Events of Default and Remedies

Each of the following will be an "*Event of Default*" under the Indenture:

(a) Payment of any installment of interest, on any of the Bonds shall not be made when the same shall become due and payable;

(b) The payment of principal of or premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or by acceleration or otherwise;

(c) An "*Event of Default*" under the Loan Agreement shall have occurred;

(d) A default shall occur under the Facilities Lease;

(e) Default by the Authority in the due and punctual performance of any other of the covenants, conditions, agreements, or provisions contained in the Bonds or in the Indenture on the part of the Authority to be performed, if such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority, the Board, the Bond Insurer, and the Corporation by the Trustee, which will be permitted to give such notice in its discretion and will be required to give such notice at the written request of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such default shall not become an Event of Default if said default shall be of the nature that (i) it cannot be corrected within the thirty (30) day period after receipt of notice, but the Authority (or the Corporation pursuant to the provisions of the Indenture) shall promptly institute and diligently pursue corrective action until such default is cured, or (ii) the Trustee shall determine that such default is not curable but such default does not affect the validity or enforceability of the Bonds, the Indenture, or the Loan Agreement, an event of nonperformance shall not have occurred under the Loan Agreement (other than as a result of the cross-default provisions), and such default

shall not impair the security or the obligations provided for or under the Bonds, the Indenture, or the Loan Agreement, and (iii) the Bond Insurer shall have consented to such event not being an Event of Default.

For all purposes of the Indenture described hereunder (other than “**Notice of Defaults**” below), the Bond Insurer will be deemed to be the sole owner of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policies, and the Bond Insurer will be entitled to (i) notify the Trustee of the occurrence of an Event of Default hereunder, (ii) request that the Trustee intervene in judicial proceedings that affect the Bonds or the security therefor, (iii) direct all remedies in the Event of Default, (iv) be recognized as the owner of each Bond that it insures for the purposes of exercising all rights and privileges available to Bondholders, (v) have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Bondholder in accordance with the provisions of the Indenture or each Bond for which it insures.

Upon the occurrence of an Event of Default, the Authority, the Trustee, and, subject to the provisions of the Indenture described below under the subheadings “**Majority of Bondholders Control Proceedings**” and “**Individual Bondholder Action Restricted**,” the Bondholders will have all the rights and remedies as may be allowed by law, the Indenture, the Mortgage, the Assignment of Agreements and Documents, or pursuant to the provisions of the Loan Agreement and/or the Facilities Lease by virtue of their assignment under the Indenture, including but not limited to, acceleration of the maturity of all Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions of the Indenture, the Mortgage, the Loan Agreement, or the Facilities Lease.

Upon the occurrence of an Event of Default, the Trustee will be permitted, with the prior written consent of the Bond Insurer, and upon the written request of the Bond Insurer will be required, by notice in writing to the Authority, the Board and the Corporation, to declare the Bonds then outstanding immediately due and payable, and such Bonds will become and be immediately due and payable, anything in such Bonds or in the Agreement or the Indenture to the contrary notwithstanding, and the Trustee will be permitted to exercise any remedies granted to it in the Indenture. In such event, there will be due and payable on the Bonds an amount equal to the principal amount of all the Bonds then outstanding plus all interest accrued thereon and which will accrue thereon to the date of payment. If the Bond Insurer shall be in default of its payment obligations under any of the Bond Insurance Policies, the owners of not less than a majority of the aggregate principal amount of Bonds outstanding, will be permitted to direct the Trustee to declare the Bonds then outstanding immediately due and payable.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action, or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under the Indenture, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, or the Facilities Lease, the Trustee will be permitted to annul such declaration and its consequences with respect to the Series 2004 Bonds if: (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of principal (other than principal due solely because of acceleration) and interest; (ii) moneys shall be available sufficient to pay the charges, compensation, expenses, disbursements, advances, and liabilities of the Authority and the Trustee; (iii) all other amounts then payable by the Authority or the Corporation under the Indenture or the Loan Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Authority or the Trustee (other than a default in the payment of the principal of the Bonds due only because of such declaration) shall have been remedied to the satisfaction of the Authority and the Trustee. No such annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

No waiver of any Event of Default will be effective without the written consent of the Bond Insurer.

Insufficiency in the Debt Service Fund and the Debt Service Reserve Fund; Application of Moneys

Anything in the Indenture to the contrary notwithstanding, if at any time the moneys in the Debt Service Fund and the Debt Service Reserve Fund shall not be sufficient to pay the interest on, premium, if any, or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities), such moneys, together with any other moneys then available or thereafter becoming available for such

purpose, whether through the exercise of the remedies provided for in the Indenture or otherwise, including, without limitation, moneys paid by the Corporation to the Trustee pursuant to the Mortgage, shall be applied as follows:

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

FIRST, to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay any particular installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; then

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of their due dates, with interest on the principal amount of such Bonds due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and the interest thereon, then to the payment thereof ratably, according to the amount of the interest due on such date, and next, to the payment of the principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and then

THIRD, to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Indenture.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of the Indenture described in (b) above, in the event that the principal of all the Bonds shall later become or be declared due and payable, then all such moneys will be applied in accordance with the provisions of (a) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of the Indenture, such money will be required to be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for application in the future; the deposit of such money or otherwise setting aside such money in trust for the proper purpose will constitute proper application by the Trustee; and the Trustee will incur no liability whatsoever to the Authority, to any Bondholder, or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it will be required to fix the date (which will be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date and will not be required to make payment to the owner of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

Discontinuance of Proceedings

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Authority, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers, and duties of the Trustee will continue as though no proceeding had been taken.

Appointment of Receiver

Upon the occurrence of an Event of Default, and upon filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or keeper pending such proceedings, with such powers as the court making such appointment shall confer.

Remedies Not Exclusive

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Bondholders will be intended to be exclusive of any other remedy, but each and every remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity on or after the date of execution and delivery of the Indenture.

Remedies Vested In Trustee

All rights of action under the Indenture, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, or under any of the Bonds will be permitted to be enforced by the Trustee without possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee will be permitted to be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds.

Majority of Bondholders Control Proceedings

If an Event of Default shall have occurred and be continuing, subject to all rights granted to the Bond Insurer in the Indenture, the owners of at least a majority of the aggregate outstanding principal amount of Bonds then outstanding will have the right, after written notice delivered to the Trustee, at any time by an instrument or instruments in writing executed and delivered to the Trustee, together with security or indemnity satisfactory to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture, provided the direction shall be in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, shall not be unduly prejudicial to the interest of Bondholders not joining in such direction, and provided further, that nothing in the Indenture described under this subheading shall impair the right of the Trustee in its discretion to take any other action under the Indenture that it may deem proper and that shall not be inconsistent with the direction by the Bondholders.

Individual Bondholder Action Restricted

No owner of any Bond will have any right to institute any suit, action, or proceeding for the enforcement of the Indenture or for the execution of any trust thereunder or for any remedy thereunder unless an Event of Default shall have occurred (other than a payment default) as to which the Trustee shall have actual notice or as to which the Trustee shall have been notified in writing, and the owners of at least a majority of the aggregate outstanding principal amount of Bonds shall have made written request to the Trustee to proceed to exercise the powers granted to it under the Indenture or to institute an action, suit, or proceeding in its own name; and these Bondholders shall have offered the Trustee such indemnity as may be satisfactory to the Trustee, and the Trustee shall have failed or refused to exercise the powers granted in the Indenture or to institute an action, suit, or proceeding in its own name for a period of sixty (60) days after receipt of the request and offer of indemnity.

No one or more owners of Bonds will have any right in any manner whatsoever to disturb or prejudice the security of the Indenture or to enforce any right thereunder except in the manner therein provided and then only for the equal benefit of the owners of all outstanding Bonds.

Waiver and Non-Waiver of Event of Default

No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power accruing upon any Event of Default will impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by the Indenture to the Trustee and to the owners of the Bonds, respectively, will be permitted to be exercised from time to time and as often as may be deemed expedient.

The Trustee, with Bond Insurer consent, will be permitted to waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action, or proceeding instituted by it under the provisions of the Indenture or before the completion of the enforcement of any other remedy under the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon written request of the Bond Insurer or the Bond Insurer and the owners of at least a majority of the aggregate principal amount of the Bonds then outstanding, will be required to waive any Event of Default and its consequences; provided, however, that a default in the payment of the principal of, premium, if any, or interest on any Bond, when due and payable or upon call for redemption, will not be permitted to be waived after the date the same shall become due and payable without the written consent of the owners of all the Bonds at the time outstanding.

In case of a waiver by the Trustee of any Event of Default, the Authority, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, but no waiver will extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee will not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with the terms of the Indenture.

Notice of Defaults

Within thirty (30) days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee shall be deemed to have notice, the Trustee will be required (unless the Event of Default shall already have been cured) to give written notice of the Event of Default to the owners of all Bonds then outstanding in the manner provided in the Indenture, provided that, except in the case of a default in the payment of principal, redemption price, or interest on any of the Bonds, the Trustee will be permitted to withhold the notice to the Bondholders if, in its sole judgment, it shall determine that the withholding of notice is not detrimental to the best interest of the Bondholders.

The Trustee will be required to notify, in writing, the Authority, the Board, the Bond Insurer, and the Corporation immediately of any Event of Default known to the Trustee.

The Trustee will be required to provide the Bond Insurer immediate notice of any default in the payment of principal of, premium, if any, or interest on the Bonds.

Opportunity of Corporation to Cure Certain Defaults

The Authority and the Trustee by the Indenture will grant the Corporation full authority on the account of the Board and/or the Authority to perform any covenant or obligation and to otherwise fulfill any condition the failure or non-performance of which shall be or shall be alleged to be an Event of Default under the provisions of the Indenture described in subsection (f) under the subheading “**Events of Default and Remedies**” above, and the Trustee will agree that performance by the Corporation will be deemed to be performance by the Board or the Authority.

Trustee

The obligations and duties of the Trustee will be described in the Indenture, the Loan Agreement, the Facilities Lease, the Mortgage, and the Assignment of Agreements and Documents, and the Trustee will undertake only those obligations and duties that are expressly set out and only upon such terms and conditions as set forth in the Indenture, the Loan Agreement, the Facilities Lease, the Mortgage, and the Assignment of Agreements and Documents. The Trustee will not independently pass upon the validity of the Bonds, the security thereof, the adequacy of the provisions for payment thereof, or the tax-exempt status of the interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds. The Trustee will be permitted to rely upon the opinion of bond counsel for the validity of the Series 2004 Bonds and the tax-exempt status of the interest on the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds. The Indenture will expressly provide that the Trustee will not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel.

Under the terms of the Indenture, the Trustee will be liable only for those damages caused by its negligence or willful misconduct. Under the Indenture, the Trustee will not be deemed to have notice of an Event of Default described in items (b) through (e) under the heading "**THE INDENTURE - Events of Default and Remedies**" unless the Trustee shall have actual knowledge of such Event of Default or shall have been given written notice of such Event of Default by the Bond Insurer or any Bondholder. All notices or other instruments required by the Indenture to be delivered to the Trustee will be required to be delivered to the principal corporate trust office of the Trustee. The summary of the Trustee's rights, duties, obligations, and immunities contained herein is not intended to be a complete summary, and references must be made to the Indenture for a complete statement of the Trustee's rights, duties, obligations, and immunities.

Qualification of the Trustee

There will at all times be a Trustee under the Indenture. Any successor Trustee thereunder will be required to be a trust company or commercial bank (having trust powers) organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having unimpaired capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such trust company or bank shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of the Indenture described under this subheading, the unimpaired capital and surplus of such association or corporation will be deemed to be its unimpaired capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, it will be required to resign immediately in the manner and with the effect specified below.

Resignation and Removal of Trustee

No resignation or removal of the Trustee and no appointment of a successor Trustee will become effective until the acceptance of appointment by the successor Trustee under the Indenture and until notice of resignation or removal and appointment, as the case may be, shall have been provided to the Bond Insurer.

The Trustee will be permitted to resign at any time by giving written notice thereof to the Authority, the Bond Insurer, the Board, the Corporation, and the Bondholders. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the retiring Trustee will be permitted to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee will be permitted to be removed with or without cause at any time by an instrument or instruments in writing to the Trustee, with copies to the Authority, the Bond Insurer, the Board, and the Corporation, signed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding or by their attorneys, legal representatives, or agents and delivered to the Trustee, the Authority, the Bond Insurer, the Board, and the Corporation (such instruments to be effective only when received by the Trustee).

If at any time

(i) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Corporation for the Board or by any Bondholder, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, (1) the Authority, in its discretion and without obligation, will be permitted or the Corporation, on behalf of the Board, will be permitted to remove the Trustee, or (2) any Bondholder will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor but only, in each case, with the prior written approval of the Bond Insurer.

If the Trustee shall be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause other than resignation (it being understood that no vacancy may occur as a result of resignation since the Trustee will not be permitted to resign unless a successor shall have been appointed) or if the Trustee shall tender its resignation, the Authority with the approval of the Bond Insurer (so long as the Bond Insurer is not in default under the Bond Insurance Policies) will promptly appoint a successor provided the Authority shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Authority in connection therewith as such costs and expenses shall accrue. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding and delivered to the Corporation for the Board and the retiring Trustee, the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Authority. If no successor Trustee shall have been so appointed by the Authority or the Bondholders and accepted appointment in the manner hereinafter described, any Bondholder who shall have been a *bona fide* owner of a Bond for at least six (6) months will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Authority will be required to give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to all Bondholders upon the written request of the Trustee and provided the Authority shall have been furnished with sufficient funds to pay all costs and expenses (including attorney's fees) reasonably incurred by the Authority in connection therewith as such costs and expenses shall accrue. Each notice will be required to include the name and address of the principal corporate trust office of the successor Trustee.

Successor Trustee

Every successor Trustee appointed under the Indenture will be required to execute, acknowledge, and deliver to its predecessor, and also to the Authority, the Bond Insurer, and the Corporation, for the Board, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, will become fully vested with all the rights, immunities, powers, and trusts, and subject to all the duties and obligations, of its predecessors; but such predecessor will, nevertheless, on the written request of its successor or of the Authority and upon payment of the expenses, charges, and other disbursements of such predecessor that are payable pursuant to the provisions of the Indenture, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers, and trusts of such predecessor under the Indenture; and every predecessor Trustee will be required to deliver all property and moneys held by it under the Indenture to its successor, subject, nevertheless, to its preference, if any, provided for in the Indenture. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers, and trusts by the Indenture vested or intended to be vested in the predecessor Trustee, any such instrument in writing will be executed, acknowledged, and delivered by the Authority upon the written request of

the Trustee and provided the Authority shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Authority in connection therewith as such costs and expenses accrue.

Notwithstanding any of the foregoing provisions of the Indenture, any bank or trust company having power to perform the duties and execute the trusts of the Indenture and otherwise qualified to act as Trustee under the Indenture with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the corporate trust assets and corporate trust business of such bank or trust company may be sold, will be deemed the successor of the Trustee.

Supplemental Indentures

Subject to the conditions and restrictions in the Indenture, the Indenture may be amended or supplemented from time to time, without the consent of the registered owners of the Bonds, but with consent of the Bond Insurer, for one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Bondholders or the Trustee or either of them; (c) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral; (d) to provide for the issuance of Additional Bonds in conformity with the Indenture and to fix all details with respect thereto or to provide further conditions, limitations, or restrictions on the issuance of Additional Bonds; (e) to add to the provisions thereof in connection with a Variable Rate Conversion, (f) to modify, amend, or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification thereof under any federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions, and provisions as may be permitted or required by any said federal statute or Blue Sky Law; provided that any such supplemental indenture shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds; or (g) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders.

The Indenture also may be amended from time to time with the consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, and with the consent of the Bond Insurer, for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that no amendment will be permitted to be made, without the consent of the Bond Insurer and the owners of all the Bonds then outstanding, permitting: (a) an extension of the stated maturity or scheduled sinking fund redemption or reduction in the principal amount or premium of, or reduction in the rate or extension of the time of payment of interest on, any Bonds; or (b) the creation of any lien on the Trust Estate or any part thereof pledged under the Indenture prior to or on a parity with the lien of the Indenture; or (c) a reduction in the aforesaid aggregate outstanding principal amount of Bonds the owners of which shall be required to consent to any such supplemental indenture. No such amendment will modify the rights, duties, or immunities of the Trustee without the written consent of the Trustee.

Defeasance

When all of the Bonds shall have been paid and discharged and there shall have been paid all the fees and charges of the Trustee due or to become due through the date on which the last of the Bonds shall have been retired, then the Indenture will cease, terminate, and become null and void, and thereupon the Trustee will be required to release the Indenture including the cancellation and discharge of the lien thereof, and execute and deliver to the Authority such instruments in writing as shall be requisite to satisfy the lien thereof and, if necessary, to enter on the records such satisfaction and discharge and to re-convey to the Authority any property or interest therein or other rights thereby conveyed and such other instruments to evidence such release and discharge as may be reasonably required by the Authority, and the Trustee will be required to assign and deliver to the Authority any property at the time subject to the lien of the Indenture which may then be in its possession, except amounts in any Fund otherwise required to be paid by the Indenture and except such cash and investments as shall be held by the Trustee for the payment of interest and premium, if any, on and retirement of the Bonds.

Notwithstanding the foregoing, the obligation of the Board to pay the fees and expenses of the Trustee in accordance with the terms of the Indenture, will survive defeasance of the Bonds, the discharge of the Indenture, and the termination of the Loan Agreement.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policies, the Bonds will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Authority to the registered owners will continue to exist and will run to the benefit of the Bond Insurer, and the Bond Insurer will be subrogated to the rights of such registered owners.

Provision for the payment of any Bond will be deemed to have been made and the Bonds deemed discharged if the Trustee, or an escrow trustee, shall hold, in trust for and irrevocably committed thereto, moneys or Defeasance Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient for the payment of such Bonds, at their maturity or redemption date of the principal thereof, together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been duly made for the giving of such notice.

THE LOAN AGREEMENT

Nature and Benefits

The Loan Agreement will be executed and delivered in part to induce concurrently therewith the purchase by others of the Series 2004 Bonds, and, accordingly, all covenants and agreements on the part of the Corporation and the Authority, as set forth therein and in the Loan Agreement, will thereby be declared to be for the benefit of the Trustee for the owners from time to time of the Series 2004 Bonds. The Corporation will consent and agree to the assignment by the Authority to the Trustee under the Indenture of all of the Authority's right, title, and interest (except for certain rights relating to exculpation, indemnification, and payment of expenses) in, to, and under the Loan Agreement, including the interest of the Authority in and to the Facilities Lease assigned by the Corporation to the Authority thereunder, and will agree that the provisions of the Loan Agreement may be enforced by the Trustee under the provisions of the Indenture. The Corporation will agree to do all things within its power in order to comply with, and to enable the Authority to comply with, all requirements and to fulfill, and to enable the Authority to fulfill, all covenants of the Indenture and the Series 2004 Bonds.

The Loan Agreement will be a limited obligation of the Corporation, payable solely from the Base Rental, and the Loan Agreement will remain in full force and effect until the Series 2004 Bonds and the interest therein have been fully paid or otherwise provided for or discharged.

Construction, Improvement and Equipping of the Facilities

The Corporation will lease the Land and will agree to demolish certain facilities, construct the New Facilities, and renovate the Renovated Facility with all reasonable dispatch and in accordance with the Facilities Documents to take all action necessary to enforce the provisions of the Facilities Documents. The New Facilities as constructed will be owned by the Board and subject to the Ground Lease.

Disbursements from Project Fund

The money in the Project Fund will be required to be applied by the Trustee, and in connection therewith requisitions will be required to be presented by the Corporation signed by an Authorized Corporation

Representative, for payment of the Costs of the Facilities in accordance with the Indenture and the Loan Agreement, and pending such application, such money will be invested and reinvested in accordance with the Indenture.

Use of Bond Proceeds

Under the Loan Agreement, proceeds of the sale of the Series 2004 Bonds, after the required transfers to the Bond Insurer, and to the Debt Service Reserve Fund, the Replacement Fund, the Capitalized Interest Fund, and the Bond Fund, will be deposited in the Project Fund and applied to the payment of the Costs of the Facilities. Costs of issuance will be retained in a special Costs of Issuance Account of the Bond Proceeds Fund for payment as specified in a request and authorization delivered pursuant to the Loan Agreement. Moneys in the Project Fund will be applied by the Trustee, upon presentation of requisitions by the Corporation by an Authorized Corporation Representative, for payment of the Costs of the Facilities, in accordance with the Loan Agreement. Pending such application, moneys in the Project Fund will be invested and reinvested in accordance with the Indenture.

Completion of Payment of Construction of the Facilities

At such time as the Corporation shall have notice that the funds initially deposited in the Project Fund on the Closing Date to finance the Facilities, together with the investment earnings thereon, are insufficient to pay the completion Costs of the Facilities, the Corporation will be required to deliver to the Trustee and the Authority written estimates by an architect and an Authorized Corporation Representative of the additional funds required to pay the completion Costs of the Facilities, and such additional information and data as may be reasonably requested by the Authority and the Trustee. The Corporation will be required to complete the demolition of certain existing facilities and the renovation, development, and construction of the Facilities and pay that portion of the completion Costs of the Facilities as may be in excess of the money available therefor in the Project Fund. The obligation of the Corporation to pay in full the completion Costs of the Facilities will be a limited obligation of the Corporation payable solely from the Base Rental.

Upon request of the Corporation, the Authority will use its best efforts to issue and sell, upon terms and at prices acceptable to the Authority and the Corporation, one or more series of Additional Bonds for the purpose of financing the completion Costs of the Facilities; provided, however, that failure of the Authority to issue such Additional Bonds will not relieve the Corporation of its obligation to provide the additional money required to pay the completion Costs of the Facilities. If, after exhaustion of the money in the Project Fund, the Corporation should pay any portion of the Costs of the Facilities, it will not be entitled to any reimbursement therefor from the Authority or from the Trustee and will not be entitled to any abatement, diminution, or postponement of payments required to be made by it under the Loan Agreement.

When the Facilities shall be substantially complete, the Corporation will detail all Costs of the Facilities, and other facilities necessary in connection with the Facilities, to the Authority and the Trustee, and will certify such Costs of the Facilities have been paid. The certification will provide that the Facilities are substantially complete in accordance with the Plans and Specifications.

Disbursement of Bond Proceeds

In order to provide funds for paying the Costs of the Facilities, the Authority, as soon as practicable after the execution of the Loan Agreement will proceed to issue, sell, and deliver the Series 2004 Bonds to the purchasers thereof and will deposit the proceeds thereof as provided by the Indenture with the Trustee for disbursement in accordance with the provisions of the Indenture.

Upon the terms and conditions of the Loan Agreement, the Authority will lend to the Corporation the proceeds of the sale of the Series 2004 Bonds. The proceeds of the Loan will be deposited with the Trustee and applied in accordance with the Indenture.

Loan Payments

The Corporation, for and in consideration of the issuance of the Series 2004 Bonds under the Indenture by the Authority and the application of the proceeds thereof by the Authority as provided in the Indenture for the benefit of the Corporation, will promise to repay the Loan, but solely from the Base Rental, by making the following payments to or for the account of the Authority in an amount sufficient for the payment in full of all Series 2004 Bonds from time to time issued under the Indenture and then outstanding, including (i) the total interest becoming due and payable on the Bonds to the date of payment thereof, and (ii) the total principal amount of and premium, if any, on the Bonds. The Payments with respect to the Bonds will be payable directly to the Trustee for the account of the Authority in installments as follows:

(i) With respect to the Series 2004A Bonds, the Series 2004B Bonds that are not Auction Rate Bonds, and the Series 2004C Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2004, in an amount equal to one-sixth (1/6th) of the interest due and payable thereon on the next February 1 or August 1, or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date; and

(ii) With respect to the Auction Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing on August 18, 2004, in an amount equal to the interest due and payable on the Auction Rate Bonds on such Interest Payment Date; and

(iii) With respect to the Variable Rate Bonds, two (2) Business Days prior to each Interest Payment Date commencing on the Interest Payment Date immediately succeeding the applicable Variable Rate Conversion Date, an amount equal to the interest due and payable on the Variable Rate Bonds on such Interest Payment Date; and

(iv) On the twenty-fifth (25th) day of each month, commencing August 25, 2005,* in an amount equal to one-twelfth (1/12th) of the principal of the Series 2004 Bonds payable on the next Principal Payment Date; and

(v) On the dates required in the Indenture, into any of the funds established in the Indenture, including, without limitation, the Debt Service Reserve Fund and the Replacement Fund, an amount sufficient to make up any deficiency in any prior payment required to be made into such fund and to restore any loss resulting from investment or other causes from such fund and any other payment required to be made to such fund by the Indenture.

If the interest rate on Auction Bonds or Variable Rate Bonds is subject to adjustment pursuant to the Indenture after the date of such required payment deposit and prior to such Interest Payment Date, interest accruing on such Bonds from such adjustment date will be assumed to accrue at the rate in effect on such Bonds as of the date of such required deposit plus 100 basis points or at such other rate as the Bond Insurer may from time to time direct in writing to the Trustee, the Corporation, and the Issuer

Each installment of the Payments payable by the Corporation under the Loan Agreement will be required to be in an amount that, without regard to the payments required above, but including moneys in the Debt Service Fund then available, will be designed to provide for the timely payment in full of the principal of, premium, if any, and interest on the Bonds.

Notwithstanding anything to the contrary contained in the Loan Agreement, the Corporation will promise that it will pay the Payments from the Base Rentals at such times and in such amounts as to assure that no default in the payment of the principal of, premium, if any, or interest on the shall at any time occur.

*Preliminary, Subject to Change

Whenever the Corporation shall fail to pay the full amount of any installment of the Payments payable under the Loan Agreement by the day of the month in which such installment is due, the Trustee will be required to give immediate telephonic notice thereof, promptly confirmed in writing, to an Authorized Corporation Representative.

The Corporation will also be required to cause the Board to pay promptly when due under the Facilities Lease all amounts of Additional Rental owed by the Board thereunder, including, but not limited to, all Default or Delay Rentals and Administrative Expenses owed to the Corporation, the Authority, and/or the Trustee thereunder.

The Corporation will be entitled to a credit against and reduction of the Payments from accrued interest, if any, derived from the sale of the Bonds, any capitalized interest from the proceeds of the Bonds, rents and any other moneys deposited with the Trustee in the Receipts Fund in accordance with the Indenture and the Management Agreement, surplus moneys (including investment earnings) contained in the Funds and Accounts held by the Trustee under the Indenture, including the Debt Service Fund, the Debt Service Reserve Fund, and the Replacement Fund.

Obligation to Make Payments

The obligation of the Corporation to repay the Loan by making the Payments from the Base Rental will be absolute and unconditional and will not be subject to, nor will the Corporation be entitled to assert, any rights of abatement, deduction, reduction, deferment, recoupment, setoff, offset, or counterclaim by the Corporation or any other person, nor will the same be abated, abrogated, waived, diminished, postponed, delayed, or otherwise modified under or by reason of any circumstance or occurrence that may arise or take place, irrespective of what statutory rights the Corporation may have to the contrary, including, but without limiting the generality of the foregoing:

- (i) Any damage to or destruction of part or all of the Facilities;
- (ii) The taking or damaging of part or all of the Facilities or any temporary or partial use thereof by any public authority or agency in the exercise of the power of eminent domain, sequestration, or otherwise;
- (iii) Any assignment, novation, merger, consolidation, transfer of assets, leasing, or other similar transaction of, by, or affecting the Corporation, except as otherwise provided in the Loan Agreement;
- (iv) Any change in the tax or other laws of the United States, the State, or any governmental authority;
- (v) The termination of the Ground Lease or the Facilities Lease, any failure of title or any lawful or unlawful prohibition of the Corporation's use of the Facilities or any portion thereof or the interference with such use by any person or any commercial frustration of purpose or loss or revocation of any permits, licenses, or other authorizations required for the operation of the Facilities; and
- (vi) Any failure of the Authority or the Trustee to perform and observe any agreement or covenant, expressed or implied, or any duty, liability, or obligation arising out of or in connection with the Loan Agreement, the invalidity, unenforceability, or disaffirmance of any of the Loan Agreement, the Indenture, or the Bonds or for any other cause similar or dissimilar to the foregoing.

Furthermore, the Corporation will covenant and agree that it will remain obligated under the Loan Agreement in accordance with its terms, and that it will not take or participate or acquiesce in any action to terminate, rescind, or avoid the Loan Agreement.

Tax Covenants of the Corporation

The Corporation will covenant to make such use of the proceeds of the Bonds, regulate investment of proceeds thereof, and take such other and further actions as may be required by the Code and applicable temporary, proposed, and final regulations and procedures, necessary to assure that interest on the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds is excludable from gross income for federal income tax purposes.

The Corporation will covenant to restrict the use of the proceeds of the Series 2004 Bonds and take other actions as may be required by the Code and will reasonably expect that the proceeds will not be used to cause the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds to constitute “arbitrage bonds” under Section 148 of the Code.

The Corporation will also covenant to maintain its status as an exempt organization under Section 501(c)(3) of the Code organized and operated exclusively for religious, charitable, scientific, and educational purposes and not to perform any act or enter into any agreement that will adversely affect its ability to maintain such status.

Corporate Existence

Under the Loan Agreement, the Corporation will covenant not to merge into, or consolidate with, one or more corporations, or allow one or more of such corporation to merge into it, or sell or convey all or substantially all of its assets to any person or entity or acquire all or substantially all of the assets of any person or entity, unless: (a) any successor corporation shall be a 501(c)(3) corporation organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Trustee an appropriate instrument, satisfactory to the Bond Insurer, the Authority, and the Trustee, containing the agreement of such successor corporation to assume, jointly and severally and *in solido*, the due and punctual payment of the principal of, premium, if any, and interest on all obligations of the Corporation (including, without limitation, the Bonds) according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Indenture, the Loan Agreement, and the Mortgage to be kept and performed by the Corporation, accompanied by an opinion of counsel as to the validity and enforceability of such assumption (which counsel and opinion, including without limitation the scope, form, substance, and other aspects thereof, are acceptable to the Bond Insurer, the Authority, and the Trustee); (b) immediately after such merger there would not be a default in the performance or observance of any covenant or condition of the Indenture, the Loan Agreement, the Ground Lease, the Facilities Lease, or the Mortgage; and (c) there shall be delivered to the Bond Insurer, the Authority, and the Trustee an opinion of Bond Counsel to the effect that to the effect that under existing laws, the consummation of such merger, whether or not contemplated on the original date of delivery of the Series 2004 Bonds, would not adversely affect the validity of the Bonds or the exclusion otherwise available from gross income of interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds for federal or state income tax purposes.

Defaults and Remedies

Each of the following will be an “Event of Default” under the Loan Agreement:

- (i) failure by the Corporation to make timely payment of any Payment under the Loan Agreement;
- (ii) the occurrence of an Event of Default under the Indenture, the Mortgage, the Facilities Lease, or the Tax Regulatory Agreement;
- (iii) the termination of the Facilities Lease;
- (iv) failure by the Corporation to perform, observe, or comply with any other covenant, condition, or agreement on its part under the Loan Agreement (other than a failure to make any payment required

under the Loan Agreement), and such failure shall continue for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Trustee; provided, however, that if such performance, observance, or compliance shall require work to be done, action to be taken, or conditions to be remedied, that by their nature cannot reasonably be done, taken, or remedied, as the case may be, within such thirty (30) day period, no Event of Default will be deemed to have occurred or to exist if, and so long as the Corporation shall commence such performance, observance, or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(v) certain events of dissolution, liquidation, insolvency, or bankruptcy of the Corporation.

Whenever any Event of Default shall have occurred and be continuing, any one or more of the following remedial steps may be taken with the consent of the Bond Insurer and shall be taken at the direction of the Bond Insurer:

(i) the Authority or the Trustee may declare all installments of Payments to be immediately due and payable, whereupon the same will become immediately due and payable;

(ii) the Authority or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Corporation under the Loan Agreement;

(iii) the Authority or the Trustee may have access to and inspect, examine, and make copies of any and all books, accounts, and records of the Corporation;

(iv) the Authority or the Trustee (or the owners of the Bonds in the circumstances permitted by the Indenture) may exercise any option and pursue any remedy provided by the Indenture; and/or

(v) the Trustee may foreclose the lien of the Mortgage.

No Remedy Exclusive; Selective Enforcement

No remedy conferred upon or reserved to the Authority or the Trustee by the Loan Agreement will be intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Loan Agreement and as existing at law or in equity. No delay or omission to exercise any right or power accruing upon any event of nonperformance will impair any such right or power or be construed to be a waiver thereof, but any such right and power will be permitted to be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in the Loan Agreement, it will not be necessary under the Loan Agreement to give any notice, other than such notice as may be expressly required therein. In the event the Authority or the Trustee shall elect to selectively and successively enforce its rights under the Loan Agreement, such action will not be deemed a waiver or discharge of any other lien, encumbrance, or security interest securing payment of the indebtedness secured by the Loan Agreement until such time that it shall have been paid in full all sums secured under the Loan Agreement. The foreclosure of any lien provided pursuant to the Loan Agreement without the simultaneous foreclosure of all such liens will not merge the liens granted that are not foreclosed with any interest that the Authority or the Trustee might obtain as a result of such selective and successive foreclosure.

Indenture Overriding

All of the provisions of the Loan Agreement will be subject to and subordinate to the rights and remedies of the Bond Insurer, the Bondholders, and the Trustee pursuant to the Indenture. The Authority will have no power to waive any Event of default under the Loan Agreement, except with respect to indemnification and its administrative payments, without the consent of the Trustee and the Bond Insurer to such waiver.

Amendment of Agreement; Amendment of Facilities Lease or Ground Lease

The Authority and the Corporation, with the consent of the Bond Insurer but without the consent of the owners of any of the Bonds outstanding under the Indenture, will be permitted to enter into supplements to the Loan Agreement which shall not be inconsistent with the terms and provisions thereof for any of the following purposes: (a) to cure any ambiguity or formal defect, inconsistency, or omission in the Loan Agreement or to clarify matters or questions arising thereunder; (b) to add covenants and agreements for the purpose of further securing the obligations of the Corporation thereunder; (c) to confirm as further assurance any mortgage or pledge of additional property, revenues, securities, or funds; (d) to conform the provisions of the Loan Agreement in connection with the provisions of any supplements or amendments to the Indenture; (e) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders; or (f) to conform the covenants and provisions of the Corporation contained in the Loan Agreement to any different financial statement presentation required by the Financial Accounting Standard Board that is different than the presentation required as of the Closing Date so long as the effect of such conformed covenants and provisions shall be substantially identical to the effect of the covenants and provisions as in effect on the Closing Date.

The Loan Agreement will be permitted to be amended with the written consent of the Bond Insurer and the owners of not less than a majority of the aggregate principal amount of Bonds then outstanding; provided, however, that no such amendment will be permitted to be adopted that shall decrease the percentage of owners of Bonds required to approve an amendment or that shall permit a change in the date of payment of the principal of or interest on any Bonds or of any redemption price thereof or the rate of interest thereon without the consent of the owners of all of the aggregate principal amount of the Bonds then Outstanding.

Subject to the terms and provisions of the Loan Agreement, with the written consent of the Bond Insurer, the Facilities Lease or the Ground Lease will be permitted to be amended or modified in any manner not inconsistent with the terms and provisions of the Loan Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Facilities Lease or the Ground Lease that does not have an adverse effect upon the interest of the Bondholders; (b) to grant to or confer upon the Authority or the Trustee, for the benefit of the Bondholders, any additional rights, remedies, powers, or authorities that lawfully may be granted to or conferred upon the Authority or the Trustee; (c) to more clearly identify the Facilities or to add to or subtract from the Facilities any property; (d) to amend or modify the Facilities Lease or the Ground Lease in any manner specifically required or permitted by the terms thereof, including as may be necessary to maintain the exclusion from gross income of interest on the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds for federal income tax purposes; (e) to make any amendment or modification required as a condition to obtaining any rating by Moody's or S&P with respect to the Bonds; (f) to make any amendment or modification required as a condition to the issuance of the Bond Insurance Policies; and (g) to amend or modify the Facilities or the Ground Lease in any other manner that, in the judgment of the Trustee, shall not be materially adverse to the interests of the owners of the Bonds, the Bond Insurer, or the Trustee and that does not involve a change described in the second succeeding paragraph.

In addition to amendments and modifications covered by the above paragraph, the Bond Insurer, the Authority, and the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, will have the right, from time to time, to consent to and approve any other amendment or modification of the Facilities Lease or the Ground Lease. Notice of the proposed modification or amendment will be required to be mailed by the Trustee to the Bond Insurer and to each of the owners of the Bonds at the address indicated on the registration books of the Trustee. If, within sixty (60) days, or such longer period as shall be prescribed by the Authority, as advised by the Corporation, following the mailing of such notice the owners of the requisite percentage in aggregate principal amount of the Bonds outstanding at the time of the execution of any such amendment or modification shall have consented to and approved such amendment or modification, no owner of any Bond will have any right to object to any of the terms and provisions contained therein or the operation thereof, or to enjoin or restrain the parties thereto from executing the same or from taking any action pursuant to the provisions of the Loan Agreement.

Nothing contained in the two preceding paragraphs will permit, or be construed as permitting, without the approval and consent of the Bond Insurer and all of the owners of the Bonds, (i) a reduction in the amount of, or the

extension of the time for, any payment of Base Rental due under the Facilities Lease or any amount due under the Bond Insurance Policies; or (ii) the termination of the Facilities Lease or the Ground Lease prior to the expiration of its stated term.

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APPENDIX "C"

AUCTION PROCEDURES

All of the terms used in this APPENDIX "C" are defined herein, in APPENDIX "A" hereto, or in the front section of this Official Statement. The headings below do not appear in the Indenture and have been included herein for convenience only.

Subject to the provisions of Article III of the Indenture, Auctions will be conducted on each Auction Date in the following manner.

Orders by Existing Holders and Potential Holders

- (a) (i) Prior to 1:00 p.m. (New York City time) on each Auction Date:
- (A) each Existing Holder of Auction Rate Bonds may submit to a Broker-Dealer information as to:
- (1) the principal amount of Outstanding Auction Rate Bonds, if any, held by such Existing Holder that such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;
 - (2) the principal amount of Outstanding Auction Rate Bonds, if any, that such Existing Holder offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Existing Holder; and/or
 - (3) the principal amount of Outstanding Auction Rate Bonds, if any, held by such Existing Holder that such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Auction Period; and
- (B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of Auction Rate Bonds which that such Potential Holder offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3), or (B) of this paragraph (i) is hereinafter referred to as an "**Order**" and collectively as "**Orders**," and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "**Bidder**" and collectively as "**Bidders**;" an Order containing the information referred to in (x) clause (A)(1) of this paragraph (i) is hereinafter referred to as a "**Hold Order**" and collectively as "**Hold Orders**," (y) clause (A)(2) or (B) of this paragraph (i) is hereinafter referred to as a "**Bid**" and collectively as "**Bids**" and (z) clause (A)(3) of this paragraph (i) is hereinafter referred to as a "**Sell Order**" and collectively as "**Sell Orders**."

- (ii) (A) Subject to the provisions of subsection (b) of this Section, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:
- (1) the principal amount of Outstanding Auction Rate Bonds specified in such Bid if the Auction Rate determined as provided in this Section shall be less than the rate specified therein; or
 - (2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds to be determined as set forth in clause (D) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein; or

(3) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds to be determined as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if the rate specified therein shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(B) Subject to the provisions of subsection (b) of this Section, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if Sufficient Clearing Bids do not exist.

(C) Subject to the provisions of subsection (b) of this Section, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Bid if the Auction Rate determined as provided in this Section shall be higher than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds as set forth in clause (E) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein.

Submission of Orders by Broker-Dealers to Auction Agent

(b) (i) Each Broker-Dealer shall submit in writing to the Auction Agent by the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each Order:

(A) the name of the Bidder placing such Order;

(B) the aggregate principal amount of Auction Rate Bonds that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of Auction Rate Bonds, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of Auction Rate Bonds, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of Auction Rate Bonds, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of one percent (1%).

(iii) If an Order or Orders covering all Outstanding Auction Rate Bonds held by any Existing Holder shall not be submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) Neither the Authority, the Trustee, nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of Auction Rate Bonds held by such Existing Holder, and, if the aggregate principal amount of Auction Rate Bonds subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder, the aggregate principal amount of Auction Rate Bonds subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder;

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder over the aggregate principal amount of Auction Rate Bonds subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Auction Rate Bonds subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Auction Rate Bonds equal to such excess;

(3) subject to subclauses (1) and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding Auction Rate Bonds, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder over the aggregate principal amount of Auction Rate Bonds subject to Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for Auction Rate Bonds is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Auction Rate Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Auction Rate Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof shall be rejected.

Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate

(c) (i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a “*Submitted Hold Order*,” a “*Submitted Bid*” or a “*Submitted Sell Order*,” as the case may be, or as a “*Submitted Order*” and collectively as “*Submitted Hold Orders*,” “*Submitted Bids*,” or “*Submitted Sell Orders*,” as the case may be, or as “*Submitted Orders*”) and shall determine:

(A) the excess of the total principal amount of Outstanding Auction Rate Bonds over the sum of the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Hold Orders (such excess being hereinafter referred to as the “*Available Auction Rate Bonds*”); and

(B) from the Submitted Orders whether the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate; exceeds or is equal to the sum of:

(1) the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and

(2) the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Sell Orders.

In the event such excess or such equality exists (other than because the sum of the principal amounts of Auction Rate Bonds in subclauses (A) and (B) above is zero because all of the Outstanding Auction Rate Bonds are the subject of Submitted Hold Orders), such Submitted Bids in this subclause (B) are hereinafter referred to collectively, as “*Sufficient Clearing Bids*,” and

(C) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (the “*Winning Bid Rate*”) which if:

(1) (aa) each such Submitted Bid from Existing Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates were rejected, would entitle such Existing Holders to continue to hold the principal amount of Auction Rate Bonds subject to such Submitted Bids; and

(2) (aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted, would result in such Existing Holders described in subclause (1) above continuing to hold an aggregate principal amount of Outstanding Auction Rate Bonds which, when added to the aggregate principal amount of Outstanding Auction Rate Bonds to be purchased by such Potential Holders described in this subclause (2), would equal not less than the Available Auction Rate Bonds.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall, by telecopy confirmed in writing, advise the Authority and the Trustee of the Maximum Auction Rate and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(A) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Bonds are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Period shall be equal to the Maximum Auction Rate; or

(C) if all Outstanding Auction Rate Bonds are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Period shall be equal to the All-Hold Rate.

Acceptance and Rejection of Submitted Sell Orders and Allocations of Auction Rate Bonds

(d) Existing Holders shall continue to hold the principal amount of Auction Rate Bonds that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to paragraph (i) of subsection (c) above, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (iv) and (v) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid;

(D) Each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Bonds subject to all such Submitted Bids shall be greater than the principal amount of Auction Rate Bonds (the "*remaining principal amount*") equal to the excess of the Available Auction Rate Bonds over the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Auction Rate Bonds subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Auction Rate Bonds obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Bonds subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Auction Rate Bonds obtained by multiplying the excess of the aggregate principal amount of Available Auction Rate Bonds over the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clauses (B), (C), and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amounts of Outstanding Auction Rate Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding Auction Rate Bonds are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring such Potential Holders to purchase the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid; and

(C) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Auction Rate Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Auction Rate Bonds obtained by multiplying the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Auction Rate Bonds are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraphs (i) or (ii) of this subsection (d), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of Auction Rate Bonds that is not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of Auction Rate Bonds to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of Auction Rate Bonds purchased or sold by each Existing Holder or Potential Holder shall be equal to Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof.

(v) If, as a result of the procedures described in paragraph (ii) of this subsection (d), any Potential Holder would be entitled or required to purchase less than Twenty-Five Thousand Dollars (\$25,000) principal amount of Auction Rate Bonds, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Bonds for purchase among Potential Holders so that only Auction Rate Bonds in principal amounts of Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more such Potential Holders not purchasing any Auction Rate Bonds.

(vi) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Auction Rate Bonds to be purchased by Potential Holders and the aggregate principal amount of Auction Rate Bonds to be purchased or sold by Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of Auction Rate Bonds to be sold differs from such aggregate principal amount of Auction Rate Bonds to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Auction Rate Bonds.

APPENDIX "D"

SETTLEMENT PROCEDURES - AUCTION MODE

Capitalized terms used herein shall have the respective meanings specified in the Indenture.

(a) Not later than 3:00 P.M. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Interest Accrual Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "*Seller's Broker-Dealer*") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Bonds, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "*Buyer's Broker-Dealer*") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Bonds, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Auction Rate Bonds to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Auction Rate Bonds to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Bonds and the principal amount of Auction Rate Bonds to be purchased from one or more Existing Owners on whose behalf such Seller's Broker-Dealer acted by one or more Potential Owners on whose behalf each of such Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Bonds to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Bonds to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Bonds and the principal amount of Auction Rate Bonds to be sold to one or more Potential Owners on whose behalf such Buyer's Broker-Dealer acted by one or more Existing Owners on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Owner on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Participant to pay to such Buyer's Broker-Dealer (or its Participant) through the Securities Depository the amount necessary to purchase the principal amount of Auction Rate Bonds to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Bonds;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Seller's Broker-Dealer (or its Participant) through the Securities Depository the principal amount of Auction Rate Bonds to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Accrual Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date, including, without limitation, Existing Owners deemed to have submitted Hold Orders pursuant to the Indenture; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Bonds received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to deliver such Auction Rate Bonds through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to pay through the Securities Depository to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary to purchase the Auction Rate Bonds to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Bonds.

(e) On the Business Day following each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling Auction Rate Bonds in an Auction fails to deliver such Auction Rate Bonds (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Bonds that is less than the principal amount of Auction Rate Bonds that otherwise was to be purchased by such Potential Owner. In such event, the principal amount of Auction

Rate Bonds to be so delivered shall be determined solely by such Broker-Dealer (but only in Authorized Denominations). Delivery of such lesser principal amount of Auction Rate Bonds shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Bonds which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Owner, Existing Owner or their respective Broker-Dealer or Participant to take delivery of or deliver, as the case may be, the principal amount of the Auction Rate Bonds purchased or sold pursuant to an Auction or otherwise.

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APPENDIX "E"

PROPOSED FORM OF BOND COUNSEL OPINION

August __, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

\$ _____
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$ _____
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$ _____
Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the

terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) pay the Prior Debt, (ii) demolish certain existing facilities and renovate, develop and construct the Facilities, (iii) fund the costs of marketing the Facilities; (iv) provide working capital for the Facilities, (v) fund a deposit to the Debt Service Reserve Fund, (vi) pay capitalized interest on the Bonds; (vii) fund a deposit to the Replacement Fund; and (viii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of August 1, 2004 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Facilities will be located from the Board of Supervisors for the University of Louisiana System pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004 (the "Ground Lease").

The Bonds are also entitled to the benefits of the Act of Mortgage, Assignment of Leases and Security Agreement dated August __, 2004 (the "Mortgage") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has mortgaged its leasehold interest in and to the Land and the improvements located thereon, granted a security interest in certain movable property and assigned its rights to all leases and rents relating to the Facilities; and an Assignment of Agreements and Documents dated as of August 1, 2004 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board of Supervisors for the University of Louisiana System (the "Board") and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.

2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.

3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the

Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.

4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.

5. Interest on the Series 2004A Bonds and the Series 2004B Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Interest on the Series 2004C Bonds is included in the gross income of the owners thereof for federal income tax purposes.

7. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement and the Tax Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board or the Corporation fails to comply with the foregoing covenants, interest on the Series 2004A Bonds and the Series 2004B Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Borrower, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution and delivery by the Corporation of, the Agreement, the Ground Lease and the Mortgage and the valid and binding effect thereof on the Borrower; (iv) the Borrower being exempt from federal income tax under Section 501(c) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

We have also relied on the opinion of McGlinchey Stafford, LLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir & Clark, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization,

execution and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

APPENDIX "F"

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation
Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

**[PAR]
[LEGAL NAME OF ISSUE]**

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

COUNTERSIGNED:

Resident Licensed Agent
SPECIMEN

City, State

STD-RCS-6
4/95

MBIA Insurance Corporation

President
SPECIMEN

Attest:

Assistant Secretary

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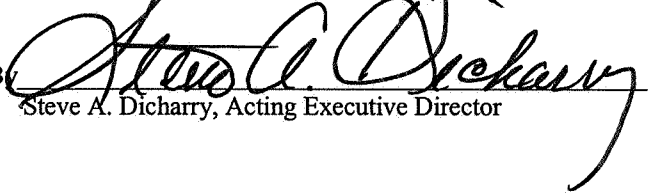
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RULE 15c2-12 CERTIFICATE OF THE AUTHORITY

The undersigned, Acting Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**"), on behalf of the Authority, hereby deems the Preliminary Official Statement of even date herewith relating to the \$61,495,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, the \$15,000,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, and the \$1,295,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C to be final as of its date, within the meaning of Rule 15c2-12(b)(1) of the Securities Exchange Commission, except for the omission of the offering prices, interest rates, selling compensation, aggregate principal amount, and delivery date.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

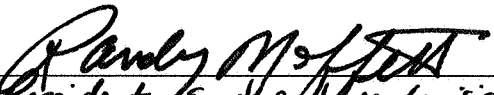
B. 
Steve A. Dicharry, Acting Executive Director

Date: July 30, 2004

RULE 15c2-12 CERTIFICATE OF THE BOARD

The undersigned, on behalf of the **BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM** (the "**Board**") hereby deems the Preliminary Official Statement of even date herewith relating to the \$61,495,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, the \$15,000,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, and the \$1,295,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C to be final as of its date, within the meaning of Rule 15c2-12(b)(1) of the Securities Exchange Commission, except for the omission of the offering prices, interest rates, selling compensation, aggregate principal amount, and delivery date.

**BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA
SYSTEM**

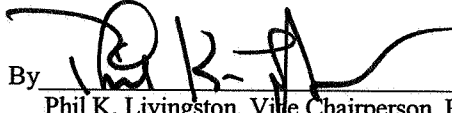
By 
President Southeastern Louisiana University

Date: July 30, 2004

RULE 15c2-12 CERTIFICATE OF THE CORPORATION

The undersigned, on behalf of University Facilities, Inc. (the "*Corporation*"), a nonprofit corporation duly organized and existing under the laws of the State of Louisiana, hereby deems the Preliminary Official Statement of even date herewith relating to the \$61,495,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, the \$15,000,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, and the \$1,295,000 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C to be final as of its date, within the meaning of Rule 15c2-12(b)(1) of the Securities Exchange Commission, except for the omission of the offering prices, interest rates, selling compensation, aggregate principal amount, and delivery date.

UNIVERSITY FACILITIES, INC.

By 
Phil K. Livingston, Vice Chairperson, Board of Directors

Date: July 30, 2004

BOND PURCHASE AGREEMENT

by and among

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY,**

UNIVERSITY FACILITIES, INC.,

and

MORGAN KEEGAN & COMPANY, INC.

relating to the

\$60,985,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004A**

and

\$925,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004C**

DATED AS OF AUGUST 5, 2004

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BOND PURCHASE AGREEMENT

\$60,985,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A

and

\$925,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C

This BOND PURCHASE AGREEMENT, dated as of August 5, 2004, is by and among the LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "*Authority*"), a political subdivision of the State of Louisiana (the "*State*"), UNIVERSITY FACILITIES, INC. (the "*Corporation*"), a nonprofit corporation duly organized and existing under the laws of the State, and MORGAN KEEGAN & COMPANY, INC., Nashville, Tennessee (the "*Underwriter*").

Section 1. Background.

(a) The Corporation has requested that the Authority issue and deliver its \$60,985,000 in aggregate principal amount of its Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "*Series 2004A Bonds*"), its \$15,000,000 in aggregate principal amount of its Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "*Series 2004B Bonds*") and its \$925,000 in aggregate principal amount of its Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and the Series 2004 B Bonds, the "*Series 2004 Bonds*") for the purpose of providing funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "*New Facilities*"), (b) renovating an existing student housing facility (the "*Renovated Facility*"), and (c) demolishing four existing student housing facilities (the "*Old Facilities*"), all located on the campus of Southeastern Louisiana University (the "*University*") in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility (collectively, the "*Facilities*"), (iii) to provide working capital for the Facilities, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the Facilities, (v) to provide funds to repay certain indebtedness of the Corporation (the "*Prior Debt*"), (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities, and (viii) to pay the costs of issuing the Series 2004 Bonds. The land on which the Facilities will be constructed (the "*Land*") and the Renovated Facility will be leased to the Corporation pursuant to a Ground and Buildings Lease (the "*Ground Lease*") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "*Board*"), as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the "*Facilities Lease*") between the Corporation, as lessor, and the Board, as lessee. The Authority will lend the proceeds of the Series 2004 Bonds to the Corporation pursuant to a Loan and Assignment Agreement (the "*Loan Agreement*") dated as of August 1, 2004, between the Authority and the Corporation

(b) The Series 2004 Bonds will be issued pursuant to resolutions of the Authority (collectively, the "*Bond Resolution*") adopted by the Authority on February 12, 2004, and May 13, 2004, and will be secured under a Trust Indenture (the "*Indenture*") dated as of August 1, 2004, between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "*Trustee*") for the owners of the Series 2004 Bonds. The Series 2004 Bonds will be

payable solely out of the loan payments made by the Corporation under the Loan Agreement and from the remainder of the Trust Estate (as defined in the Indenture).

(c) To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation (i) will assign to the Authority substantially all of its rights in and to the Facilities Lease, (ii) will execute and deliver to the Trustee a Mortgage, Assignment of Leases and Security Agreement (the "**Mortgage**") dated as of August 13, 2004, pursuant to which the Corporation will grant to the Trustee a first mortgage lien on its leasehold interest in the Facilities, a first priority security interest in the equipment, furnishings, and other tangible personal property included in the Facilities, and a first priority security interest in the leases, rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the Facilities, and (iii) will execute and deliver to the Trustee an Assignment of Agreements and Documents (the "**Assignment of Agreements and Documents**") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee a first priority interest in the Development Agreement (the "**Development Agreement**") between the Corporation and Capstone Development Corp. (the "**Developer**") pursuant to which the Developer will agree to develop the Facilities and all other contracts relating to the design, construction, or renovation of the Facilities.

(d) The Board intends to engage Capstone On-Campus Management, LLC to manage the Facilities pursuant to a Management Agreement (the "**Management Agreement**") dated as of July 1, 2004, between the Corporation, as agent for the Board, and the Manager.

(e) It is intended that regularly scheduled payments of principal of and interest on the Series 2004 Bonds when due will be insured through bond insurance policies (the "**Bond Insurance Policies**") to be issued by MBIA Insurance Corporation (the "**Bond Insurer**") simultaneously with the delivery of the Series 2004 Bonds.

(f) The Corporation will deliver its Indemnity Letter (the "**Corporation Indemnity Letter**") of even date herewith to be accepted by the Authority, the Underwriter, and the Bond Insurer, and the Developer will deliver its Indemnity Letter (the "**Developer Indemnity Letter**") and together with the Corporation Indemnity Letter, the "**Indemnity Letters**") of even date herewith to be accepted by the Authority, the Corporation, the Underwriter, and the Bond Insurer.

(g) The Authority and the Underwriter acknowledge that the Authority will sell the Series 2004 Bonds to the Underwriter and the Underwriter will make an offering thereof to certain prospective investors in reliance upon the representations, covenants, and indemnities set forth herein and in the Indemnity Letters. A Preliminary Official Statement (the "**Preliminary Official Statement**") and a final Official Statement (the "**Official Statement**") have been prepared and utilized in connection with such offering and will be delivered to the parties to this Bond Purchase Agreement.

(h) The Board will undertake, pursuant to the Continuing Disclosure Agreement (the "**Continuing Disclosure Agreement**") dated as of August 1, 2004, between the Board and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

(i) In connection with the issuance of the Series 2004B Bonds and to facilitate the periodic auctions relating thereto, the Authority will enter into the Auction Agency Agreement (the "**Auction Agency Agreement**") dated as of August 1, 2004, by and among the Authority, the Trustee, and The Bank of New York, as Auction Agent, and the Trustee will enter into the Market Agent Agreement (the "**Market Agent Agreement**") dated as of August 1, 2004, between the Trustee and Morgan Keegan & Company, Inc., as Market Agent.

(j) It is intended that the interest on the Series 2004A Bonds and the Series 2004B Bonds will not be includable in the gross income of the owners thereof for the purposes of federal income taxation and that the Authority may sell the Series 2004 Bonds to the Underwriter without registration of any security under the Securities Act of 1933, as amended (the "**Securities Act**"), or qualification of the Indenture under the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**").

(k) In order to induce the Authority and the Underwriter to enter into this Bond Purchase Agreement and to sell and buy the Series 2004 Bonds, respectively, the Corporation has joined in this Bond Purchase Agreement.

(l) The respective counsel referred to in this Bond Purchase Agreement are:

Bond Counsel	Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana
Counsel for the Board	DeCuir & Clark, L.L.P., Baton Rouge, Louisiana
Counsel for the Corporation	Seale & Ross, P.L.C., Hammond, Louisiana
Counsel for the Authority	Casten & Pearce, A.P.L.C., Shreveport, Louisiana
Counsel for Bond Insurer	Kutak Rock LLP, Omaha, Nebraska
Counsel to the Underwriter	Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina
Counsel to the Developer and the Manager	Hand Arendall, LLC, Foley, Alabama

(m) The Authority and the Corporation will agree that the proceeds of the sale of the Series 2004 Bonds, including accrued interest thereon, are to be used as provided in the Loan Agreement, the Indenture, and the Tax Regulatory Agreement and Arbitrage Certificate (the "*Tax Agreement*") to be executed by the Authority, the Corporation, the Board, and the Trustee on and as of the Closing Date (hereinafter defined). The Corporation agrees to pay, out of the proceeds of the Series 2004 Bonds, all issuance costs, including, without limitation, the costs of printing the Series 2004 Bonds, the Preliminary Official Statement, and the Official Statement, certain expenses of the Underwriter, the costs of preparing and reproducing or printing this Bond Purchase Agreement and the other Authority Documents and Corporation Documents, the fees and disbursements of Bond Counsel, Counsel for the Board, Counsel to the Underwriter, Counsel for the Authority, Counsel to the Developer and the manager, and its Counsel.

(n) It is understood and agreed that the representations, warranties, and covenants of the Authority contained in this Section 1 hereof and elsewhere in this Bond Purchase Agreement shall not create any general obligations or liabilities of the Authority, and that any obligation of the Authority hereunder or under the Loan Agreement or the Indenture is payable solely out of the revenues and other income, charges, and moneys derived by the Authority from, or in connection with, the Loan Agreement or the sale of the Series 2004 Bonds, and no officer, official, board member, director, or commissioner of the Authority shall be personally liable therefor.

Section 2. Purchase, Sale, and Closing.

(a) On the terms and subject to the conditions set forth herein and in the Indenture, the Underwriter will purchase the Series 2004A Bonds and the Series 2004C Bonds from the Authority, and the Authority will sell the Series 2004A Bonds and the Series 2004C Bonds to the Underwriter. The Series 2004A Bonds and the Series 2004C Bonds shall be dated August 1, 2004. The Series 2004 Bonds will mature and will bear interest and be subject to redemption as set forth in the Official Statement. The Authority is obligated to sell and the Underwriter is obligated to purchase all of the Series 2004A Bonds and all of the Series 2004 C Bonds on the date of issuance thereof (the "*Closing Date*"). The closing (the "*Closing*") will be held at the offices of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P. ("*Bond Counsel*"), at 201 St. Charles Avenue, New Orleans, Louisiana, at 9:00 a.m. local time on August 13, 2004, or such other date or time as may be agreed on by the parties hereto. The aggregate price to be paid by the Underwriter for the Series 2004A Bonds is \$61,040,445.68 (being \$60,985,000.00, the principal amount thereof, plus \$980,665.30 of original issue premium and \$94,933.33 of accrued interest, less \$466,287.95 of original issue discount and \$553,865.00 of Underwriter's discount) and the aggregate price to be paid by the Underwriter for the Series 2004C Bonds is \$916,752.42 (being \$925,000.00, the principal amount thereof, plus \$1,041.67 of accrued interest, less, \$964.25 of original issue discount and \$8,325.00 of Underwriter's discount).

(b) Delivery of the Series 2004 Bonds shall be made at the offices of the Trustee (or at such other place upon which the Underwriter, the Authority, the Board, and the Corporation shall mutually agree). The Trustee has agreed to hold the Series 2004 Bonds as custodian for The Depository Trust Company, 55 Water Street, New York, New York

10041 ("*DTC*") under its "FAST" system. DTC shall act as securities depository for the Series 2004 Bonds. At the time of such delivery, the Series 2004 Bonds shall be registered in the name of Cede & Co., as nominee for DTC.

(c) At the time of the Closing, there will be delivered to the Underwriter at the offices of Bond Counsel or at such other place upon which the Underwriter, the Authority, and the Corporation shall mutually agree, the other documents and items hereinafter mentioned. At the Closing, the Underwriter will accept delivery of the Series 2004 Bonds and pay the purchase price therefor by wire transfer, it being understood and agreed that that portion of the purchase price for the Series 2004 Bonds equal to the premium to be paid to the Bond Insurer as the premium for the Bond Insurance Policies shall be transferred directly from the Underwriter to the Bond Insurer.

Section 3. Official Statement.

On any date specified by the Underwriter following the date hereof, but in any event no more than seven (7) business days after the date of execution hereof, the Authority, at the expense of the Corporation, shall deliver to the Underwriter the Official Statement. The Official Statement shall be in substantially the form of the Preliminary Official Statement with only such changes and additions as may be approved by the Underwriter. From the date of this Bond Purchase Agreement to the ninety-first (91st) day (or such later date, not to exceed one hundred fifty (150) days, that may be specified by the Underwriter following the Closing Date), the Authority (at the direction and expense of the Corporation) or the Corporation will notify the Underwriter whenever the Official Statement should be amended or supplemented in order for the Official Statement not to contain any untrue statement of a material fact, and/or not to omit to state any material fact necessary to make the statements in the Official Statement not misleading. In addition, the Corporation agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required.

Section 4. Public Offering.

The Underwriter intends to make an initial *bona fide* public offering of all of the Series 2004 Bonds at public offering prices that do not exceed (or at public offering yields that are not less than) those set forth on the cover of the Official Statement and may subsequently change such offering prices (or yields) in its discretion without any requirement of prior notice. The Underwriter may offer and sell the Series 2004 Bonds to certain dealers (including dealers depositing the Series 2004 Bonds into investment trusts) and others at prices lower than the public offering prices (or at yields higher than the public offering yields) stated on the cover of the Official Statement.

Section 5. Representations, Warranties, and Covenants of the Authority.

The Authority hereby represents, warrants, and covenants to and with the Underwriter and the Corporation that:

(a) **Due Organization; Existence.** The Authority is a political subdivision organized under the laws of the State and is authorized pursuant to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended (the "*Act*") to (i) issue the Series 2004 Bonds and to lend the proceeds thereof to the Corporation for the purpose of providing funds to finance the cost of (A) designing, developing, acquiring, constructing, and equipping the New Facilities, (B) renovating the Renovated Facility, (C) demolishing the Old Facilities; and (D) repaying the Prior Debt, (ii) enter into agreements such as the Loan Agreement with the Corporation to provide for the financing of the foregoing and the payment of loan payments to the Issuer by the Borrower; and (iii) secure the Series 2004 Bonds in the manner contemplated by the Indenture.

(b) **Legal Authority.** The Authority has full right, power, and authority under the Constitution and the laws of the State, including particularly the Act, to (i) adopt the Bond Resolution, (ii) issue the Series 2004 Bonds for the purposes for which they are to be issued, (iii) execute, deliver, and perform its obligations under the Indenture, the Loan Agreement, this Bond Purchase Agreement, the Tax Agreement, and the Auction Agency Agreement (collectively, the "*Authority Documents*"), (iv) lend the proceeds of the Series 2004 Bonds to the Corporation, (v) assign its rights in and to the Loan Agreement, except for certain unassigned rights (the "*Unassigned Rights*") as described in the Indenture) to the Trustee as security for the payment of the principal of, redemption prices, if any, and interest on the Series 2004 Bonds, and (vi) consummate the transactions described in such instruments and the Official Statement.

(c) **Due Authorization, Execution, and Delivery.** The Authority has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Series 2004 Bonds upon the terms set forth herein and in the Official Statement, (ii) the approval of the Official Statement, (iii) the loan of the proceeds of the Series 2004 Bonds to the Corporation, and (iv) the execution, delivery, and performance of the Authority Documents and any and all such other agreements and documents as may be required to be executed, delivered, and received by the Authority in order to carry out, give effect to, and consummate the transactions described herein or in the Series 2004 Bonds, the Official Statement, and the Authority Documents.

(d) **No Conflicts.** The authorization, execution, and delivery by the Authority of the Authority Documents and the other documents described herein or in the Official Statement and compliance by the Authority with the provisions of such instruments do not and will not conflict with or constitute on the part of the Authority a breach of or a default under any provision of the State Constitution or any existing law, court, or administrative regulation, decree, or order or any agreement, indenture, mortgage, lease, or other instrument by which the Authority or its properties are, or on the Closing Date will be, bound.

(e) **Official Statement.** The Authority hereby approves the Preliminary Official Statement and the Official Statement and their distribution and use by the Underwriter in determining interest in, selling, and confirming sales of the Series 2004 Bonds. The information contained in the Preliminary Official Statement under the caption "THE AUTHORITY" and under the caption "LITIGATION - The Authority" (the "*Authority Information*") is, and in the Official Statement as of the Closing Date will be, correct in all material respects, and the Authority Information in the Official Statement will not as of its date or the Closing Date contain any untrue statement of a material fact or omit and will not omit to state a material fact required to be stated therein or necessary to make the statements in such Official Statement, in light of the circumstances under which they were made, not misleading.

(f) **No Adverse Actions.** To the knowledge of the Authority, except as may be stated in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or body pending against the Authority of which it has notice (or, to the knowledge of the Authority, any basis therefor) contesting the due organization and valid existence of the Authority or the validity of the Act or wherein an unfavorable decision, ruling, or finding would adversely affect (i) the transactions described herein or in the Preliminary Official Statement or the Official Statement or the validity, due authorization, or execution of the Authority Documents or any agreement or instrument to which the Authority is a party and which is used or intended for use in the consummation of the transactions described herein or in the Preliminary Official Statement and the Official Statement, or (ii) the condition or operations of the Authority or the collection of revenues by the Authority or on behalf of the Authority, including payments pursuant to the Loan Agreement.

(g) **No Defaults.** The Authority will not be in default under the terms and provisions of the Indenture on the Closing Date. In addition, to the knowledge of the Authority, the Authority is not on the date hereof, and will not be on the Closing Date, in default in the payment of principal of or interest on any indebtedness or under any other agreement, indenture, lease, deed of trust, note, or other instrument to which the Authority is subject or by which it or its properties are or may be bound, which default would materially affect its ability to perform its obligations under any of the Authority Documents.

(h) **Permits, etc.** All permits, consents, certificates, approvals, or licenses, if any, and all notices to or filings with governmental authorities necessary for the consummation by the Authority of its obligations described in the Official Statement and the Authority Documents (other than such permits, consents, licenses, notices, and filings, if any, as may be required under the securities or "Blue Sky" laws of any jurisdiction, including the State) required to be obtained or made by the Authority have been obtained or made or will be obtained or made by the Closing Date.

(i) **Execution and Enforceability.** On the Closing Date, the Bond Resolution will be in full force and constitute the legal and valid act of the Authority, and the Authority Documents will have been duly executed and delivered by the Authority and the Authority Documents will constitute legal, valid, and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms

(except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, and similar laws affecting creditors' rights generally and general principles of equity).

(j) **Validity of the Series 2004 Bonds.** The Series 2004 Bonds, when issued, delivered, and paid for as herein and in the Indenture provided, will have been duly authorized, executed, and issued and will constitute legal, valid, and binding limited obligations of the Authority entitled to the benefits and security of the Indenture and an assignment to the Trustee of the Authority's rights in and to Loan Agreement (except for certain Unassigned Rights).

(k) **Use of Proceeds; No Prior Liens.** Immediately after the Closing, the Authority will direct the Trustee to apply the proceeds from the sale of the Series 2004 Bonds as specified in the Indenture and the Loan Agreement and as more fully described in certificates delivered at the Closing. The Authority has never issued, assumed, guaranteed, or otherwise become liable in respect of any bonds, notes, contracts, arrangements, or obligations of any kind that might give rise to any lien or encumbrance on any assets pledged pursuant to the Indenture, except the lien of the Indenture.

(l) **No Transfer Taxes.** The issuance and sale of the Series 2004 Bonds to the Underwriter are not subject to any transfer or other documentary or stamp taxes of the State or any political subdivision thereof.

(m) **Officer's Certificate.** Any certificates signed by an authorized officer or representative of the Authority delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(n) **State and Local Approvals.** All approvals required by the Constitution and laws of the State, including the Act, necessary for the issuance and sale of the Series 2004 Bonds have been or, prior to the Closing Date, will have been received.

Section 6. Representations, Warranties, and Covenants of the Corporation.

that: The Corporation hereby represents, warrants, and covenants to and with the Underwriter and the Authority

(a) **Due Organization; Existence.** The Corporation is a nonprofit corporation duly incorporated, organized, and existing under the laws of the State with full power and authority to own its properties, to operate its facilities, and to conduct its business and affairs as described in the Official Statement.

(b) **Legal Authority.** The Corporation has full right, power, and authority to (i) execute and deliver the Ground Lease, the Facilities Lease, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, the Development Agreement, the Management Agreement, the Tax Agreement, this Bond Purchase Agreement, and the Corporation Indemnity Letter (collectively, the "**Corporation Documents**") and (ii) perform its obligations under, and carry out and consummate all other transactions described in, such documents. The Corporation has complied with or will comply with on or prior to the Closing Date all provisions of applicable law (specifically including, without limiting the generality of the foregoing, the Constitution and other laws of the State) in all matters relating to such transactions.

(c) **Due Authorization, Execution, and Delivery.** The Corporation has duly authorized all necessary action to be taken by it for (i) the issuance and delivery of the Series 2004 Bonds by the Authority upon the terms set forth in this Bond Purchase Agreement and in the Official Statement, (ii) the approval of the Preliminary Official Statement, the Official Statement, and the Authority Documents, and (iii) the execution, delivery, and performance by the Corporation of the Corporation Documents and any and all such other agreements and documents as may be required to be executed, delivered, and performed by the Corporation in order to carry out the transactions contemplated by such instruments and by the Official Statement. On the Closing Date, the Corporation Documents will have been duly executed and delivered by the Corporation, and the Corporation Documents will constitute legal, valid, and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except that the enforceability thereof may be

limited by laws relating to bankruptcy, insolvency, reorganization, or other similar laws of general application affecting the rights of creditors and general principles of equity.

(d) **No Conflicts.** The execution and delivery by the Corporation of the Corporation Documents and the consummation of the transactions described therein will not, on the part of the Corporation, conflict with or constitute a breach or violation of any of the terms and provisions of, or constitute a default under, (i) any existing constitution, law, court or administrative rule or regulation, decree, order, or judgment, (ii) any agreement, indenture, mortgage, lease, deed of trust, note, or other instrument to which the Corporation is subject or by which the Corporation or its properties are or may be bound, or (iii) the Articles of Incorporation or the bylaws of the Corporation.

(e) **Official Statement.** The Corporation hereby approves the Preliminary Official Statement and the Official Statement and their distribution and use by the Underwriter in determining interest in, selling, and confirming sales of the Series 2004 Bonds. Except for the Preliminary Official Statement and the Official Statement, the Corporation has not prepared and will not prepare any official statement for dissemination to potential customers. The Preliminary Official Statement as of its date did not, and the Official Statement as of its date and the Closing Date will not contain any untrue statement of a material fact relating to the Corporation or omit to state a material fact relating to the Corporation necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Corporation makes no representation or warranty (i) to the Underwriter as to information included in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon written information furnished by or on behalf of the Underwriter in connection with the preparation of the Preliminary Official Statement or the Official Statement or (ii) to the Authority or the Underwriter as to information contained in the Preliminary Official Statement or the Official Statement under the caption "LITIGATION – The Authority." The written information furnished by the Underwriter specifically for use in the Preliminary Official Statement and the Official Statement consists of the information concerning the offering price of the Series 2004 Bonds shown on the cover page and the information under the caption "UNDERWRITING."

(f) **No Adverse Actions.** Except as disclosed in the Preliminary Official Statement, there is no action, suit, proceeding, inquiry, or investigation at law or in equity by or before any court or public board or body pending to which it is a party or, to the best knowledge of the Corporation, threatened against or affecting the Corporation (or, to the best knowledge of the Corporation, any basis therefor) that in any way questions the powers of the Corporation referred to in subsection (b) above, or the validity of any proceedings taken by the Corporation in connection with the issuance of the Series 2004 Bonds, or that might result in a material adverse change in the condition (financial or otherwise), business or affairs of the Corporation, or wherein an unfavorable decision, ruling, or finding would adversely affect (i) the transactions described in the Preliminary Official Statement or the Corporation Documents, (ii) the validity or enforceability of any of the Corporation Documents or any other agreement or instrument to which the Corporation is a party and which is used or contemplated for use in the consummation of the transactions described in the Preliminary Official Statement or the Corporation Documents, (iii) the exclusion from gross income of the interest on the Series 2004A Bonds or the Series 2004B Bonds for federal income tax purposes, or (iv) the exemption of the Corporation from taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the "*Code*").

(g) **No Material Defaults.** Upon the execution and delivery of the Corporation Documents, the Corporation will not be in breach of or in default under any of the Corporation Documents or any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease, sublease, or other instrument to which it is a party or by which it is bound, and no event has occurred or is continuing which, with passage of time or the giving of notice or both, would constitute a default or an event of default thereunder, except (in each case) for such minor breaches, defaults, or potential defaults or events of default, if any, that individually and in the aggregate would have no material adverse effect on the Corporation's financial condition, operations, or properties.

(h) **Permits, etc.** All permits, consents, certificates, approvals, or licenses necessary for the execution and delivery by the Corporation of the Corporation Documents and its performance of its obligations thereunder and all other obligations of the Corporation described in the Preliminary Official Statement have been obtained.

(i) **No Material Changes.** Except as set forth in the Preliminary Official Statement, subsequent to the date as of which information is given in the Preliminary Official Statement, the Corporation has not incurred any liabilities, direct or contingent, or entered into any transactions not in the ordinary course of business, that are material to the business and affairs of the Corporation, and there has not been any material change in the financial structure of the Corporation or any material change in the condition, results of operation, or general affairs of the Corporation (financial or otherwise).

(j) **Tax Exemption.** The Corporation has been determined to be and is exempt from federal income taxes under §501(a) of the Code by virtue of being an organization described in §501(c)(3) of the Code, and is not a "private Corporation," as defined in §509(a) of the Code, and the Corporation has not done anything to impair its status as a tax-exempt organization. Between the date hereof and the Closing Date, the Corporation will not take any action or permit any action within its control to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances would result in the loss of the exclusion of interest on the Series 2004A Bonds or the Series 2004B Bonds from the gross income of the recipients thereof for federal income tax purposes, the loss by the Corporation of its tax-exempt status under the Code, or the Internal Revenue Service's (the "*IRS*") taking formal action inconsistent with the continued validity and effectiveness of the determination letter previously received by the Corporation from the IRS.

(k) **No SEC Action.** To the best knowledge of the Corporation, no action, ruling, regulation, or official statement by or on behalf of the Securities and Exchange Commission (the "*SEC*") has been taken, issued, or made to the effect that the issue, offering, or sale of obligations of the general character of the Series 2004 Bonds, or the execution, delivery, and performance of the Corporation Documents or the Authority Documents in the manner contemplated, is in violation or would be in violation, unless registered or otherwise qualified, of any provision of the Securities Act of 1933, as amended (the "*Securities Act*") or the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*").

(l) **Officer's Certificates.** Any certificate signed by an authorized officer of the Corporation delivered to the Authority or the Underwriter shall be deemed a representation and warranty by the Corporation as to the statements made therein.

(m) **Blue Sky Qualification.** The Corporation will cooperate with the Underwriter and its counsel in any endeavor to qualify the Series 2004 Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter or its counsel may request; provided, however, that the Corporation shall not be required to file a general written consent to suit or general consent to service of process in any jurisdiction. If general consent to service of process or general consent to suit by the Corporation is required in order to qualify the Series 2004 Bonds successfully and, in the reasonable judgment of the Underwriter, lack of such qualification would adversely affect the ability of the Underwriter to market the Series 2004 Bonds successfully, the Underwriter may, at its option, be relieved of its obligation to purchase the Series 2004 Bonds under this Bond Purchase Agreement unless the Corporation agrees to file general written consent to suit or service of process.

(n) **Representations and Warranties.** Between the date hereof and the Closing Date, the Corporation will not take any action that would cause the representations and warranties contained in subsections (a) through (m) to be untrue in any material respect on the Closing Date. On the Closing Date, the Corporation shall deliver or cause to be delivered all opinions, certificates, and other documents to be delivered by it or on its behalf as provided for in this Bond Purchase Agreement, and shall deliver such additional certificates and other documents as the Underwriter may reasonably request to evidence performance of or compliance with the provisions of this Bond Purchase Agreement and the transactions contemplated by the Preliminary Official Statement, the Authority Documents, and the Corporation Documents, all such opinions, certificates, and other documents to be satisfactory in form and substance to the Underwriter.

(o) **Subsequent Events.** During such period as the Underwriter shall believe delivery of the Official Statement is necessary or desirable in connection with the initial distribution of the Series 2004 Bonds, if any event shall occur within its knowledge as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is

delivered to a prospective purchaser, not misleading, the Corporation will cooperate (at its expense) in the preparation of a revised Official Statement or amendments or supplements to the Official Statement so that the statements in the Official Statement, as revised, or the Official Statement, as so amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading.

Section 7. Conditions of the Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to the accuracy in all material respects of the representations and warranties of the Authority and the Corporation herein as of the date hereof and as of the time of the Closing, and the following conditions:

(a) **Resolutions, Execution, and Use of Proceeds.** At the time of Closing, (i) the Official Statement, the Authority Documents, and the Corporation Documents shall have been executed and delivered in form approved by the Underwriter and shall be in full force and effect and shall not have been amended, modified, or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Series 2004 Bonds shall be applied as described in the Indenture, and (iii) the Authority, the Corporation, and the Board shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions described herein.

(b) **Receipt of Documents.** At or prior to the Closing, the Underwriter shall have received executed copies of each of the following documents:

(i) **Bond Opinion:** the approving opinion, dated the Closing Date, of Bond Counsel, relating to, among other things, the validity of the Series 2004 Bonds and the exclusion from gross income of the recipients thereof of the interest on the Series 2004A Bonds and the Series 2004B Bonds for federal income tax purposes, substantially in the form set forth as Appendix "E" to the Official Statement;

(ii) **Supplemental Opinion of Bond Counsel:** a supplemental opinion, dated the Closing Date, of Bond Counsel addressed to the Authority, the Trustee, the Corporation, the Underwriter, and the Bond Insurer substantially in the form of Exhibit "A" hereto;

(iii) **Corporation Counsel Opinion:** an opinion, dated the Closing Date, of Seale & Ross, P.L.C., Hammond, Louisiana, counsel for the Corporation, addressed to the Authority, the Trustee, the Board, the Corporation, the Underwriter, Bond Counsel, and the Bond Insurer substantially in the form of Exhibit "B" hereto;

(iv) **Underwriter's Counsel Opinion:** an opinion, dated the Closing Date, of Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, counsel to the Underwriter, addressed to the Underwriter substantially in the form of Exhibit "C" hereto;

(v) **Opinion of Counsel for the Authority:** an opinion, dated the Closing Date, of Casten & Pearce, A.P.L.C., Shreveport, Louisiana, counsel for the Authority, addressed to the Trustee, the Board, the Corporation, the Underwriter, Bond Counsel, and the Bond Insurer substantially in the form of Exhibit "D" hereto;

(vi) **Opinion of Counsel for the Bond Insurer:** an opinion, dated the Closing Date, of Kutak Rock LLP, Omaha, Nebraska, counsel for the Bond Insurer, addressed to the Authority and the Underwriter substantially in the form of Exhibit "E" hereto;

(vii) **Opinion of Counsel for the Developer and the Manager:** an opinion, dated the Closing Date, of Hand Arendall, LLC, Foley, Alabama, counsel to the Developer and the Manager, addressed to the Authority, the Trustee, the Board, the Corporation, the Underwriter, and the Bond Insurer substantially in the form of Exhibit "F" hereto;

(viii) Opinion of Counsel for the Board: an opinion, dated the Closing Date, of DeCuir & Clark, L.L.P., Baton Rouge, Louisiana, counsel for the Board, addressed to the Authority, the Trustee, the Corporation, the Underwriter, Bond Counsel, and the Bond Insurer substantially in the form of Exhibit "G" hereto;

(ix) Corporation Certificate: a certificate of the Corporation, dated the Closing Date and signed by the Vice Chairperson of the Board of Directors of the Corporation or other authorized executive officer of the Corporation, acting solely in his official capacity, to the effect that (A) since the date of the Preliminary Official Statement, no material and adverse change has occurred in the financial position or results of operations of the Corporation; (B) the Corporation has not, since the end of its most recent fiscal year, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; (C) no event affecting the Corporation has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein in light of the circumstances in which they are made not misleading as of the Closing Date in any material respect; (D) the representations and warranties included in this Bond Purchase Agreement are true and correct in all material respects as of the Closing Date, and all obligations to be performed by the Corporation under this Bond Purchase Agreement on or prior to the Closing Date have been performed; and (E) there has been no change or threatened change in the status of the Corporation as a nonprofit corporation exempt from federal income taxation under §501(a) of the Code or its liability for federal income taxes for any tax year ended before the Closing Date;

(x) Authority Certificate: a certificate of the Authority, dated the Closing Date and signed on its behalf by the Chairman of the Authority, acting solely in his official capacity, to the effect that the representations and warranties of the Authority herein are true and correct in all material respects as of the Closing Date, and all obligations to be performed by the Authority hereunder on or prior to the Closing Date have been performed;

(xi) Official Statement: the Official Statement executed on behalf of the Authority and the Corporation;

(xii) Documents: specimens of the Series 2004 Bonds and executed counterparts of the Authority Documents, the Corporation Documents, and the Market Agent Agreement;

(xiii) Corporation Resolutions: copies of the resolutions of the Board of Directors of the Corporation authorizing the execution and delivery of the Corporation Documents by the Corporation and approving the other Bond Documents, certified by the President, the Secretary, or an Assistant Secretary of the Corporation as having been duly adopted and being in full force and effect;

(xiv) Authority Resolutions: an originally executed or certified copy of the Bond Resolution and all other resolutions of the Authority authorizing use of the Official Statement and the execution and delivery of the Authority Documents;

(xv) Board Resolutions: copies of the resolutions of the Board authorizing the execution and delivery of the Ground Lease, the Facilities Lease, and the Continuing Disclosure Agreement, certified by the Secretary of the Board as having been duly adopted and being in full force and effect;

(xvi) No Arbitrage Certificate: a certificate of a duly authorized officer of the Authority satisfactory to the Underwriter, dated the Closing Date, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Series 2004 Bonds; setting forth, in the manner permitted by the Treasury Regulations, the reasonable expectations of the Authority, based solely upon the representations of the Corporation as set forth in the certification set forth below, as of such date as to the use of proceeds of the Series 2004 Bonds and of any other funds of the Authority pledged or expected to be used to pay principal of or interest on the Series 2004 Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and

belief of the certifying officer, the Authority's expectations are reasonable, which certificate shall be made solely in reliance upon a similar certificate, dated the Closing Date, furnished to such person for such purpose by the Vice Chairperson of the Board of Directors of the Corporation or other duly authorized officers or attorneys-in-fact of the Corporation satisfactory to the Underwriter;

(xvii) State and Local Approvals: originally executed or certified copies of the resolutions adopted by the Authority and the State Bond Commission relating to the issuance and sale of the Series 2004 Bonds;

(xviii) Public Approval: evidence satisfactory to the Underwriter that the Series 2004 Bonds and the Facilities have been approved by the Attorney General of the State of Louisiana, after a public hearing thereon held after reasonable public notice in accordance with §147(f) of the Internal Revenue Code;

(xix) Form 8038: a computed form 8038 related to the Series 2004 Bonds;

(xx) Determination Letter: a copy of the ruling or determination letter of the IRS with respect to the Corporation that was issued by the United States Department of the Treasury stating that the Corporation is an organization described in §501(c)(3) of the Code;

(xxi) Recording of the Mortgage: evidence satisfactory to the Underwriter and its counsel either of the proper recording of the Mortgage or that such recording is not necessary to preserve the title insurance on the lien thereof on the property described therein;

(xxii) Financing Statements: evidence satisfactory to the Underwriter and its counsel of the proper filing of UCC financing statements with respect to security interests created under the Indenture, the Loan Agreement, and the Assignment of Agreements and Documents;

(xxiii) Bond Insurance Policies: a copy of the Bond Insurance Policies;

(xxiv) Rating Letter: evidence that Moody's Investors Service, Inc. has assigned a rating of not less than "AAA" to the Series 2004 Bonds; and

(xxv) Other: other certificates of the Authority and the Corporation listed on a schedule to be approved by counsel for the Authority, counsel for the Board, counsel for the Corporation, Bond Counsel, and counsel to the Underwriter, including any certificates or representations of the Corporation required in order for Bond Counsel to deliver the opinion referred to in Section 7(b)(i) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request to evidence compliance by the Authority and the Corporation with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Authority and of the Corporation contained herein, and the due performance or satisfaction by the Authority and the Corporation at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Corporation.

All such opinions, certificates, letters, agreements, and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter. At the expense of the Corporation, the Authority will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements, and documents as the Underwriter may reasonably request.

Section 8. Conditions of the Authority's Obligations.

The obligations of the Authority hereunder to deliver the Series 2004 Bonds shall be subject to (a) execution and delivery by the Corporation of the Corporation Documents, (b) receipt of the opinion of Bond Counsel described in Section 7(b)(i) hereof, (c) delivery of the certificate of the Corporation referred to in Section 7(b)(ix) hereof and (d) receipt by the Authority of the purchase price for the Series 2004 Bonds.

Section 9. Termination.

(a) The Underwriter shall have the right to cancel its obligation to purchase the Series 2004 Bonds if (i) between the date hereof and the Closing, legislation shall be enacted, introduced or recommended to the Congress for passage by the President of the United States or the majority leader of either House of the Congress, or favorably reported for passage to either House of the Congress by any committee of such House or announced by the Chairman of any such committee to which such legislation has been referred for consideration, a joint announcement of the Chairman of the Ways and Means Committee and the Finance Committee and the Secretary of the Treasury shall have been made, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation, or statement by or on behalf of the Treasury Department of the United States, the IRS, or other governmental agency shall be made or proposed to be made with respect to the federal taxation upon revenues or other income of the general character to be derived by the Authority under the Corporation Documents or by any similar body, or upon interest on obligations of the general character of the Series 2004A Bonds or the Series 2004B Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described in connection herewith, including the tax-exempt status of the Corporation under §§501(a) and 501(c)(3) of the Code and, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Series 2004 Bonds, or the market price generally of obligations of the general character of the Series 2004 Bonds, or (ii) any legislation, ordinance, rule, or regulation shall be introduced in or be enacted by any governmental body, department, or agency in the State or a decision by a court within the State shall be rendered that, in the Underwriter opinion, materially affects the market price of the Series 2004 Bonds, or (iii) there shall exist any event which in the judgment of the Underwriter either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (B) is not reflected in the Official Statement but should be reflected therein in the light of the circumstances in which it was made not misleading in any material respect, or (iv) there shall have occurred any event in connection with the United States of America's "war on terrorism" that the Underwriter determines, in its reasonable discretion, will have an adverse effect on its ability to market and sell the Series 2004 Bonds, or the occurrence of any other engagement in hostilities by the United States or other national or international emergency or calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State or any subdivision, agency, or instrumentality of such State, if the effect of any such event specified in this clause (iv), in the judgment of the Underwriter, would make it impractical or in advisable to proceed with the public offering or the delivery of the Series 2004 Bonds on the terms and in the manner contemplated by the Official Statement, or (v) there shall be in force a general suspension of trading on the New York Stock Exchange, or (vi) a general banking moratorium shall have been declared by federal, Louisiana, Tennessee, or New York authorities, or (vii) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the affairs of the Corporation, except for changes which the Official Statement discloses have occurred or may occur, or (viii) legislation shall be enacted or any action shall be taken by the SEC which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Series 2004 Bonds to be registered under the Securities Act, or the Indenture to be qualified under the Trust Indenture Act, or (ix) a stop order, ruling, regulation or official statement by or on behalf of the SEC shall be issued or made to the effect that the issuance, offering or sale of the Series 2004 Bonds, or of obligations of the general character of the Series 2004 Bonds, as described herein is in violation of any provision of the Securities Act, the Securities Exchange Act of 1934, as amended (the "*Securities Exchange Act*"), or the Trust Indenture Act, or (x) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (xi) the New York Stock Exchange or other national securities exchange, or any governmental authority shall impose, as to the Series 2004 Bonds or obligations of the general character of the Series 2004 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter, or (xii) any state "Blue Sky" or securities commission shall have withheld registration, exemption, or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Series 2004 Bonds is materially affected thereby, or (xiii) if the Closing cannot reasonably be expected to take place on the date specified in Section 6 hereof.

(b) If the Authority and the Corporation shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition shall not be waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Series 2004 Bonds shall be terminated or cancelled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate

and neither the Underwriter nor the Authority shall be under further obligation hereunder, except that the respective obligations to pay expenses, as provided in Section 12 hereof, shall continue in full force and effect.

(c) If the Underwriter shall fail (other than for a reason permitted hereunder) to accept and pay for the Series 2004 Bonds upon the proper tender thereof by the Authority at the Closing as herein provided, the maximum liability of the Underwriter to the Authority shall be the actual amount of its out-of-pocket expenses and to the Corporation will be limited to one percent of the principal amount of the Series 2004 Bonds (the "*Maximum Amount*"). When paid to the Corporation, the Maximum Amount shall serve as full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and such Maximum Amount shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults, and neither the Corporation, nor any other person, shall have any further action for damages, specific performance or any other legal or equitable relief against the Underwriter.

Section 10. Particular Covenants.

(a) The Authority shall cooperate with the Underwriter and its counsel in any endeavor to qualify the Series 2004 Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter may request at the cost and expense of the Corporation; provided, however, that the Authority shall not be required with respect to the offer or sale of the Series 2004 Bonds to file a general written consent to suit or to file a general written consent to service of process in any jurisdiction. The Authority consents to the use of the Official Statement by the Underwriter in obtaining such qualifications. If a general consent to service of process or a general written consent to suit by the Authority is required in order to qualify the Series 2004 Bonds and, in the reasonable judgment of the Underwriter, lack of qualification would adversely affect the ability to the Underwriter to successfully market the Series 2004 Bonds, the Underwriter may, at its option, be relieved of its obligation to purchase the Series 2004 Bonds under this Bond Purchase Agreement unless the Authority agrees to file a general written consent to suit or service of process.

(b) The Authority shall not take knowingly any action or knowingly permit any action to be taken on its behalf, or knowingly cause or permit any circumstances within its control to arise or continue, if such action or circumstance would result in the loss of the exclusion of the interest on the Series 2004A Bonds or the Series 2004B Bonds from gross income of the owners thereof for federal income tax purposes.

Section 11. Representations, Warranties, Covenants, and Agreements to Survive Delivery.

All representations, warranties, covenants, and agreements of the Authority and the Corporation shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, and shall survive delivery of the Series 2004 Bonds.

Section 12. Payment of Fees and Expenses.

The Corporation shall, out of the proceeds of the Series 2004 Bonds, pay all fees, costs, and expenses incident to the performance of its obligations under this Bond Purchase Agreement and to the sale and delivery of the Series 2004 Bonds to the Underwriter, including, but not limited to, legal, accounting, or financing advisory fees and expenses, fees and expenses of Bond Counsel and counsel for the Authority, counsel for the Board, counsel for the Corporation, counsel to the Underwriter, counsel for the Bond Insurer, counsel to the Developer and the Manager, and counsel for the Trustee, any fees and expenses of the Authority and the Trustee, filing fees, and printing and engraving costs. The Authority shall not be responsible for the payment of any fees, costs, and expenses relating to the sale, issuance, or delivery of the Series 2004 Bonds.

Section 13. Parties in Interest.

This Bond Purchase Agreement has been and is made solely for the benefit of the Underwriter, the Authority, and the Corporation, and no other person, partnership, association, or corporation shall acquire or have any right under or by virtue of this Bond Purchase Agreement. This Bond Purchase Agreement may not be assigned by the Underwriter, the Authority, or the Corporation.

Section 14. Applicable Law.

This Bond Purchase Agreement shall be governed by the laws of the State.

Section 15. Notices.

Any notice or other communication to be given under this Bond Purchase Agreement may be given to the Authority by delivering the same in writing to the Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809 (Attention: Chairman); to the Corporation by delivering the same in writing to University Facilities, Inc., SLU Box 10709, Hammond, Louisiana 70402 (Attention: Executive Director); and to the Underwriter by delivering the same in writing to Morgan Keegan & Company, Inc., 150 4th Avenue North, Nashville, Tennessee 37219-2434 (Attention: Hugh C. Tanner).

Section 16. Execution of Counterparts.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 17. Effectiveness.

This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof on behalf of the Authority by its Chairman and on behalf of the Corporation by the Vice Chairperson of its Board of Directors, and shall be valid and enforceable at the time of such acceptance. All of the representations, warranties, covenants, and agreements of the Authority and the Corporation contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriter; (b) delivery of and payment for the Series 2004 Bonds pursuant to this Bond Purchase Agreement; or (c) any termination of this Bond Purchase Agreement, but only to the extent provided herein.

Section 18. Amendments.

Neither this Bond Purchase Agreement nor any term hereof may be changed, waived, discharged, or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought.

Section 19. Entire Agreement.

This Bond Purchase Agreement, when accepted by the Authority and the Corporation in writing as heretofore specified, shall constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, if any, oral or otherwise, relating to the subject matter hereof.

Section 20. Severability.

In the event any covenant, agreement, term, or provision of this Bond Purchase Agreement shall be held invalid, illegal, or unenforceable in any respect by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and the validity of the remaining covenants, agreements, terms, or provisions contained herein and therein shall be in no way affected, prejudiced, or disturbed thereby.

Section 21. Headings.

The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

Section 22. No Personal Liability.

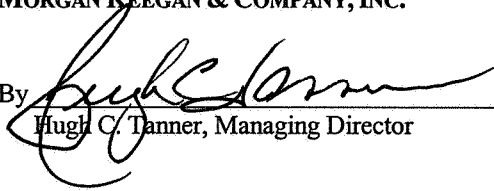
No covenant or agreement of the Authority or the Corporation contained in this Bond Purchase Agreement shall be deemed to be the covenant or agreement of any member, director, commissioner, officer, agent, director, or employee thereof in his or her individual capacity, and no official or officer of the Authority or the Corporation executing this Bond Purchase Agreement shall be personally liable or accountable by reason of the execution or delivery hereof.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

MORGAN KEEGAN & COMPANY, INC.

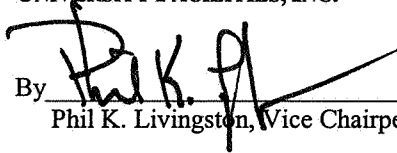
By



Hugh C. Tanner, Managing Director

UNIVERSITY FACILITIES, INC.

By



Phil K. Livingston, Vice Chairperson, Board of Directors

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

By



Steve A. Dicharry, Interim Executive Director

EXHIBIT "A"

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Morgan Keegan & Company, Inc.
Nashville, Tennessee

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**"). Reference is hereby made to our approving opinion of even date herewith (the "**Approving Opinion**") addressed to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and delivered to you concurrently herewith. You may rely upon such Approving Opinion as if the same were addressed to you. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Approving Opinion.

In connection with the issuance of the Series 2004 Bonds, we have examined the following:

1. The Bond Purchase Agreement (the "**First Bond Purchase Agreement**") dated August 5, 2004, among the Authority, University Facilities, Inc. (the "**Corporation**"), and Morgan Keegan & Company, Inc. (the "**Underwriter**");
 2. The Bond Purchase Agreement (the "**Second Bond Purchase Agreement**") and, together with the First Bond Purchase Agreement, the "**Bond Purchase Agreement**") dated August 13, 2004, among the Authority, the Corporation, and the Underwriter;
 3. The Preliminary Official Statement (the "**Preliminary Official Statement**") dated July 30, 2004, relating to the Series 2004 Bonds;
 4. The Official Statement (the "**Official Statement**") dated August 10, 2004, relating to the Series 2004 Bonds;
- and

Louisiana Local Government Environmental Facilities
and Community Development Authority
The Bank of New York Trust Company, N.A., as Trustee
Board of Supervisors for the University of Louisiana System
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5. The Indenture, the Facilities Lease, the Loan Agreement, the Mortgage, and the Assignment of Agreements and Documents. **[**Note** - This assumes that all such terms have been defined in the Approving Opinion. If that is not true, they should be more explicitly described or defined here, as appropriate.]**

[6. The UCC-1 Financing Statements to be filed under the Loan Agreement and under the Mortgage and the Assignment of Agreements and Documents (collectively, the "*Corporation Financing Statements*").

]

[[6/7]. The UCC-1 Financing Statement to be filed under the Indenture (the "*Authority Financing Statement*").

]

In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate. With respect to matters of fact relevant to this opinion, we have relied, without independent verification of the accuracy or completeness of the matters set forth therein, on the representations and warranties of the parties thereto set forth in the Indenture, the Loan Agreement, and the Bond Purchase Agreement, as well as certificates of officers of the Authority and the Corporation delivered in connection with the issuance of the Series 2004 Bonds.

Based upon the foregoing, and subject to other assumptions and conditions as are hereinafter set forth, and having regard to applicable matters of law, we are of the opinion, as of the date hereof, as follows:

(i) the Bond Purchase Agreement constitutes the legal, valid, and binding obligation of the Authority, enforceable against the Authority in accordance with its terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally, by usual limitations on the availability of equitable remedies, or by the valid exercise of the sovereign police powers of the State of Louisiana and its governmental bodies and the constitutional powers of the United States of America and except as any indemnification provisions of the Bond Purchase Agreement may be limited by applicable securities laws or by public policy;

(ii) the Series 2004A Bonds and the Series 2004B Bonds are exempt securities within the meaning of §3(a)(2) of the Securities Act of 1933, as amended (the "*Securities Act*"), to the extent provided in such Act, and it is not necessary in connection with the offer and sale of the Series 2004 Bonds to the public to register the Series 2004 Bonds under the Securities Act;

(iii) the Series 2004C Bonds are exempt securities within the meaning of §3(a)(4) of the Securities Act, to the extent provided in such Act, and it is not necessary in connection with the offer and sales of the Series 2004C Bonds to the public to register the Series 2004C Bonds under the Securities Act;

(iv) pursuant to the exemption contained in §304(a)(9) of the Trust Indenture Act of 1939, as amended, and to the extent provided in such Act, it is not necessary to qualify the Trust Indenture under the Trust Indenture Act of 1939, as amended;

(v) all statements and information in the Preliminary Official Statement and the Official Statement under the headings "INTRODUCTORY STATEMENT," "THE SERIES 2004 BONDS," and "SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS," "THE GROUND LEASE," "THE FACILITIES LEASE," and in "DEFINITIONS" and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS" contained in Appendices "A" and "B," respectively, to the Preliminary Official Statement and the Official Statement insofar as such descriptions purport to summarize certain provisions of the Series 2004 Bonds, the financing documents described therein, and applicable provisions of law, are accurate summaries of the matters set forth, and fairly

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present the information purported to be shown insofar as such descriptions purport to summarize certain provisions of the Series 2004 Bonds, the financing documents described therein, and applicable provisions of law, are accurate summaries of the matters set forth, and fairly present the information purported to be shown;

(vi) the summary of the Approving Opinion under the heading "TAX EXEMPTION" accurately reflects the substance of the legal conclusions contained in the Approving Opinion; [and]

(vii) we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement, or any other offering materials relating to the Series 2004 Bonds, and we express no opinion with respect to such accuracy, completeness, or sufficiency; however, no facts have come to our attention which lead us to believe that, as of the date thereof or as of the date hereof either the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading[./;]

(viii) the Mortgage is in proper form for recording in the [Recording Office] (the "*Recording Office*") and, upon recording in the Recording Office, the Mortgage will create a valid [mortgage lien on/security title in and to] the real property described therein; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(ix) the Loan Agreement grants to the Trustee a valid and existing security interest in the Facilities Lease; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(x) the Mortgage and the Assignment of Agreements and Documents grant to the Trustee a valid and existing security interest in the personal property, if any, and fixtures described therein that is owned by the Corporation (the "*Personal Property and Fixtures*"); *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xi) the Corporation Financing Statements are in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Corporation Financing Statements, together with the Loan Agreement and the Mortgage and the Assignment of Agreements and Documents, will create a valid and perfected security interest in the Facilities Lease and in that portion of the Personal Property and Fixtures as to which a security interest may be perfected by filing, respectively; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xii) the Indenture grants to the Trustee a valid and existing security interest in the Trust Estate (as defined in the Indenture); and *****Note** - to be delivered either by Bond Counsel or by Authority Counsel]**

(xiii) the Authority Financing Statement is in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Authority Financing Statement, together with the Indenture, will create a valid and perfected security interest in that portion of the Trust Estate as to which a security interest may be perfected by filing. *****Note** - to be delivered either by Bond Counsel or by Authority Counsel]**

In rendering the foregoing opinions, we have relied upon the opinion of even date herewith of Casten & Pearce, A.P.L.C., Shreveport, Louisiana, with respect, among other matters, to the due authorization, execution, and delivery by the Authority of the Bond Purchase Agreement and the validity and enforceability thereof against the

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August 13, 2004
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Authority and we have assumed that the Bond Purchase Agreement has been duly authorized, executed, and delivered by the Underwriter.

We have acted as Bond Counsel in connection with the issuance of the Series 2004 Bonds and, as such, have reviewed only those documents, opinions, certificates, and proceedings necessary to enable us to render our opinion to the Authority of even date herewith as to the legality and validity of the Series 2004 Bonds and the tax-exempt status of the interest on the Series 2004A Bonds and the Series 2004B Bonds. This opinion speaks as of its date and we are under no obligation to provide any updates of this opinion. This opinion is given solely for the use and benefit of the addresses hereof, and only in connection with the issuance and delivery of the Series 2004 Bonds pursuant to the Bond Purchase Agreement, and may not be used or relied upon by any other person or in connection with any other transaction, except with express consent of this firm.

Very truly yours,

EXHIBIT "B"

FORM OF OPINION OF COUNSEL FOR THE CORPORATION

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

Jones, Walker, Waechter, Poitevent, Carrère
Baton Rouge, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We are counsel for University Facilities, Inc. (the "**Corporation**"). In connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Articles of Incorporation, the Bylaws, and the minute book of the Corporation.
2. The Trust Indenture (the "**Indenture**") dated as of August 1, 2004, by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the "**Trustee**").
3. The Ground and Buildings Lease Agreement (the "**Ground Lease**") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), on behalf of Southeastern Louisiana University the "**University**") and the Corporation.
4. The Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004, between the Corporation and the Board.
5. The Loan and Assignment Agreement (the "**Loan Agreement**") dated as of August 1, 2004, by and between the Authority and the Corporation.

Louisiana Local Government Environmental Facilities
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6. The Mortgage, Assignment of Leases and Security Agreement (the "**Mortgage**") dated as of August 1, 2004, by the Corporation in favor of the Trustee.

7. The Assignment of Agreements and Documents (the "**Assignment of Agreements and Documents**") dated as of August 1, 2004, by the Corporation in favor of the Trustee.

8. The Development Agreement (the "**Development Agreement**") dated as of August 1, 2004, between the Corporation and Capstone Development Corp.

9. The Management Agreement (the "**Management Agreement**") dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management, LLC.

10. The Tax Regulatory Agreement and Arbitrage Certificate (the "**Tax Agreement**") dated as of August 13, 2004, by and among the Authority, the Corporation, the Board, and the Trustee.

11. The Bond Purchase Agreement (the "**First Bond Purchase Agreement**") dated as of August 5, 2004, among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the "**Underwriter**").

12. The Bond Purchase Agreement (the "**Second Bond Purchase Agreement**") and, together with the First Bond Purchase Agreement, the "**Bond Purchase Agreement**") dated as of August 13, 2004, among the Authority, the Corporation, and the Underwriter.

13. The indemnity letter (the "**Corporation Indemnity Letter**") dated as of August 13, 2004, from the Corporation to the Authority, the Underwriter, and MBIA Insurance Corporation.

14. The Official Statement (the "**Official Statement**") dated August 10, 2004, relating to the Series 2004 Bonds.

[15. The UCC-1 Financing Statements to be filed under the Loan Agreement and under the Mortgage and the Assignment of Agreements and Documents (collectively, the "**Corporation Financing Statements**").

] The Ground Lease, the Facilities Lease, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, the Development Agreement, the Management Agreement, the Tax Agreement, the Bond Purchase Agreement, and the Corporation Indemnity Letter are hereinafter referred to collectively as the "**Corporation Documents**."

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Corporation has been duly organized, is validly existing as a nonprofit corporation under the laws of the State of no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;

(ii) the Corporation has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Corporation Documents and to own its properties and carry on its business, and the Corporation has all licenses and permits necessary to conduct the operation of the Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Corporation Documents;

Louisiana Local Government Environmental Facilities
and Community Development Authority
The Bank of New York Trust Company, N.A., as Trustee
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(iii) the Corporation is authorized to conduct business in each jurisdiction in which the failure so to qualify would materially adversely affect its business including the State;

(iv) the execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder have been duly authorized by all necessary action on the part of the Corporation, and the Corporation Documents constitute legal, valid, and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(v) the execution and delivery of the Corporation Documents by the Corporation and the performance by the Corporation of its obligations thereunder do not violate any provision of law or any regulation applicable to the Corporation or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Corporation or any of its activities or property and do not conflict with or result in any breach of, or constitute a default under, any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or, to the best of our knowledge after due inquiry, any agreement or instrument to which the Corporation a party or by which it is bound;

(vi) neither the issuance and sale of the Series 2004 Bonds, nor the consummation of any other of the transactions contemplated in the Corporation Documents, nor the fulfillment of the terms thereof will result in the creation of any lien, pledge, charge, or encumbrance upon any of the assets of the Corporation other than those expressly contemplated by such documents;

(vii) the Corporation has duly approved the Indenture and has duly approved, executed, and authorized the use of the Official Statement by the Underwriter in connection with the offering and sale of the Series 2004 Bonds;

(viii) all consents, approvals, and authorizations, if any, of any governmental authority required in connection with the acquisition, construction, furnishing, and equipping of the New Facilities (as such term is defined in the Bond Purchase Agreement), the renovation of the Renovated Facility (as such term is defined in the Bond Purchase Agreement), the demolition of the Old Facilities (as such term is defined in the Bond Purchase Agreement); and the repayment of the Prior Debt (as such term is defined in the Bond Purchase Agreement) and the execution and delivery and the performance by the Corporation of its obligations under the Corporation Documents have been obtained;

(ix) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect (i) the transactions contemplated by, any of the Corporation Documents or (ii) the exclusion of the interest on the Series 2004A Bonds or the Series 2004B Bonds from the gross income of the registered owners thereof;

(x) the Corporation has been determined to be an organization that is exempt from federal income taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), by virtue of being an organization described in §501(c)(3) of the Code, the Corporation is not a "private Corporation," as defined in §509(a) of the Code, and, to the best of our knowledge after due inquiry, the Corporation has conducted its

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operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization;[and]

(xi) nothing has come to our attention that leads us to believe that, as of the date thereof and as of the date hereof, the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; we do not express any opinion or belief as to the financial statements and other financial and statistical information and data contained in the Official Statement or as to any information under the captions "THE AUTHORITY" or "TAX EXEMPTION" in the Official Statement[./;]

(xii) the Mortgage is in proper form for recording in the [Recording Office] (the "*Recording Office*") and, upon recording in the Recording Office, the Mortgage will create a valid mortgage lien on the real property described therein; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xiii) the Loan Agreement grants to the Trustee a valid and existing security interest in the Facilities Lease; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xiv) the Mortgage and the Assignment of Agreements and Documents grant to the Trustee a valid and existing security interest in the personal property, if any, and fixtures described therein that is owned by the Corporation (the "*Personal Property and Fixtures*"); and *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xv) the Corporation Financing Statements are in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Corporation Financing Statements, together with the Loan Agreement and the Mortgage and the Assignment of Agreements and Documents, will create a valid and perfected security interest in the Facilities Lease and in that portion of the Personal Property and Fixtures as to which a security interest may be perfected by filing, respectively; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Corporation Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Very truly yours,

EXHIBIT "C"

FORM OF UNDERWRITER COUNSEL'S OPINION

August 13, 2004

Morgan Keegan & Company, Inc.
Nashville, Tennessee

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We have acted as counsel to you as underwriter in connection with your purchase of the above-captioned bonds (the "**Bonds**"). As such counsel we have examined the following:

1. The Trust Indenture dated as of August 1, 2004, between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**").
2. The Loan Agreement dated as of August 1, 2004, by and between the Authority and University Facilities, Inc. (the "**Corporation**").
3. The Mortgage, Assignment of Leases and Security Agreement dated as of August 1, 2004, by the Corporation in favor of the Trustee.
4. The Assignment of Agreements and Documents dated as of August 1, 2004, by the Corporation in favor of the Trustee.
5. The Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board of Supervisors (the "**Board**") for the University of Louisiana System, on behalf of Southeastern Louisiana University, as lessor, and the Corporation, as lessee
6. The Agreement to Lease With Option to Purchase dated as of August 1, 2004, between the Corporation and the Board.
7. The Management Agreement dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management, LLC.
8. The Preliminary Official Statement (the "**Preliminary Official Statement**") dated July 30, 2004, relating to the Bonds.
9. The Official Statement (the "**Official Statement**") dated August 10, 2004, relating to the Bonds.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that the statements in the Official Statement under the headings "**SUMMARY STATEMENT**," "**INTRODUCTORY STATEMENT**," "**THE SERIES 2004 BONDS**," and "**UNDERWRITING**," insofar as such statements constitute a summary of certain of the provisions of the documents referred to therein, fairly present the information purported to be shown.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of other counsel and certificates of officers of the Corporation and the Authority and other appropriate persons. We also participated in conferences and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness, or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

EXHIBIT "D"

FORM OF OPINION OF COUNSEL FOR THE AUTHORITY

August 13, 2004

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Morgan Keegan & Company, Inc.
Nashville, Tennessee

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

Jones, Walker, Waechter, Poitevent, Carrère
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We [are/have acted as] counsel for the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") in connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The resolutions (collectively, the "**Bond Resolution**") adopted by the Authority on February 12, 2004, and May 13, 2004, authorizing, among other things, the following:

(a) the execution, delivery, and performance of the Trust Indenture (the "**Indenture**") dated as of August 1, 2004, by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**"); the Loan Agreement dated as of August 1, 2004, by and between the Authority and University Facilities, Inc. (the "**Corporation**"); the Bond Purchase Agreement dated as of August 5, 2004, among the Authority, the Corporation, and Morgan Keegan & Company, Inc. (the "**Underwriter**"); the Bond Purchase Agreement dated as of August 13, 2004, among the Authority, the Corporation, and the Underwriter, Tax Regulatory Agreement and Arbitrage Certificate (the "**Tax Agreement**") executed by the Authority, the Corporation, the Board of Supervisors for the University of Louisiana System, and the Trustee on and as of the date hereof, and the Auction Agency Agreement (the "**Auction Agency Agreement**") dated as of August 1, 2004, by and among the Authority, the Trustee, and The Bank of New York, as Auction Agent (collectively, the "**Authority Documents**");

(b) the execution by the Authority and the distribution by the Underwriters of the Official Statement (the "**Official Statement**") dated August 10, 2004, relating to the Series 2004 Bonds; and

(c) the issuance and delivery of the Series 2004 Bonds.

2. Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended.
3. Executed counterparts of the Authority Documents.
4. The form of the Series 2004 Bonds.
5. The Official Statement.

[6. The UCC-1 Financing Statement to be filed under the Indenture (the "*Authority Financing Statement*").
]

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Authority is a political subdivision of the laws of the State of Louisiana (the "*State*") and has full power and authority to issue and deliver the Series 2004 Bonds, to finance the acquisition, construction, furnishing, and equipping of the New Facilities (as defined in the Indenture), and to execute and deliver, and to perform its obligations under, the Series 2004 Bonds and the Authority Documents;

(ii) the Bond Resolution has been duly adopted by the Authority and is legal, valid, binding, and in full force and effect on the date hereof; the officers of the Authority who have executed the Series 2004 Bonds, the Authority Documents, and the Official Statement have been duly appointed and are qualified to serve as such officers;

(iii) no additional or further approval, consent, or authorization of any governmental or public agency or authority is required by the Authority in connection with the issuance and delivery of the Series 2004 Bonds, the execution and delivery of the Authority Documents, or the performance by the Authority of its obligations thereunder;

(iv) the Authority has taken all corporate action legally necessary in connection with the authorization of the execution, delivery, and performance of the Series 2004 Bonds and the Authority Documents, and the execution, delivery, and performance of the Series 2004 Bonds and the Authority Documents are within the power of the Authority;

(v) the Series 2004 Bonds have been duly authorized, issued, and delivered by the Authority and constitute legal, valid, and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Bond Resolution, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(vi) the Authority Documents and the Official Statement have been duly authorized, executed, and delivered by the Authority and the Authority Documents constitute legal, valid, and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally;

(vii) the execution and delivery by the Authority of the Series 2004 Bonds, the Authority Documents, and the Official Statement and the performance by the Authority of its obligations under the Series 2004 Bonds and the Authority Documents do not violate any provision of law or any regulation applicable to it or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or

The Bank of New York Trust Company, N.A., as Trustee
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authority having jurisdiction over the Authority or any of its activities or property and do not conflict with or result in any breach of, or constitute a default or result in the creation of a lien under, any agreement or instrument to which the Authority is a party or by which it is bound;

(viii) there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority, nor to the best of our knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity of, or materially adversely affect the transactions contemplated by, the Series 2004 Bonds, the Authority Documents, or the Official Statement;

(ix) neither the existence of the Authority nor the title of any of the officials or members of the Authority to their offices is being contested and none of the proceedings heretofore taken to authorize the issuance and delivery of the Series 2004 Bonds, to provide the security therefor, or to authorize the execution and delivery of the Authority Documents and the Official Statement have been repealed, revoked, or rescinded;

(x) all meetings of the Authority at which action was taken in connection with the Bond Resolution, the Authority Documents, and the authorization, sale, and issuance of the Series 2004 Bonds were duly and legally called and held, and notice of the time and place of each such meeting was given as required by the laws of the State and the procedural rules of the Authority;

(xi) the information and statements contained in the Official Statement under the headings "THE AUTHORITY" and "LITIGATION - The Authority," (the "*Authority Information*"), are accurate statements or summaries of the matter therein set forth and fairly present the information purported to be shown, and, with respect to the Authority Information, the Official Statement does not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, not misleading; [and]

(xii) nothing has come to our attention which would lead us to believe that the Official Statement (except for financial and statistical data included therein, as to which no opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

[(xiii) the Indenture grants to the Trustee a valid and existing security interest in the Trust Estate (as defined in the Indenture); and *****Note** - to be delivered either by Bond Counsel or by Authority Counsel**]

(xiv) the Authority Financing Statement is in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Authority Financing Statement, together with the Indenture, will create a valid and perfected security interest in that portion of the Trust Estate (as defined in the Indenture) as to which a security interest may be perfected by filing. *****Note** - to be delivered either by Bond Counsel or by Authority Counsel**]

] Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Authority Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Very truly yours,

EXHIBIT "E"

FORM OF OPINION OF COUNSEL FOR THE BOND INSURER

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "*Series 2004A Bonds*")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "*Series 2004B Bonds*")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "*Series 2004C Bonds*")

Ladies and Gentlemen:

We have acted as special counsel to the MBIA Insurance Corporation (the "Corporation") in connection with the issuance of a Financial Guaranty Insurance Policy No. [] (the "Policy") relating to the above-referenced Bonds.

We are familiar with and have examined a copy of the Policy and such other relevant documents as we have deemed necessary.

Based upon the foregoing, we are of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York.
2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

EXHIBIT "F"

FORM OF OPINION OF COUNSEL FOR THE DEVELOPER AND THE MANAGER

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Morgan Keegan & Company, Inc.
Nashville, Tennessee

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We have acted as counsel to Capstone Development Corp. (the "**Developer**"), an Alabama corporation, and for Capstone On-Campus Management, LLC (the "**Manager**"), an Alabama limited liability company, in connection with the issuance and delivery of the above-captioned bonds and for the purpose of rendering this opinion, we have examined the following:

1. The Article of Incorporation, Bylaws, Minute Book, and resolutions of the Developer, and all amendments thereto, and the Articles of Organization, Operating Agreement, Minute Book, and resolutions of the Manager, and all amendments thereto.
2. The Development Agreement (the "**Development Agreement**") dated as of August 1, 2004, between University Facilities, Inc. (the "**Corporation**") and the Developer;
3. The Standard Form of Agreement Between Owner and Contractor (the "**Construction Contract**") dated as of August 1, 2004, between the Developer and Capstone Building Corp.
4. The Standard Form of Agreement Between Owner and Architect with Standard Form of Architect's Services (the "**Architect's Agreement**") dated as of _____, 2004, between the Developer and Design Collective, Inc..
5. The Collateral Assignment (the "**Collateral Assignment**") dated as of August 1, 2004, by the Developer in favor of the Corporation.

Louisiana Local Government Environmental Facilities
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6. The Developer Indemnity Letter (the "*Developer Indemnity Letter*") dated August 13, 2004, from the Developer to the Corporation, the Louisiana Local Government Environmental Facilities and Community Development Authority, Morgan Keegan & Company, Inc., and MBIA Insurance Corporation.
7. The Management Agreement (the "*Management Agreement*") dated as of July 1, 2004, between the Corporation, as agent for the Board, and the Manager.

The Development Agreement, the Construction Contract, the Architect's Agreement, the Collateral Assignment, and the Developer Indemnity Letter are hereinafter referred to collectively as the "*Developer Documents*."

When reference is made in this opinion to our "knowledge" of certain matters or to matters "known to us," it means the actual present knowledge and conscious awareness of those matters by the attorneys at this firm directly involved in acting as counsel to the Developer or the Manager, as applicable in connection with the transactions contemplated by the Developer Documents or the Management Agreement, as applicable. Wherever our opinions herein, with respect to existence or absence of facts, is indicated to be "to our knowledge," "to the best of our actual knowledge," or it is stated that we have "no knowledge," it is intended to signify that during the course of our representation, as herein described, no information has come to our attention that has given us actual knowledge of the existence or absence of such facts, and material information as to such matters may exist which has not come to our attention during the course of our representation.

As to various questions of fact material to our opinions herein, we have relied exclusively upon the information contained in item 1 above and such other agreements, instruments and documents as we have deemed necessary as a basis for the opinions set forth herein. We have not made any independent investigation of and do not express an opinion as to any matters of title to any property (whether real, personal, or mixed). We also do not express any opinions as to the adequacy of the description of the premises contained in any of the Developer Documents or the Management Agreement. We express no opinion with respect to the effect of any law other than the law of the State of Alabama and the federal law of the United States. We have assumed the truthfulness of any factual representations made to us by or on behalf of the Developer and the Manager. We have made no independent investigations of the facts supporting any representations or warranties of the Developer or the Manager and express no opinion as to the truthfulness of any representations or warranties made by the Developer or the Manager in any of the Developer Documents or the Management Agreement, respectively.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we deemed appropriate to enable us to render this opinion, we are of the opinion that:

- (i) the Developer is a duly organized, validly existing corporation and is in good standing under the laws of the State of Alabama, and the Manager is a duly organized, validly existing limited liability company and is in good standing under the laws of the State of Alabama;
- (ii) each of the Developer and the Manager has the power to own its properties and to conduct its business as now conducted;
- (iii) each of the Developer and the Manager has all requisite power and authority, and has taken all corporate action necessary, to enter into and perform its obligations under the Developer Documents and the Management Agreement, respectively;

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(iv) the Developer Documents and the Management Agreement are valid and binding obligations of the Developer and the Manager, respectively, and are enforceable against the Developer and the Manager. Respectively, in accordance with their terms, subject to (i) applicable bankruptcy, insolvency, avoidance, reorganization, moratorium, or other similar laws affecting the rights of creditors generally and (ii) general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(v) the execution, delivery, and performance by the Developer and the Manager of the Developer Documents and the Management Agreement, respectively, do not (a) conflict with or violate the Articles of Incorporation or Bylaws of the Developer or the Articles of Organization or Operating Agreement of the Manager, or any amendment thereto, or any applicable federal or Alabama law or regulation, (b) conflict with or violate any order, writ, injunction, or decree of any court or governmental authority or any arbitral award of which we have actual knowledge, or (c) constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to, any agreement or instrument to which the Developer or the Manager or their respective assets are bound, or result in the creation or imposition of any lien upon any property of the Developer or the Manager, pursuant to any such agreement or instrument;

(vi) we have no knowledge of any agreements or agreements binding upon the Developer or the Manager that are in conflict with or violate any of the terms of the Developer Documents or the Management Agreement, respectively, nor do we have any knowledge that the execution of the Developer Documents or the Management Agreement by the Developer or the Manager, respectively, will result in the breach or violation of the terms of any other agreement to which the Developer or the Manager is a party; and

(vii) to the best of our actual knowledge, there is no pending or threatened condemnation proceeding, lawsuit, claim, or criminal proceeding against the Developer or the Manager that could have a material adverse effect on the Developer's or the Manager's ability to perform its respective obligations under the Developer Documents or the Management Agreement, respectively.

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Authority Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

EXHIBIT "G"

FORM OF OPINION OF COUNSEL FOR THE BOARD

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Jones, Walker, Waechter, Poitevent, Carrère
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We are counsel for the Board of Supervisors for the University of Louisiana System (the "**Board**"). In connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Ground and Buildings Lease Agreement (the "**Ground Lease**") dated as of August 1, 2004, between the Board, on behalf of Southeastern Louisiana University, and University Facilities, Inc. (the "**Corporation**").
2. The Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004, between the Corporation and the Board.
3. The Tax Regulatory Agreement and Arbitrage Certificate (the "**Tax Agreement**") dated as of August 13, 2004, by and among the Louisiana Local Government Environmental Facilities and Community Development Authority, the Corporation, the Board, and The Bank of New York Trust Company, N.A., as Trustee.
4. The Continuing Disclosure Agreement (the "**Continuing Disclosure Agreement**") dated as of August 1, 2004, between the Board and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent.
5. The Management Agreement (the "**Management Agreement**") dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management, LLC.

] The Ground Lease, the Facilities Lease, the Tax Agreement, and the Continuing Disclosure Agreement are hereinafter referred to collectively as the "**Board Documents**."

Louisiana Local Government Environmental Facilities
and Community Development Authority
The Bank of New York Trust Company, N.A., as Trustee
Board of Supervisors for the University of Louisiana System
University Facilities, Inc.
Morgan Keegan & Company, Inc.
MBIA Insurance Corporation
August 13, 2004
Page 2

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Board has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Board Documents, and the Board has all licenses and permits necessary to conduct the operation of the Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Board Documents;

(ii) the execution and delivery of the Board Documents and the performance by the Board of its obligations thereunder have been duly authorized by all necessary action on the part of the Board, and the Board Documents constitute legal, valid, and binding agreements of the Board, enforceable against the Board in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(iii) the execution and delivery of the Board Documents by the Board and the performance by the Board of its obligations thereunder do not violate any provision of law or any regulation applicable to the Board or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Board or any of its activities or property and, to the best of our knowledge after due inquiry, do not conflict with or result in any breach of, or constitute a default under any agreement or instrument to which the Board a party or by which it is bound;

(iv) the Board has duly approved the execution, delivery, and performance of the Management Agreement; and

(v) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Board, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect the transactions contemplated by, any of the Board Documents.

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Board Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

BOND PURCHASE AGREEMENT

by and among

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY,**

UNIVERSITY FACILITIES, INC.,

and

MORGAN KEEGAN & COMPANY, INC.

relating to the

\$15,000,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004B**

DATED AS OF AUGUST 13, 2004

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BOND PURCHASE AGREEMENT

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B

This BOND PURCHASE AGREEMENT, dated as of August 13, 2004, is by and among the LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "*Authority*"), a political subdivision of the State of Louisiana (the "*State*"), UNIVERSITY FACILITIES, INC. (the "*Corporation*"), a nonprofit corporation duly organized and existing under the laws of the State, and MORGAN KEEGAN & COMPANY, INC., Nashville, Tennessee (the "*Underwriter*").

Section 1. Background.

(a) The Corporation has requested that the Authority issue and deliver its \$60,985,000 in aggregate principal amount of its Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "*Series 2004A Bonds*"), its \$15,000,000 in aggregate principal amount of its Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "*Series 2004B Bonds*") and its \$925,000 in aggregate principal amount of its Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and the Series 2004 B Bonds, the "*Series 2004 Bonds*") for the purpose of providing funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "*New Facilities*"), (b) renovating an existing student housing facility (the "*Renovated Facility*"), and (c) demolishing four existing student housing facilities (the "*Old Facilities*"), all located on the campus of Southeastern Louisiana University (the "*University*") in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility (collectively, the "*Facilities*"), (iii) to provide working capital for the Facilities, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the Facilities, (v) to provide funds to repay certain indebtedness of the Corporation (the "*Prior Debt*"), (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities, and (viii) to pay the costs of issuing the Series 2004 Bonds. The land on which the Facilities will be constructed (the "*Land*") and the Renovated Facility will be leased to the Corporation pursuant to a Ground and Buildings Lease (the "*Ground Lease*") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "*Board*"), as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the "*Facilities Lease*") between the Corporation, as lessor, and the Board, as lessee. The Authority will lend the proceeds of the Series 2004 Bonds to the Corporation pursuant to a Loan and Assignment Agreement (the "*Loan Agreement*") dated as of August 1, 2004, between the Authority and the Corporation

(b) The Series 2004 Bonds will be issued pursuant to resolutions of the Authority (collectively, the "*Bond Resolution*") adopted by the Authority on February 12, 2004, and May 13, 2004, and will be secured under a Trust Indenture (the "*Indenture*") dated as of August 1, 2004, between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "*Trustee*") for the owners of the Series 2004 Bonds. The Series 2004 Bonds will be payable solely out of the loan payments made by the Corporation under the Loan Agreement and from the remainder of the Trust Estate (as defined in the Indenture).

(c) To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation (i) will assign to the Authority substantially all of its rights in and to the Facilities Lease, (ii) will execute and deliver to the Trustee a Mortgage, Assignment of Leases and Security Agreement (the "*Mortgage*") dated as of August 13, 2004, pursuant to which the Corporation will grant to the Trustee a first mortgage lien on its leasehold interest in the Facilities, a first priority security interest in the equipment, furnishings,

and other tangible personal property included in the Facilities, and a first priority security interest in the leases, rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the Facilities, and (iii) will execute and deliver to the Trustee an Assignment of Agreements and Documents (the "**Assignment of Agreements and Documents**") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee a first priority interest in the Development Agreement (the "**Development Agreement**") between the Corporation and Capstone Development Corp. (the "**Developer**") pursuant to which the Developer will agree to develop the Facilities and all other contracts relating to the design, construction, or renovation of the Facilities.

(d) The Board intends to engage Capstone On-Campus Management, LLC to manage the Facilities pursuant to a Management Agreement (the "**Management Agreement**") dated as of July 1, 2004, between the Corporation, as agent for the Board, and the Manager.

(e) It is intended that regularly scheduled payments of principal of and interest on the Series 2004 Bonds when due will be insured through bond insurance policies (the "**Bond Insurance Policies**") to be issued by MBIA Insurance Corporation (the "**Bond Insurer**") simultaneously with the delivery of the Series 2004 Bonds.

(f) The Corporation will deliver its Indemnity Letter (the "**Corporation Indemnity Letter**") of even date herewith to be accepted by the Authority, the Underwriter, and the Bond Insurer, and the Developer will deliver its Indemnity Letter (the "**Developer Indemnity Letter**") and together with the Corporation Indemnity Letter, the "**Indemnity Letters**") of even date herewith to be accepted by the Authority, the Corporation, the Underwriter, and the Bond Insurer.

(g) The Authority and the Underwriter acknowledge that the Authority will sell the Series 2004 Bonds to the Underwriter and the Underwriter will make an offering thereof to certain prospective investors in reliance upon the representations, covenants, and indemnities set forth herein and in the Indemnity Letters. A Preliminary Official Statement (the "**Preliminary Official Statement**") and a final Official Statement (the "**Official Statement**") have been prepared and utilized in connection with such offering and will be delivered to the parties to this Bond Purchase Agreement.

(h) The Board will undertake, pursuant to the Continuing Disclosure Agreement (the "**Continuing Disclosure Agreement**") dated as of August 1, 2004, between the Board and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

(i) In connection with the issuance of the Series 2004B Bonds and to facilitate the periodic auctions relating thereto, the Authority will enter into the Auction Agency Agreement (the "**Auction Agency Agreement**") dated as of August 1, 2004, by and among the Authority, the Trustee, and The Bank of New York, as Auction Agent, and the Trustee will enter into the Market Agent Agreement (the "**Market Agent Agreement**") dated as of August 1, 2004, between the Trustee and Morgan Keegan & Company, Inc., as Market Agent.

(j) It is intended that the interest on the Series 2004A Bonds and the Series 2004B Bonds will not be includable in the gross income of the owners thereof for the purposes of federal income taxation and that the Authority may sell the Series 2004 Bonds to the Underwriter without registration of any security under the Securities Act of 1933, as amended (the "**Securities Act**"), or qualification of the Indenture under the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**").

(k) In order to induce the Authority and the Underwriter to enter into this Bond Purchase Agreement and to sell and buy the Series 2004 Bonds, respectively, the Corporation has joined in this Bond Purchase Agreement.

(l) The respective counsel referred to in this Bond Purchase Agreement are:

Bond Counsel	Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana
Counsel for the Board	DeCuir & Clark, L.L.P., Baton Rouge, Louisiana

Counsel for the Corporation	Seale & Ross, P.L.C., Hammond, Louisiana
Counsel for the Authority	Casten & Pearce, A.P.L.C., Shreveport, Louisiana
Counsel for Bond Insurer	Kutak Rock LLP, Omaha, Nebraska
Counsel to the Underwriter	Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina
Counsel to the Developer and the Manager	Hand Arendall, LLC, Foley, Alabama

(m) The Authority and the Corporation will agree that the proceeds of the sale of the Series 2004 Bonds, including accrued interest thereon, are to be used as provided in the Loan Agreement, the Indenture, and the Tax Regulatory Agreement and Arbitrage Certificate (the "*Tax Agreement*") to be executed by the Authority, the Corporation, the Board, and the Trustee on and as of the Closing Date (hereinafter defined). The Corporation agrees to pay, out of the proceeds of the Series 2004 Bonds, all issuance costs, including, without limitation, the costs of printing the Series 2004 Bonds, the Preliminary Official Statement, and the Official Statement, certain expenses of the Underwriter, the costs of preparing and reproducing or printing this Bond Purchase Agreement and the other Authority Documents and Corporation Documents, the fees and disbursements of Bond Counsel, Counsel for the Board, Counsel to the Underwriter, Counsel for the Authority, Counsel to the Developer and the manager, and its Counsel.

(n) It is understood and agreed that the representations, warranties, and covenants of the Authority contained in this Section 1 hereof and elsewhere in this Bond Purchase Agreement shall not create any general obligations or liabilities of the Authority, and that any obligation of the Authority hereunder or under the Loan Agreement or the Indenture is payable solely out of the revenues and other income, charges, and moneys derived by the Authority from, or in connection with, the Loan Agreement or the sale of the Series 2004 Bonds, and no officer, official, board member, director, or commissioner of the Authority shall be personally liable therefor.

Section 2. Purchase, Sale, and Closing.

(a) On the terms and subject to the conditions set forth herein and in the Indenture, the Underwriter will purchase the Series 2004B Bonds from the Authority, and the Authority will sell the Series 2004B Bonds to the Underwriter. The Series 2004B Bonds shall be dated the date of delivery thereof. The Series 2004 Bonds will mature and will bear interest and be subject to redemption as set forth in the Official Statement. The Authority is obligated to sell and the Underwriter is obligated to purchase all of the Series 2004B Bonds on the date of issuance thereof (the "*Closing Date*"). The closing (the "*Closing*") will be held at the offices of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P. ("*Bond Counsel*"), at 201 St. Charles Avenue, New Orleans, Louisiana, at 9:00 a.m. local time on August 13, 2004, or such other date or time as may be agreed on by the parties hereto. The aggregate price to be paid by the Underwriter for the Series 2004B Bonds is \$14,891,250.00 (being \$15,000,000.00, the principal amount thereof, less \$108,750.00 of Underwriter's discount).

(b) Delivery of the Series 2004 Bonds shall be made at the offices of the Trustee (or at such other place upon which the Underwriter, the Authority, the Board, and the Corporation shall mutually agree). The Trustee has agreed to hold the Series 2004 Bonds as custodian for The Depository Trust Company, 55 Water Street, New York, New York 10041 ("*DTC*") under its "FAST" system. DTC shall act as securities depository for the Series 2004 Bonds. At the time of such delivery, the Series 2004 Bonds shall be registered in the name of Cede & Co., as nominee for DTC.

(c) At the time of the Closing, there will be delivered to the Underwriter at the offices of Bond Counsel or at such other place upon which the Underwriter, the Authority, and the Corporation shall mutually agree, the other documents and items hereinafter mentioned. At the Closing, the Underwriter will accept delivery of the Series 2004 Bonds and pay the purchase price therefor by wire transfer, it being understood and agreed that that portion of the purchase price for the Series 2004 Bonds equal to the premium to be paid to the Bond Insurer as the premium for the Bond Insurance Policies shall be transferred directly from the Underwriter to the Bond Insurer.

Section 3. Official Statement.

On any date specified by the Underwriter following the date hereof, but in any event no more than seven (7) business days after the date of execution hereof, the Authority, at the expense of the Corporation, shall deliver to the Underwriter the Official Statement. The Official Statement shall be in substantially the form of the Preliminary Official Statement with only such changes and additions as may be approved by the Underwriter. From the date of this Bond Purchase Agreement to the ninety-first (91st) day (or such later date, not to exceed one hundred fifty (150) days, that may be specified by the Underwriter following the Closing Date), the Authority (at the direction and expense of the Corporation) or the Corporation will notify the Underwriter whenever the Official Statement should be amended or supplemented in order for the Official Statement not to contain any untrue statement of a material fact, and/or not to omit to state any material fact necessary to make the statements in the Official Statement not misleading. In addition, the Corporation agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required.

Section 4. Public Offering.

The Underwriter intends to make an initial *bona fide* public offering of all of the Series 2004 Bonds at public offering prices that do not exceed (or at public offering yields that are not less than) those set forth on the cover of the Official Statement and may subsequently change such offering prices (or yields) in its discretion without any requirement of prior notice. The Underwriter may offer and sell the Series 2004 Bonds to certain dealers (including dealers depositing the Series 2004 Bonds into investment trusts) and others at prices lower than the public offering prices (or at yields higher than the public offering yields) stated on the cover of the Official Statement.

Section 5. Representations, Warranties, and Covenants of the Authority.

The Authority hereby represents, warrants, and covenants to and with the Underwriter and the Corporation that:

(a) **Due Organization; Existence.** The Authority is a political subdivision organized under the laws of the State and is authorized pursuant to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended (the "*Act*") to (i) issue the Series 2004 Bonds and to lend the proceeds thereof to the Corporation for the purpose of providing funds to finance the cost of (A) designing, developing, acquiring, constructing, and equipping the New Facilities, (B) renovating the Renovated Facility, (C) demolishing the Old Facilities; and (D) repaying the Prior Debt, (ii) enter into agreements such as the Loan Agreement with the Corporation to provide for the financing of the foregoing and the payment of loan payments to the Issuer by the Borrower; and (iii) secure the Series 2004 Bonds in the manner contemplated by the Indenture.

(b) **Legal Authority.** The Authority has full right, power, and authority under the Constitution and the laws of the State, including particularly the Act, to (i) adopt the Bond Resolution, (ii) issue the Series 2004 Bonds for the purposes for which they are to be issued, (iii) execute, deliver, and perform its obligations under the Indenture, the Loan Agreement, this Bond Purchase Agreement, the Tax Agreement, and the Auction Agency Agreement (collectively, the "*Authority Documents*"), (iv) lend the proceeds of the Series 2004 Bonds to the Corporation, (v) assign its rights in and to the Loan Agreement, except for certain unassigned rights (the "*Unassigned Rights*") as described in the Indenture) to the Trustee as security for the payment of the principal of, redemption prices, if any, and interest on the Series 2004 Bonds, and (vi) consummate the transactions described in such instruments and the Official Statement.

(c) **Due Authorization, Execution, and Delivery.** The Authority has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Series 2004 Bonds upon the terms set forth herein and in the Official Statement, (ii) the approval of the Official Statement, (iii) the loan of the proceeds of the Series 2004 Bonds to the Corporation, and (iv) the execution, delivery, and performance of the Authority Documents and any and all such other agreements and documents as may be required to be executed, delivered, and received by the Authority in order to carry out, give effect to, and consummate the transactions described herein or in the Series 2004 Bonds, the Official Statement, and the Authority Documents.

(d) **No Conflicts.** The authorization, execution, and delivery by the Authority of the Authority Documents and the other documents described herein or in the Official Statement and compliance by the Authority with the provisions of such instruments do not and will not conflict with or constitute on the part of the Authority a breach of or a default under any provision of the State Constitution or any existing law, court, or administrative regulation, decree, or order or any agreement, indenture, mortgage, lease, or other instrument by which the Authority or its properties are, or on the Closing Date will be, bound.

(e) **Official Statement.** The Authority hereby approves the Preliminary Official Statement and the Official Statement and their distribution and use by the Underwriter in determining interest in, selling, and confirming sales of the Series 2004 Bonds. The information contained in the Preliminary Official Statement under the caption "THE AUTHORITY" and under the caption "LITIGATION - The Authority" (the "*Authority Information*") is, and in the Official Statement as of the Closing Date will be, correct in all material respects, and the Authority Information in the Official Statement will not as of its date or the Closing Date contain any untrue statement of a material fact or omit and will not omit to state a material fact required to be stated therein or necessary to make the statements in such Official Statement, in light of the circumstances under which they were made, not misleading.

(f) **No Adverse Actions.** To the knowledge of the Authority, except as may be stated in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or body pending against the Authority of which it has notice (or, to the knowledge of the Authority, any basis therefor) contesting the due organization and valid existence of the Authority or the validity of the Act or wherein an unfavorable decision, ruling, or finding would adversely affect (i) the transactions described herein or in the Preliminary Official Statement or the Official Statement or the validity, due authorization, or execution of the Authority Documents or any agreement or instrument to which the Authority is a party and which is used or intended for use in the consummation of the transactions described herein or in the Preliminary Official Statement and the Official Statement, or (ii) the condition or operations of the Authority or the collection of revenues by the Authority or on behalf of the Authority, including payments pursuant to the Loan Agreement.

(g) **No Defaults.** The Authority will not be in default under the terms and provisions of the Indenture on the Closing Date. In addition, to the knowledge of the Authority, the Authority is not on the date hereof, and will not be on the Closing Date, in default in the payment of principal of or interest on any indebtedness or under any other agreement, indenture, lease, deed of trust, note, or other instrument to which the Authority is subject or by which it or its properties are or may be bound, which default would materially affect its ability to perform its obligations under any of the Authority Documents.

(h) **Permits, etc.** All permits, consents, certificates, approvals, or licenses, if any, and all notices to or filings with governmental authorities necessary for the consummation by the Authority of its obligations described in the Official Statement and the Authority Documents (other than such permits, consents, licenses, notices, and filings, if any, as may be required under the securities or "Blue Sky" laws of any jurisdiction, including the State) required to be obtained or made by the Authority have been obtained or made or will be obtained or made by the Closing Date.

(i) **Execution and Enforceability.** On the Closing Date, the Bond Resolution will be in full force and constitute the legal and valid act of the Authority, and the Authority Documents will have been duly executed and delivered by the Authority and the Authority Documents will constitute legal, valid, and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms (except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, and similar laws affecting creditors' rights generally and general principles of equity).

(j) **Validity of the Series 2004 Bonds.** The Series 2004 Bonds, when issued, delivered, and paid for as herein and in the Indenture provided, will have been duly authorized, executed, and issued and will constitute legal, valid, and binding limited obligations of the Authority entitled to the benefits and security of the Indenture and an assignment to the Trustee of the Authority's rights in and to Loan Agreement (except for certain Unassigned Rights).

(k) **Use of Proceeds; No Prior Liens.** Immediately after the Closing, the Authority will direct the Trustee to apply the proceeds from the sale of the Series 2004 Bonds as specified in the Indenture and the Loan Agreement and as more fully described in certificates delivered at the Closing. The Authority has never issued, assumed, guaranteed, or otherwise become liable in respect of any bonds, notes, contracts, arrangements, or obligations of any kind that might give rise to any lien or encumbrance on any assets pledged pursuant to the Indenture, except the lien of the Indenture.

(l) **No Transfer Taxes.** The issuance and sale of the Series 2004 Bonds to the Underwriter are not subject to any transfer or other documentary or stamp taxes of the State or any political subdivision thereof.

(m) **Officer's Certificate.** Any certificates signed by an authorized officer or representative of the Authority delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(n) **State and Local Approvals.** All approvals required by the Constitution and laws of the State, including the Act, necessary for the issuance and sale of the Series 2004 Bonds have been or, prior to the Closing Date, will have been received.

Section 6. Representations, Warranties, and Covenants of the Corporation.

The Corporation hereby represents, warrants, and covenants to and with the Underwriter and the Authority that:

(a) **Due Organization; Existence.** The Corporation is a nonprofit corporation duly incorporated, organized, and existing under the laws of the State with full power and authority to own its properties, to operate its facilities, and to conduct its business and affairs as described in the Official Statement.

(b) **Legal Authority.** The Corporation has full right, power, and authority to (i) execute and deliver the Ground Lease, the Facilities Lease, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, the Development Agreement, the Management Agreement, the Tax Agreement, this Bond Purchase Agreement, and the Corporation Indemnity Letter (collectively, the "*Corporation Documents*") and (ii) perform its obligations under, and carry out and consummate all other transactions described in, such documents. The Corporation has complied with or will comply with on or prior to the Closing Date all provisions of applicable law (specifically including, without limiting the generality of the foregoing, the Constitution and other laws of the State) in all matters relating to such transactions.

(c) **Due Authorization, Execution, and Delivery.** The Corporation has duly authorized all necessary action to be taken by it for (i) the issuance and delivery of the Series 2004 Bonds by the Authority upon the terms set forth in this Bond Purchase Agreement and in the Official Statement, (ii) the approval of the Preliminary Official Statement, the Official Statement, and the Authority Documents, and (iii) the execution, delivery, and performance by the Corporation of the Corporation Documents and any and all such other agreements and documents as may be required to be executed, delivered, and performed by the Corporation in order to carry out the transactions contemplated by such instruments and by the Official Statement. On the Closing Date, the Corporation Documents will have been duly executed and delivered by the Corporation, and the Corporation Documents will constitute legal, valid, and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except that the enforceability thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, or other similar laws of general application affecting the rights of creditors and general principles of equity.

(d) **No Conflicts.** The execution and delivery by the Corporation of the Corporation Documents and the consummation of the transactions described therein will not, on the part of the Corporation, conflict with or constitute a breach or violation of any of the terms and provisions of, or constitute a default under, (i) any existing constitution, law, court or administrative rule or regulation, decree, order, or judgment, (ii) any agreement, indenture, mortgage, lease, deed of trust, note, or other instrument to which the Corporation is subject or by which the Corporation or its properties are or may be bound, or (iii) the Articles of Incorporation or the bylaws of the Corporation.

(e) **Official Statement.** The Corporation hereby approves the Preliminary Official Statement and the Official Statement and their distribution and use by the Underwriter in determining interest in, selling, and confirming sales of the Series 2004 Bonds. Except for the Preliminary Official Statement and the Official Statement, the Corporation has not prepared and will not prepare any official statement for dissemination to potential customers. The Preliminary Official Statement as of its date did not, and the Official Statement as of its date and the Closing Date will not contain any untrue statement of a material fact relating to the Corporation or omit to state a material fact relating to the Corporation necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Corporation makes no representation or warranty (i) to the Underwriter as to information included in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon written information furnished by or on behalf of the Underwriter in connection with the preparation of the Preliminary Official Statement or the Official Statement or (ii) to the Authority or the Underwriter as to information contained in the Preliminary Official Statement or the Official Statement under the caption "LITIGATION – The Authority." The written information furnished by the Underwriter specifically for use in the Preliminary Official Statement and the Official Statement consists of the information concerning the offering price of the Series 2004 Bonds shown on the cover page and the information under the caption "UNDERWRITING."

(f) **No Adverse Actions.** Except as disclosed in the Preliminary Official Statement, there is no action, suit, proceeding, inquiry, or investigation at law or in equity by or before any court or public board or body pending to which it is a party or, to the best knowledge of the Corporation, threatened against or affecting the Corporation (or, to the best knowledge of the Corporation, any basis therefor) that in any way questions the powers of the Corporation referred to in subsection (b) above, or the validity of any proceedings taken by the Corporation in connection with the issuance of the Series 2004 Bonds, or that might result in a material adverse change in the condition (financial or otherwise), business or affairs of the Corporation, or wherein an unfavorable decision, ruling, or finding would adversely affect (i) the transactions described in the Preliminary Official Statement or the Corporation Documents, (ii) the validity or enforceability of any of the Corporation Documents or any other agreement or instrument to which the Corporation is a party and which is used or contemplated for use in the consummation of the transactions described in the Preliminary Official Statement or the Corporation Documents, (iii) the exclusion from gross income of the interest on the Series 2004A Bonds or the Series 2004B Bonds for federal income tax purposes, or (iv) the exemption of the Corporation from taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the "Code").

(g) **No Material Defaults.** Upon the execution and delivery of the Corporation Documents, the Corporation will not be in breach of or in default under any of the Corporation Documents or any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease, sublease, or other instrument to which it is a party or by which it is bound, and no event has occurred or is continuing which, with passage of time or the giving of notice or both, would constitute a default or an event of default thereunder, except (in each case) for such minor breaches, defaults, or potential defaults or events of default, if any, that individually and in the aggregate would have no material adverse effect on the Corporation's financial condition, operations, or properties.

(h) **Permits, etc.** All permits, consents, certificates, approvals, or licenses necessary for the execution and delivery by the Corporation of the Corporation Documents and its performance of its obligations thereunder and all other obligations of the Corporation described in the Preliminary Official Statement have been obtained.

(i) **No Material Changes.** Except as set forth in the Preliminary Official Statement, subsequent to the date as of which information is given in the Preliminary Official Statement, the Corporation has not incurred any liabilities, direct or contingent, or entered into any transactions not in the ordinary course of business, that are material to the business and affairs of the Corporation, and there has not been any material change in the financial structure of the Corporation or any material change in the condition, results of operation, or general affairs of the Corporation (financial or otherwise).

(j) **Tax Exemption.** The Corporation has been determined to be and is exempt from federal income taxes under §501(a) of the Code by virtue of being an organization described in §501(c)(3) of the Code, and is

not a "private Corporation," as defined in §509(a) of the Code, and the Corporation has not done anything to impair its status as a tax-exempt organization. Between the date hereof and the Closing Date, the Corporation will not take any action or permit any action within its control to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances would result in the loss of the exclusion of interest on the Series 2004A Bonds or the Series 2004B Bonds from the gross income of the recipients thereof for federal income tax purposes, the loss by the Corporation of its tax-exempt status under the Code, or the Internal Revenue Service's (the "*IRS*") taking formal action inconsistent with the continued validity and effectiveness of the determination letter previously received by the Corporation from the IRS.

(k) **No SEC Action.** To the best knowledge of the Corporation, no action, ruling, regulation, or official statement by or on behalf of the Securities and Exchange Commission (the "*SEC*") has been taken, issued, or made to the effect that the issue, offering, or sale of obligations of the general character of the Series 2004 Bonds, or the execution, delivery, and performance of the Corporation Documents or the Authority Documents in the manner contemplated, is in violation or would be in violation, unless registered or otherwise qualified, of any provision of the Securities Act of 1933, as amended (the "*Securities Act*") or the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*").

(l) **Officer's Certificates.** Any certificate signed by an authorized officer of the Corporation delivered to the Authority or the Underwriter shall be deemed a representation and warranty by the Corporation as to the statements made therein.

(m) **Blue Sky Qualification.** The Corporation will cooperate with the Underwriter and its counsel in any endeavor to qualify the Series 2004 Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter or its counsel may request; provided, however, that the Corporation shall not be required to file a general written consent to suit or general consent to service of process in any jurisdiction. If general consent to service of process or general consent to suit by the Corporation is required in order to qualify the Series 2004 Bonds successfully and, in the reasonable judgment of the Underwriter, lack of such qualification would adversely affect the ability of the Underwriter to market the Series 2004 Bonds successfully, the Underwriter may, at its option, be relieved of its obligation to purchase the Series 2004 Bonds under this Bond Purchase Agreement unless the Corporation agrees to file general written consent to suit or service of process.

(n) **Representations and Warranties.** Between the date hereof and the Closing Date, the Corporation will not take any action that would cause the representations and warranties contained in subsections (a) through (m) to be untrue in any material respect on the Closing Date. On the Closing Date, the Corporation shall deliver or cause to be delivered all opinions, certificates, and other documents to be delivered by it or on its behalf as provided for in this Bond Purchase Agreement, and shall deliver such additional certificates and other documents as the Underwriter may reasonably request to evidence performance of or compliance with the provisions of this Bond Purchase Agreement and the transactions contemplated by the Preliminary Official Statement, the Authority Documents, and the Corporation Documents, all such opinions, certificates, and other documents to be satisfactory in form and substance to the Underwriter.

(o) **Subsequent Events.** During such period as the Underwriter shall believe delivery of the Official Statement is necessary or desirable in connection with the initial distribution of the Series 2004 Bonds, if any event shall occur within its knowledge as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to a prospective purchaser, not misleading, the Corporation will cooperate (at its expense) in the preparation of a revised Official Statement or amendments or supplements to the Official Statement so that the statements in the Official Statement, as revised, or the Official Statement, as so amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading.

Section 7. Conditions of the Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to the accuracy in all material respects of the representations and warranties of the Authority and the Corporation herein as of the date hereof and as of the time of the Closing, and the following conditions:

(a) **Resolutions, Execution, and Use of Proceeds.** At the time of Closing, (i) the Official Statement, the Authority Documents, and the Corporation Documents shall have been executed and delivered in form approved by the Underwriter and shall be in full force and effect and shall not have been amended, modified, or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Series 2004 Bonds shall be applied as described in the Indenture, and (iii) the Authority, the Corporation, and the Board shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions described herein.

(b) **Receipt of Documents.** At or prior to the Closing, the Underwriter shall have received executed copies of each of the following documents:

(i) **Bond Opinion:** the approving opinion, dated the Closing Date, of Bond Counsel, relating to, among other things, the validity of the Series 2004 Bonds and the exclusion from gross income of the recipients thereof of the interest on the Series 2004A Bonds and the Series 2004B Bonds for federal income tax purposes, substantially in the form set forth as Appendix "E" to the Official Statement;

(ii) **Supplemental Opinion of Bond Counsel:** a supplemental opinion, dated the Closing Date, of Bond Counsel addressed to the Authority, the Trustee, the Corporation, the Underwriter, and the Bond Insurer substantially in the form of Exhibit "A" hereto;

(iii) **Corporation Counsel Opinion:** an opinion, dated the Closing Date, of Seale & Ross, P.L.C., Hammond, Louisiana, counsel for the Corporation, addressed to the Authority, the Trustee, the Board, the Corporation, the Underwriter, Bond Counsel, and the Bond Insurer substantially in the form of Exhibit "B" hereto;

(iv) **Underwriter's Counsel Opinion:** an opinion, dated the Closing Date, of Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, counsel to the Underwriter, addressed to the Underwriter substantially in the form of Exhibit "C" hereto;

(v) **Opinion of Counsel for the Authority:** an opinion, dated the Closing Date, of Casten & Pearce, A.P.L.C., Shreveport, Louisiana, counsel for the Authority, addressed to the Trustee, the Board, the Corporation, the Underwriter, Bond Counsel, and the Bond Insurer substantially in the form of Exhibit "D" hereto;

(vi) **Opinion of Counsel for the Bond Insurer:** an opinion, dated the Closing Date, of Kutak Rock LLP, Omaha, Nebraska, counsel for the Bond Insurer, addressed to the Authority and the Underwriter substantially in the form of Exhibit "E" hereto;

(vii) **Opinion of Counsel for the Developer and the Manager:** an opinion, dated the Closing Date, of Hand Arendall, LLC, Foley, Alabama, counsel to the Developer and the Manager, addressed to the Authority, the Trustee, the Board, the Corporation, the Underwriter, and the Bond Insurer substantially in the form of Exhibit "F" hereto;

(viii) **Opinion of Counsel for the Board:** an opinion, dated the Closing Date, of DeCuir & Clark, L.L.P., Baton Rouge, Louisiana, counsel for the Board, addressed to the Authority, the Trustee, the Corporation, the Underwriter, Bond Counsel, and the Bond Insurer substantially in the form of Exhibit "G" hereto;

(ix) Corporation Certificate: a certificate of the Corporation, dated the Closing Date and signed by the Vice Chairperson of the Board of Directors of the Corporation or other authorized executive officer of the Corporation, acting solely in his official capacity, to the effect that (A) since the date of the Preliminary Official Statement, no material and adverse change has occurred in the financial position or results of operations of the Corporation; (B) the Corporation has not, since the end of its most recent fiscal year, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; (C) no event affecting the Corporation has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein in light of the circumstances in which they are made not misleading as of the Closing Date in any material respect; (D) the representations and warranties included in this Bond Purchase Agreement are true and correct in all material respects as of the Closing Date, and all obligations to be performed by the Corporation under this Bond Purchase Agreement on or prior to the Closing Date have been performed; and (E) there has been no change or threatened change in the status of the Corporation as a nonprofit corporation exempt from federal income taxation under §501(a) of the Code or its liability for federal income taxes for any tax year ended before the Closing Date;

(x) Authority Certificate: a certificate of the Authority, dated the Closing Date and signed on its behalf by the Chairman of the Authority, acting solely in his official capacity, to the effect that the representations and warranties of the Authority herein are true and correct in all material respects as of the Closing Date, and all obligations to be performed by the Authority hereunder on or prior to the Closing Date have been performed;

(xi) Official Statement: the Official Statement executed on behalf of the Authority and the Corporation;

(xii) Documents: specimens of the Series 2004 Bonds and executed counterparts of the Authority Documents, the Corporation Documents, and the Market Agent Agreement;

(xiii) Corporation Resolutions: copies of the resolutions of the Board of Directors of the Corporation authorizing the execution and delivery of the Corporation Documents by the Corporation and approving the other Bond Documents, certified by the President, the Secretary, or an Assistant Secretary of the Corporation as having been duly adopted and being in full force and effect;

(xiv) Authority Resolutions: an originally executed or certified copy of the Bond Resolution and all other resolutions of the Authority authorizing use of the Official Statement and the execution and delivery of the Authority Documents;

(xv) Board Resolutions: copies of the resolutions of the Board authorizing the execution and delivery of the Ground Lease, the Facilities Lease, and the Continuing Disclosure Agreement, certified by the Secretary of the Board as having been duly adopted and being in full force and effect;

(xvi) No Arbitrage Certificate: a certificate of a duly authorized officer of the Authority satisfactory to the Underwriter, dated the Closing Date, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Series 2004 Bonds; setting forth, in the manner permitted by the Treasury Regulations, the reasonable expectations of the Authority, based solely upon the representations of the Corporation as set forth in the certification set forth below, as of such date as to the use of proceeds of the Series 2004 Bonds and of any other funds of the Authority pledged or expected to be used to pay principal of or interest on the Series 2004 Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, the Authority's expectations are reasonable, which certificate shall be made solely in reliance upon a similar certificate, dated the Closing Date, furnished to such person for such purpose by the Vice Chairperson of the Board of Directors of the Corporation or other duly authorized officers or attorneys-in-fact of the Corporation satisfactory to the Underwriter;

(xvii) State and Local Approvals: originally executed or certified copies of the resolutions adopted by the Authority and the State Bond Commission relating to the issuance and sale of the Series 2004 Bonds;

(xviii) Public Approval: evidence satisfactory to the Underwriter that the Series 2004 Bonds and the Facilities have been approved by the Attorney General of the State of Louisiana, after a public hearing thereon held after reasonable public notice in accordance with §147(f) of the Internal Revenue Code;

(xix) Form 8038: a computed form 8038 related to the Series 2004 Bonds;

(xx) Determination Letter: a copy of the ruling or determination letter of the IRS with respect to the Corporation that was issued by the United States Department of the Treasury stating that the Corporation is an organization described in §501(c)(3) of the Code;

(xxi) Recording of the Mortgage: evidence satisfactory to the Underwriter and its counsel either of the proper recording of the Mortgage or that such recording is not necessary to preserve the title insurance on the lien thereof on the property described therein;

(xxii) Financing Statements: evidence satisfactory to the Underwriter and its counsel of the proper filing of UCC financing statements with respect to security interests created under the Indenture, the Loan Agreement, and the Assignment of Agreements and Documents;

(xxiii) Bond Insurance Policies: a copy of the Bond Insurance Policies;

(xxiv) Rating Letter: evidence that Moody's Investors Service, Inc. has assigned a rating of not less than "AAA" to the Series 2004 Bonds; and

(xxv) Other: other certificates of the Authority and the Corporation listed on a schedule to be approved by counsel for the Authority, counsel for the Board, counsel for the Corporation, Bond Counsel, and counsel to the Underwriter, including any certificates or representations of the Corporation required in order for Bond Counsel to deliver the opinion referred to in Section 7(b)(i) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request to evidence compliance by the Authority and the Corporation with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Authority and of the Corporation contained herein, and the due performance or satisfaction by the Authority and the Corporation at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Corporation.

All such opinions, certificates, letters, agreements, and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter. At the expense of the Corporation, the Authority will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements, and documents as the Underwriter may reasonably request.

Section 8. Conditions of the Authority's Obligations.

The obligations of the Authority hereunder to deliver the Series 2004 Bonds shall be subject to (a) execution and delivery by the Corporation of the Corporation Documents, (b) receipt of the opinion of Bond Counsel described in Section 7(b)(i) hereof, (c) delivery of the certificate of the Corporation referred to in Section 7(b)(ix) hereof and (d) receipt by the Authority of the purchase price for the Series 2004 Bonds.

Section 9. Termination.

(a) The Underwriter shall have the right to cancel its obligation to purchase the Series 2004 Bonds if (i) between the date hereof and the Closing, legislation shall be enacted, introduced or recommended to the Congress for

passage by the President of the United States or the majority leader of either House of the Congress, or favorably reported for passage to either House of the Congress by any committee of such House or announced by the Chairman of any such committee to which such legislation has been referred for consideration, a joint announcement of the Chairman of the Ways and Means Committee and the Finance Committee and the Secretary of the Treasury shall have been made, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation, or statement by or on behalf of the Treasury Department of the United States, the IRS, or other governmental agency shall be made or proposed to be made with respect to the federal taxation upon revenues or other income of the general character to be derived by the Authority under the Corporation Documents or by any similar body, or upon interest on obligations of the general character of the Series 2004A Bonds or the Series 2004B Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described in connection herewith, including the tax-exempt status of the Corporation under §§501(a) and 501(c)(3) of the Code and, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Series 2004 Bonds, or the market price generally of obligations of the general character of the Series 2004 Bonds, or (ii) any legislation, ordinance, rule, or regulation shall be introduced in or be enacted by any governmental body, department, or agency in the State or a decision by a court within the State shall be rendered that, in the Underwriter opinion, materially affects the market price of the Series 2004 Bonds, or (iii) there shall exist any event which in the judgment of the Underwriter either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (B) is not reflected in the Official Statement but should be reflected therein in the light of the circumstances in which it was made not misleading in any material respect, or (iv) there shall have occurred any event in connection with the United States of America's "war on terrorism" that the Underwriter determines, in its reasonable discretion, will have an adverse effect on its ability to market and sell the Series 2004 Bonds, or the occurrence of any other engagement in hostilities by the United States or other national or international emergency or calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State or any subdivision, agency, or instrumentality of such State, if the effect of any such event specified in this clause (iv), in the judgment of the Underwriter, would make it impractical or in advisable to proceed with the public offering or the delivery of the Series 2004 Bonds on the terms and in the manner contemplated by the Official Statement, or (v) there shall be in force a general suspension of trading on the New York Stock Exchange, or (vi) a general banking moratorium shall have been declared by federal, Louisiana, Tennessee, or New York authorities, or (vii) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the affairs of the Corporation, except for changes which the Official Statement discloses have occurred or may occur, or (viii) legislation shall be enacted or any action shall be taken by the SEC which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Series 2004 Bonds to be registered under the Securities Act, or the Indenture to be qualified under the Trust Indenture Act, or (ix) a stop order, ruling, regulation or official statement by or on behalf of the SEC shall be issued or made to the effect that the issuance, offering or sale of the Series 2004 Bonds, or of obligations of the general character of the Series 2004 Bonds, as described herein is in violation of any provision of the Securities Act, the Securities Exchange Act of 1934, as amended (the "*Securities Exchange Act*"), or the Trust Indenture Act, or (x) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (xi) the New York Stock Exchange or other national securities exchange, or any governmental authority shall impose, as to the Series 2004 Bonds or obligations of the general character of the Series 2004 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter, or (xii) any state "Blue Sky" or securities commission shall have withheld registration, exemption, or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Series 2004 Bonds is materially affected thereby, or (xiii) if the Closing cannot reasonably be expected to take place on the date specified in Section 6 hereof.

(b) If the Authority and the Corporation shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition shall not be waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Series 2004 Bonds shall be terminated or cancelled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Authority shall be under further obligation hereunder, except that the respective obligations to pay expenses, as provided in Section 12 hereof, shall continue in full force and effect.

(c) If the Underwriter shall fail (other than for a reason permitted hereunder) to accept and pay for the Series 2004 Bonds upon the proper tender thereof by the Authority at the Closing as herein provided, the maximum liability of

the Underwriter to the Authority shall be the actual amount of its out-of-pocket expenses and to the Corporation will be limited to one percent of the principal amount of the Series 2004 Bonds (the "*Maximum Amount*"). When paid to the Corporation, the Maximum Amount shall serve as full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and such Maximum Amount shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults, and neither the Corporation, nor any other person, shall have any further action for damages, specific performance or any other legal or equitable relief against the Underwriter.

Section 10. Particular Covenants.

(a) The Authority shall cooperate with the Underwriter and its counsel in any endeavor to qualify the Series 2004 Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter may request at the cost and expense of the Corporation; provided, however, that the Authority shall not be required with respect to the offer or sale of the Series 2004 Bonds to file a general written consent to suit or to file a general written consent to service of process in any jurisdiction. The Authority consents to the use of the Official Statement by the Underwriter in obtaining such qualifications. If a general consent to service of process or a general written consent to suit by the Authority is required in order to qualify the Series 2004 Bonds and, in the reasonable judgment of the Underwriter, lack of qualification would adversely affect the ability to the Underwriter to successfully market the Series 2004 Bonds, the Underwriter may, at its option, be relieved of its obligation to purchase the Series 2004 Bonds under this Bond Purchase Agreement unless the Authority agrees to file a general written consent to suit or service of process.

(b) The Authority shall not take knowingly any action or knowingly permit any action to be taken on its behalf, or knowingly cause or permit any circumstances within its control to arise or continue, if such action or circumstance would result in the loss of the exclusion of the interest on the Series 2004A Bonds or the Series 2004B Bonds from gross income of the owners thereof for federal income tax purposes.

Section 11. Representations, Warranties, Covenants, and Agreements to Survive Delivery.

All representations, warranties, covenants, and agreements of the Authority and the Corporation shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, and shall survive delivery of the Series 2004 Bonds.

Section 12. Payment of Fees and Expenses.

The Corporation shall, out of the proceeds of the Series 2004 Bonds, pay all fees, costs, and expenses incident to the performance of its obligations under this Bond Purchase Agreement and to the sale and delivery of the Series 2004 Bonds to the Underwriter, including, but not limited to, legal, accounting, or financing advisory fees and expenses, fees and expenses of Bond Counsel and counsel for the Authority, counsel for the Board, counsel for the Corporation, counsel to the Underwriter, counsel for the Bond Insurer, counsel to the Developer and the Manager, and counsel for the Trustee, any fees and expenses of the Authority and the Trustee, filing fees, and printing and engraving costs. The Authority shall not be responsible for the payment of any fees, costs, and expenses relating to the sale, issuance, or delivery of the Series 2004 Bonds.

Section 13. Parties in Interest.

This Bond Purchase Agreement has been and is made solely for the benefit of the Underwriter, the Authority, and the Corporation, and no other person, partnership, association, or corporation shall acquire or have any right under or by virtue of this Bond Purchase Agreement. This Bond Purchase Agreement may not be assigned by the Underwriter, the Authority, or the Corporation.

Section 14. Applicable Law.

This Bond Purchase Agreement shall be governed by the laws of the State.

Section 15. Notices.

Any notice or other communication to be given under this Bond Purchase Agreement may be given to the Authority by delivering the same in writing to the Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809 (Attention: Chairman); to the Corporation by delivering the same in writing to University Facilities, Inc., SLU Box 10709, Hammond, Louisiana 70402 (Attention: Executive Director); and to the Underwriter by delivering the same in writing to Morgan Keegan & Company, Inc., 150 4th Avenue North, Nashville, Tennessee 37219-2434 (Attention: Hugh C. Tanner).

Section 16. Execution of Counterparts.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 17. Effectiveness.

This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof on behalf of the Authority by its Chairman and on behalf of the Corporation by the Vice Chairperson of its Board of Directors, and shall be valid and enforceable at the time of such acceptance. All of the representations, warranties, covenants, and agreements of the Authority and the Corporation contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriter; (b) delivery of and payment for the Series 2004 Bonds pursuant to this Bond Purchase Agreement; or (c) any termination of this Bond Purchase Agreement, but only to the extent provided herein.

Section 18. Amendments.

Neither this Bond Purchase Agreement nor any term hereof may be changed, waived, discharged, or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought.

Section 19. Entire Agreement.

This Bond Purchase Agreement, when accepted by the Authority and the Corporation in writing as heretofore specified, shall constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, if any, oral or otherwise, relating to the subject matter hereof.

Section 20. Severability.

In the event any covenant, agreement, term, or provision of this Bond Purchase Agreement shall be held invalid, illegal, or unenforceable in any respect by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and the validity of the remaining covenants, agreements, terms, or provisions contained herein and therein shall be in no way affected, prejudiced, or disturbed thereby.

Section 21. Headings.

The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

Section 22. No Personal Liability.

No covenant or agreement of the Authority or the Corporation contained in this Bond Purchase Agreement shall be deemed to be the covenant or agreement of any member, director, commissioner, officer, agent, director, or employee thereof in his or her individual capacity, and no official or officer of the Authority or the Corporation

executing this Bond Purchase Agreement shall be personally liable or accountable by reason of the execution or delivery hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

MORGAN KEEGAN & COMPANY, INC.

By 

Hugh C. Tanner, Managing Director

UNIVERSITY FACILITIES, INC.

By 

Phil K. Livingston, Vice Chairperson, Board of Directors

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

By 

Steve A. Dicharry, Interim Executive Director

EXHIBIT "A"

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Morgan Keegan & Company, Inc.
Nashville, Tennessee

MBIA Insurance Corporation
Armonk, New York

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**"). Reference is hereby made to our approving opinion of even date herewith (the "**Approving Opinion**") addressed to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and delivered to you concurrently herewith. You may rely upon such Approving Opinion as if the same were addressed to you. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Approving Opinion.

In connection with the issuance of the Series 2004 Bonds, we have examined the following:

1. The Bond Purchase Agreement (the "**First Bond Purchase Agreement**") dated August 5, 2004, among the Authority, University Facilities, Inc. (the "**Corporation**"), and Morgan Keegan & Company, Inc. (the "**Underwriter**");
 2. The Bond Purchase Agreement (the "**Second Bond Purchase Agreement**" and, together with the First Bond Purchase Agreement, the "**Bond Purchase Agreement**") dated August 13, 2004, among the Authority, the Corporation, and the Underwriter;
 3. The Preliminary Official Statement (the "**Preliminary Official Statement**") dated July 30, 2004, relating to the Series 2004 Bonds;
 4. The Official Statement (the "**Official Statement**") dated August 10, 2004, relating to the Series 2004 Bonds;
- and

Louisiana Local Government Environmental Facilities
and Community Development Authority
The Bank of New York Trust Company, N.A., as Trustee
Board of Supervisors for the University of Louisiana System
University Facilities, Inc.
Morgan Keegan & Company, Inc.
MBIA Insurance Corporation
August 13, 2004
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5. The Indenture, the Facilities Lease, the Loan Agreement, the Mortgage, and the Assignment of Agreements and Documents. **[**Note** - This assumes that all such terms have been defined in the Approving Opinion. If that is not true, they should be more explicitly described or defined here, as appropriate.]**

[6. The UCC-1 Financing Statements to be filed under the Loan Agreement and under the Mortgage and the Assignment of Agreements and Documents (collectively, the "*Corporation Financing Statements*").

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[[6/7]. The UCC-1 Financing Statement to be filed under the Indenture (the "*Authority Financing Statement*").

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In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate. With respect to matters of fact relevant to this opinion, we have relied, without independent verification of the accuracy or completeness of the matters set forth therein, on the representations and warranties of the parties thereto set forth in the Indenture, the Loan Agreement, and the Bond Purchase Agreement, as well as certificates of officers of the Authority and the Corporation delivered in connection with the issuance of the Series 2004 Bonds.

Based upon the foregoing, and subject to other assumptions and conditions as are hereinafter set forth, and having regard to applicable matters of law, we are of the opinion, as of the date hereof, as follows:

(i) the Bond Purchase Agreement constitutes the legal, valid, and binding obligation of the Authority, enforceable against the Authority in accordance with its terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally, by usual limitations on the availability of equitable remedies, or by the valid exercise of the sovereign police powers of the State of Louisiana and its governmental bodies and the constitutional powers of the United States of America and except as any indemnification provisions of the Bond Purchase Agreement may be limited by applicable securities laws or by public policy;

(ii) the Series 2004A Bonds and the Series 2004B Bonds are exempt securities within the meaning of §3(a)(2) of the Securities Act of 1933, as amended (the "*Securities Act*"), to the extent provided in such Act, and it is not necessary in connection with the offer and sale of the Series 2004 Bonds to the public to register the Series 2004 Bonds under the Securities Act;

(iii) the Series 2004C Bonds are exempt securities within the meaning of §3(a)(4) of the Securities Act, to the extent provided in such Act, and it is not necessary in connection with the offer and sales of the Series 2004C Bonds to the public to register the Series 2004C Bonds under the Securities Act;

(iv) pursuant to the exemption contained in §304(a)(9) of the Trust Indenture Act of 1939, as amended, and to the extent provided in such Act, it is not necessary to qualify the Trust Indenture under the Trust Indenture Act of 1939, as amended;

(v) all statements and information in the Preliminary Official Statement and the Official Statement under the headings "INTRODUCTORY STATEMENT," "THE SERIES 2004 BONDS," and "SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS," "THE GROUND LEASE," "THE FACILITIES LEASE," and in "DEFINITIONS" and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS" contained in Appendices "A" and "B," respectively, to the Preliminary Official Statement and the Official Statement insofar as such descriptions purport to summarize certain provisions of the Series 2004 Bonds, the financing documents described therein, and applicable provisions of law, are accurate summaries of the matters set forth, and fairly

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present the information purported to be shown insofar as such descriptions purport to summarize certain provisions of the Series 2004 Bonds, the financing documents described therein, and applicable provisions of law, are accurate summaries of the matters set forth, and fairly present the information purported to be shown;

(vi) the summary of the Approving Opinion under the heading "TAX EXEMPTION" accurately reflects the substance of the legal conclusions contained in the Approving Opinion;[and]

(vii) we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement, or any other offering materials relating to the Series 2004 Bonds, and we express no opinion with respect to such accuracy, completeness, or sufficiency; however, no facts have come to our attention which lead us to believe that, as of the date thereof or as of the date hereof either the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading[./;]

(viii) the Mortgage is in proper form for recording in the [Recording Office] (the "*Recording Office*") and, upon recording in the Recording Office, the Mortgage will create a valid [mortgage lien on/security title in and to] the real property described therein; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(ix) the Loan Agreement grants to the Trustee a valid and existing security interest in the Facilities Lease; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(x) the Mortgage and the Assignment of Agreements and Documents grant to the Trustee a valid and existing security interest in the personal property, if any, and fixtures described therein that is owned by the Corporation (the "*Personal Property and Fixtures*"); *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xi) the Corporation Financing Statements are in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Corporation Financing Statements, together with the Loan Agreement and the Mortgage and the Assignment of Agreements and Documents, will create a valid and perfected security interest in the Facilities Lease and in that portion of the Personal Property and Fixtures as to which a security interest may be perfected by filing, respectively; *****Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xii) the Indenture grants to the Trustee a valid and existing security interest in the Trust Estate (as defined in the Indenture); and *****Note** - to be delivered either by Bond Counsel or by Authority Counsel]**

(xiii) the Authority Financing Statement is in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Authority Financing Statement, together with the Indenture, will create a valid and perfected security interest in that portion of the Trust Estate as to which a security interest may be perfected by filing. *****Note** - to be delivered either by Bond Counsel or by Authority Counsel]**

In rendering the foregoing opinions, we have relied upon the opinion of even date herewith of Casten & Pearce, A.P.L.C., Shreveport, Louisiana, with respect, among other matters, to the due authorization, execution, and delivery by the Authority of the Bond Purchase Agreement and the validity and enforceability thereof against the

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Authority and we have assumed that the Bond Purchase Agreement has been duly authorized, executed, and delivered by the Underwriter.

We have acted as Bond Counsel in connection with the issuance of the Series 2004 Bonds and, as such, have reviewed only those documents, opinions, certificates, and proceedings necessary to enable us to render our opinion to the Authority of even date herewith as to the legality and validity of the Series 2004 Bonds and the tax-exempt status of the interest on the Series 2004A Bonds and the Series 2004B Bonds. This opinion speaks as of its date and we are under no obligation to provide any updates of this opinion. This opinion is given solely for the use and benefit of the addresses hereof, and only in connection with the issuance and delivery of the Series 2004 Bonds pursuant to the Bond Purchase Agreement, and may not be used or relied upon by any other person or in connection with any other transaction, except with express consent of this firm.

Very truly yours,

EXHIBIT "B"

FORM OF OPINION OF COUNSEL FOR THE CORPORATION

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

Jones, Walker, Waechter, Poitevent, Carrère
Baton Rouge, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We are counsel for University Facilities, Inc. (the "**Corporation**"). In connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Articles of Incorporation, the Bylaws, and the minute book of the Corporation.
2. The Trust Indenture (the "**Indenture**") dated as of August 1, 2004, by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the "**Trustee**").
3. The Ground and Buildings Lease Agreement (the "**Ground Lease**") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), on behalf of Southeastern Louisiana University the "**University**") and the Corporation.
4. The Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004, between the Corporation and the Board.
5. The Loan and Assignment Agreement (the "**Loan Agreement**") dated as of August 1, 2004, by and between the Authority and the Corporation.

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6. The Mortgage, Assignment of Leases and Security Agreement (the "*Mortgage*") dated as of August 1, 2004, by the Corporation in favor of the Trustee.

7. The Assignment of Agreements and Documents (the "*Assignment of Agreements and Documents*") dated as of August 1, 2004, by the Corporation in favor of the Trustee.

8. The Development Agreement (the "*Development Agreement*") dated as of August 1, 2004, between the Corporation and Capstone Development Corp.

9. The Management Agreement (the "*Management Agreement*") dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management, LLC.

10. The Tax Regulatory Agreement and Arbitrage Certificate (the "*Tax Agreement*") dated as of August 13, 2004, by and among the Authority, the Corporation, the Board, and the Trustee.

11. The Bond Purchase Agreement (the "*First Bond Purchase Agreement*") dated as of August 5, 2004, among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the "*Underwriter*").

12. The Bond Purchase Agreement (the "*Second Bond Purchase Agreement*" and, together with the First Bond Purchase Agreement, the "*Bond Purchase Agreement*") dated as of August 13, 2004, among the Authority, the Corporation, and the Underwriter.

13. The indemnity letter (the "*Corporation Indemnity Letter*") dated as of August 13, 2004, from the Corporation to the Authority, the Underwriter, and MBIA Insurance Corporation.

14. The Official Statement (the "*Official Statement*") dated August 10, 2004, relating to the Series 2004 Bonds.

[15. The UCC-1 Financing Statements to be filed under the Loan Agreement and under the Mortgage and the Assignment of Agreements and Documents (collectively, the "*Corporation Financing Statements*").

] The Ground Lease, the Facilities Lease, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, the Development Agreement, the Management Agreement, the Tax Agreement, the Bond Purchase Agreement, and the Corporation Indemnity Letter are hereinafter referred to collectively as the "*Corporation Documents*."

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Corporation has been duly organized, is validly existing as a nonprofit corporation under the laws of the State of no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;

(ii) the Corporation has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Corporation Documents and to own its properties and carry on its business, and the Corporation has all licenses and permits necessary to conduct the operation of the Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Corporation Documents;

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(iii) the Corporation is authorized to conduct business in each jurisdiction in which the failure so to qualify would materially adversely affect its business including the State;

(iv) the execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder have been duly authorized by all necessary action on the part of the Corporation, and the Corporation Documents constitute legal, valid, and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(v) the execution and delivery of the Corporation Documents by the Corporation and the performance by the Corporation of its obligations thereunder do not violate any provision of law or any regulation applicable to the Corporation or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Corporation or any of its activities or property and do not conflict with or result in any breach of, or constitute a default under, any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or, to the best of our knowledge after due inquiry, any agreement or instrument to which the Corporation a party or by which it is bound;

(vi) neither the issuance and sale of the Series 2004 Bonds, nor the consummation of any other of the transactions contemplated in the Corporation Documents, nor the fulfillment of the terms thereof will result in the creation of any lien, pledge, charge, or encumbrance upon any of the assets of the Corporation other than those expressly contemplated by such documents;

(vii) the Corporation has duly approved the Indenture and has duly approved, executed, and authorized the use of the Official Statement by the Underwriter in connection with the offering and sale of the Series 2004 Bonds;

(viii) all consents, approvals, and authorizations, if any, of any governmental authority required in connection with the acquisition, construction, furnishing, and equipping of the New Facilities (as such term is defined in the Bond Purchase Agreement), the renovation of the Renovated Facility (as such term is defined in the Bond Purchase Agreement), the demolition of the Old Facilities (as such term is defined in the Bond Purchase Agreement); and the repayment of the Prior Debt (as such term is defined in the Bond Purchase Agreement) and the execution and delivery and the performance by the Corporation of its obligations under the Corporation Documents have been obtained;

(ix) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect (i) the transactions contemplated by, any of the Corporation Documents or (ii) the exclusion of the interest on the Series 2004A Bonds or the Series 2004B Bonds from the gross income of the registered owners thereof;

(x) the Corporation has been determined to be an organization that is exempt from federal income taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), by virtue of being an organization described in §501(c)(3) of the Code, the Corporation is not a "private Corporation," as defined in §509(a) of the Code, and, to the best of our knowledge after due inquiry, the Corporation has conducted its

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operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization;[and]

(xi) nothing has come to our attention that leads us to believe that, as of the date thereof and as of the date hereof, the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; we do not express any opinion or belief as to the financial statements and other financial and statistical information and data contained in the Official Statement or as to any information under the captions "THE AUTHORITY" or "TAX EXEMPTION" in the Official Statement[./;]

(xii) the Mortgage is in proper form for recording in the [Recording Office] (the "*Recording Office*") and, upon recording in the Recording Office, the Mortgage will create a valid mortgage lien on the real property described therein; **[**Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xiii) the Loan Agreement grants to the Trustee a valid and existing security interest in the Facilities Lease; **[**Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xiv) the Mortgage and the Assignment of Agreements and Documents grant to the Trustee a valid and existing security interest in the personal property, if any, and fixtures described therein that is owned by the Corporation (the "*Personal Property and Fixtures*"); and **[**Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

(xv) the Corporation Financing Statements are in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Corporation Financing Statements, together with the Loan Agreement and the Mortgage and the Assignment of Agreements and Documents, will create a valid and perfected security interest in the Facilities Lease and in that portion of the Personal Property and Fixtures as to which a security interest may be perfected by filing, respectively; **[**Note** - to be delivered either by Bond Counsel or by Corporation Counsel]**

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Corporation Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Very truly yours,

EXHIBIT "C"

FORM OF UNDERWRITER COUNSEL'S OPINION

August 13, 2004

Morgan Keegan & Company, Inc.
Nashville, Tennessee

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "*Series 2004A Bonds*")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "*Series 2004B Bonds*")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "*Series 2004C Bonds*")

Ladies and Gentlemen:

We have acted as counsel to you as underwriter in connection with your purchase of the above-captioned bonds (the "*Bonds*"). As such counsel we have examined the following:

1. The Trust Indenture dated as of August 1, 2004, between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "*Authority*") and The Bank of New York Trust Company, N.A., as Trustee (the "*Trustee*").
2. The Loan Agreement dated as of August 1, 2004, by and between the Authority and University Facilities, Inc. (the "*Corporation*").
3. The Mortgage, Assignment of Leases and Security Agreement dated as of August 1, 2004, by the Corporation in favor of the Trustee.
4. The Assignment of Agreements and Documents dated as of August 1, 2004, by the Corporation in favor of the Trustee.
5. The Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board of Supervisors (the "*Board*") for the University of Louisiana System, on behalf of Southeastern Louisiana University, as lessor, and the Corporation, as lessee
6. The Agreement to Lease With Option to Purchase dated as of August 1, 2004, between the Corporation and the Board.
7. The Management Agreement dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management, LLC.
8. The Preliminary Official Statement (the "*Preliminary Official Statement*") dated July 30, 2004, relating to the Bonds.
9. The Official Statement (the "*Official Statement*") dated August 10, 2004, relating to the Bonds.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that the statements in the Official Statement under the headings "**SUMMARY STATEMENT**," "**INTRODUCTORY STATEMENT**," "**THE SERIES 2004 BONDS**," and "**UNDERWRITING**," insofar as such statements constitute a summary of certain of the provisions of the documents referred to therein, fairly present the information purported to be shown.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of other counsel and certificates of officers of the Corporation and the Authority and other appropriate persons. We also participated in conferences and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness, or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

EXHIBIT "D"

FORM OF OPINION OF COUNSEL FOR THE AUTHORITY

August 13, 2004

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

Jones, Walker, Waechter, Poitevent, Carrère
Baton Rouge, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We [are/have acted as] counsel for the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") in connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The resolutions (collectively, the "**Bond Resolution**") adopted by the Authority on February 12, 2004, and May 13, 2004, authorizing, among other things, the following:

(a) the execution, delivery, and performance of the Trust Indenture (the "**Indenture**") dated as of August 1, 2004, by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**"); the Loan Agreement dated as of August 1, 2004, by and between the Authority and University Facilities, Inc. (the "**Corporation**"); the Bond Purchase Agreement dated as of August 5, 2004, among the Authority, the Corporation, and Morgan Keegan & Company, Inc. (the "**Underwriter**"); the Bond Purchase Agreement dated as of August 13, 2004, among the Authority, the Corporation, and the Underwriter, Tax Regulatory Agreement and Arbitrage Certificate (the "**Tax Agreement**") executed by the Authority, the Corporation, the Board of Supervisors for the University of Louisiana System, and the Trustee on and as of the date hereof, and the Auction Agency Agreement (the "**Auction Agency Agreement**") dated as of August 1, 2004, by and among the Authority, the Trustee, and The Bank of New York, as Auction Agent (collectively, the "**Authority Documents**");

(b) the execution by the Authority and the distribution by the Underwriters of the Official Statement (the "**Official Statement**") dated August 10, 2004, relating to the Series 2004 Bonds; and

(c) the issuance and delivery of the Series 2004 Bonds.

2. Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended.
3. Executed counterparts of the Authority Documents.
4. The form of the Series 2004 Bonds.
5. The Official Statement.
6. The UCC-1 Financing Statement to be filed under the Indenture (the "*Authority Financing Statement*").

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On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Authority is a political subdivision of the laws of the State of Louisiana (the "*State*") and has full power and authority to issue and deliver the Series 2004 Bonds, to finance the acquisition, construction, furnishing, and equipping of the New Facilities (as defined in the Indenture), and to execute and deliver, and to perform its obligations under, the Series 2004 Bonds and the Authority Documents;

(ii) the Bond Resolution has been duly adopted by the Authority and is legal, valid, binding, and in full force and effect on the date hereof; the officers of the Authority who have executed the Series 2004 Bonds, the Authority Documents, and the Official Statement have been duly appointed and are qualified to serve as such officers;

(iii) no additional or further approval, consent, or authorization of any governmental or public agency or authority is required by the Authority in connection with the issuance and delivery of the Series 2004 Bonds, the execution and delivery of the Authority Documents, or the performance by the Authority of its obligations thereunder;

(iv) the Authority has taken all corporate action legally necessary in connection with the authorization of the execution, delivery, and performance of the Series 2004 Bonds and the Authority Documents, and the execution, delivery, and performance of the Series 2004 Bonds and the Authority Documents are within the power of the Authority;

(v) the Series 2004 Bonds have been duly authorized, issued, and delivered by the Authority and constitute legal, valid, and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Bond Resolution, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(vi) the Authority Documents and the Official Statement have been duly authorized, executed, and delivered by the Authority and the Authority Documents constitute legal, valid, and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally;

(vii) the execution and delivery by the Authority of the Series 2004 Bonds, the Authority Documents, and the Official Statement and the performance by the Authority of its obligations under the Series 2004 Bonds and the Authority Documents do not violate any provision of law or any regulation applicable to it or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or

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authority having jurisdiction over the Authority or any of its activities or property and do not conflict with or result in any breach of, or constitute a default or result in the creation of a lien under, any agreement or instrument to which the Authority is a party or by which it is bound;

(viii) there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority, nor to the best of our knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity of, or materially adversely affect the transactions contemplated by, the Series 2004 Bonds, the Authority Documents, or the Official Statement;

(ix) neither the existence of the Authority nor the title of any of the officials or members of the Authority to their offices is being contested and none of the proceedings heretofore taken to authorize the issuance and delivery of the Series 2004 Bonds, to provide the security therefor, or to authorize the execution and delivery of the Authority Documents and the Official Statement have been repealed, revoked, or rescinded;

(x) all meetings of the Authority at which action was taken in connection with the Bond Resolution, the Authority Documents, and the authorization, sale, and issuance of the Series 2004 Bonds were duly and legally called and held, and notice of the time and place of each such meeting was given as required by the laws of the State and the procedural rules of the Authority;

(xi) the information and statements contained in the Official Statement under the headings "THE AUTHORITY" and "LITIGATION - The Authority," (the "*Authority Information*"), are accurate statements or summaries of the matter therein set forth and fairly present the information purported to be shown, and, with respect to the Authority Information, the Official Statement does not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, not misleading;[and]

(xii) nothing has come to our attention which would lead us to believe that the Official Statement (except for financial and statistical data included therein, as to which no opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

[(xiii) the Indenture grants to the Trustee a valid and existing security interest in the Trust Estate (as defined in the Indenture); and *****Note** - to be delivered either by Bond Counsel or by Authority Counsel]**

(xiv) the Authority Financing Statement is in proper form for filing in the [Filing Office(s)] (the "*Filing Office(s)*") and, upon filing in the Filing Office(s), the Authority Financing Statement, together with the Indenture, will create a valid and perfected security interest in that portion of the Trust Estate (as defined in the Indenture) as to which a security interest may be perfected by filing. *****Note** - to be delivered either by Bond Counsel or by Authority Counsel]**

] Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Authority Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Very truly yours,

EXHIBIT "E"

FORM OF OPINION OF COUNSEL FOR THE BOND INSURER

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "*Series 2004A Bonds*")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "*Series 2004B Bonds*")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "*Series 2004C Bonds*")

Ladies and Gentlemen:

We have acted as special counsel to the MBIA Insurance Corporation (the "Corporation") in connection with the issuance of a Financial Guaranty Insurance Policy No. [] (the "Policy") relating to the above-referenced Bonds.

We are familiar with and have examined a copy of the Policy and such other relevant documents as we have deemed necessary.

Based upon the foregoing, we are of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York.
2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

EXHIBIT "F"

FORM OF OPINION OF COUNSEL FOR THE DEVELOPER AND THE MANAGER

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We have acted as counsel to Capstone Development Corp. (the "**Developer**"), an Alabama corporation, and for Capstone On-Campus Management, LLC (the "**Manager**"), an Alabama limited liability company, in connection with the issuance and delivery of the above-captioned bonds and for the purpose of rendering this opinion, we have examined the following:

1. The Article of Incorporation, Bylaws, Minute Book, and resolutions of the Developer, and all amendments thereto, and the Articles of Organization, Operating Agreement, Minute Book, and resolutions of the Manager, and all amendments thereto.
2. The Development Agreement (the "**Development Agreement**") dated as of August 1, 2004, between University Facilities, Inc. (the "**Corporation**") and the Developer;
3. The Standard Form of Agreement Between Owner and Contractor (the "**Construction Contract**") dated as of August 1, 2004, between the Developer and Capstone Building Corp.
4. The Standard Form of Agreement Between Owner and Architect with Standard Form of Architect's Services (the "**Architect's Agreement**") dated as of _____, 2004, between the Developer and Design Collective, Inc..
5. The Collateral Assignment (the "**Collateral Assignment**") dated as of August 1, 2004, by the Developer in favor of the Corporation.

Louisiana Local Government Environmental Facilities
and Community Development Authority
The Bank of New York Trust Company, N.A., as Trustee
Board of Supervisors for the University of Louisiana System
University Facilities, Inc.
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August 13, 2004
Page 2

6. The Developer Indemnity Letter (the "***Developer Indemnity Letter***") dated August 13, 2004, from the Developer to the Corporation, the Louisiana Local Government Environmental Facilities and Community Development Authority, Morgan Keegan & Company, Inc., and MBIA Insurance Corporation.
7. The Management Agreement (the "***Management Agreement***") dated as of July 1, 2004, between the Corporation, as agent for the Board, and the Manager.

The Development Agreement, the Construction Contract, the Architect's Agreement, the Collateral Assignment, and the Developer Indemnity Letter are hereinafter referred to collectively as the "***Developer Documents***."

When reference is made in this opinion to our "knowledge" of certain matters or to matters "known to us," it means the actual present knowledge and conscious awareness of those matters by the attorneys at this firm directly involved in acting as counsel to the Developer or the Manager, as applicable in connection with the transactions contemplated by the Developer Documents or the Management Agreement, as applicable. Wherever our opinions herein, with respect to existence or absence of facts, is indicated to be "to our knowledge," "to the best of our actual knowledge," or it is stated that we have "no knowledge," it is intended to signify that during the course of our representation, as herein described, no information has come to our attention that has given us actual knowledge of the existence or absence of such facts, and material information as to such matters may exist which has not come to our attention during the course of our representation.

As to various questions of fact material to our opinions herein, we have relied exclusively upon the information contained in item 1 above and such other agreements, instruments and documents as we have deemed necessary as a basis for the opinions set forth herein. We have not made any independent investigation of and do not express an opinion as to any matters of title to any property (whether real, personal, or mixed). We also do not express any opinions as to the adequacy of the description of the premises contained in any of the Developer Documents or the Management Agreement. We express no opinion with respect to the effect of any law other than the law of the State of Alabama and the federal law of the United States. We have assumed the truthfulness of any factual representations made to us by or on behalf of the Developer and the Manager. We have made no independent investigations of the facts supporting any representations or warranties of the Developer or the Manager and express no opinion as to the truthfulness of any representations or warranties made by the Developer or the Manager in any of the Developer Documents or the Management Agreement, respectively.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we deemed appropriate to enable us to render this opinion, we are of the opinion that:

- (i) the Developer is a duly organized, validly existing corporation and is in good standing under the laws of the State of Alabama, and the Manager is a duly organized, validly existing limited liability company and is in good standing under the laws of the State of Alabama;
- (ii) each of the Developer and the Manager has the power to own its properties and to conduct its business as now conducted;
- (iii) each of the Developer and the Manager has all requisite power and authority, and has taken all corporate action necessary, to enter into and perform its obligations under the Developer Documents and the Management Agreement, respectively;

Louisiana Local Government Environmental Facilities
and Community Development Authority
The Bank of New York Trust Company, N.A., as Trustee
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August 13, 2004
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(iv) the Developer Documents and the Management Agreement are valid and binding obligations of the Developer and the Manager, respectively, and are enforceable against the Developer and the Manager. Respectively, in accordance with their terms, subject to (i) applicable bankruptcy, insolvency, avoidance, reorganization, moratorium, or other similar laws affecting the rights of creditors generally and (ii) general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(v) the execution, delivery, and performance by the Developer and the Manager of the Developer Documents and the Management Agreement, respectively, do not (a) conflict with or violate the Articles of Incorporation or Bylaws of the Developer or the Articles of Organization or Operating Agreement of the Manager; or any amendment thereto, or any applicable federal or Alabama law or regulation, (b) conflict with or violate any order, writ, injunction, or decree of any court or governmental authority or any arbitral award of which we have actual knowledge, or (c) constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to, any agreement or instrument to which the Developer or the Manager or their respective assets are bound, or result in the creation or imposition of any lien upon any property of the Developer or the Manager, pursuant to any such agreement or instrument;

(vi) we have no knowledge of any agreements or agreements binding upon the Developer or the Manager that are in conflict with or violate any of the terms of the Developer Documents or the Management Agreement, respectively, nor do we have any knowledge that the execution of the Developer Documents or the Management Agreement by the Developer or the Manager, respectively, will result in the breach or violation of the terms of any other agreement to which the Developer or the Manager is a party; and

(vii) to the best of our actual knowledge, there is no pending or threatened condemnation proceeding, lawsuit, claim, or criminal proceeding against the Developer or the Manager that could have a material adverse effect on the Developer's or the Manager's ability to perform its respective obligations under the Developer Documents or the Management Agreement, respectively.

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Authority Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

EXHIBIT "G"

FORM OF OPINION OF COUNSEL FOR THE BOARD

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Jones, Walker, Waechter, Poitevent, Carrère
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We are counsel for the Board of Supervisors for the University of Louisiana System (the "**Board**"). In connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Ground and Buildings Lease Agreement (the "**Ground Lease**") dated as of August 1, 2004, between the Board, on behalf of Southeastern Louisiana University, and University Facilities, Inc. (the "**Corporation**").
2. The Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004, between the Corporation and the Board.
3. The Tax Regulatory Agreement and Arbitrage Certificate (the "**Tax Agreement**") dated as of August 13, 2004, by and among the Louisiana Local Government Environmental Facilities and Community Development Authority, the Corporation, the Board, and The Bank of New York Trust Company, N.A., as Trustee.
4. The Continuing Disclosure Agreement (the "**Continuing Disclosure Agreement**") dated as of August 1, 2004, between the Board and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent.
5. The Management Agreement (the "**Management Agreement**") dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management, LLC.

] The Ground Lease, the Facilities Lease, the Tax Agreement, and the Continuing Disclosure Agreement are hereinafter referred to collectively as the "**Board Documents**."

Louisiana Local Government Environmental Facilities
and Community Development Authority
The Bank of New York Trust Company, N.A., as Trustee
Board of Supervisors for the University of Louisiana System
University Facilities, Inc.
Morgan Keegan & Company, Inc.
MBIA Insurance Corporation
August 13, 2004
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On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Board has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Board Documents, and the Board has all licenses and permits necessary to conduct the operation of the Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Board Documents;

(ii) the execution and delivery of the Board Documents and the performance by the Board of its obligations thereunder have been duly authorized by all necessary action on the part of the Board, and the Board Documents constitute legal, valid, and binding agreements of the Board, enforceable against the Board in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(iii) the execution and delivery of the Board Documents by the Board and the performance by the Board of its obligations thereunder do not violate any provision of law or any regulation applicable to the Board or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Board or any of its activities or property and, to the best of our knowledge after due inquiry, do not conflict with or result in any breach of, or constitute a default under any agreement or instrument to which the Board a party or by which it is bound;

(iv) the Board has duly approved the execution, delivery, and performance of the Management Agreement; and

(v) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Board, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect the transactions contemplated by, any of the Board Documents.

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Board Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

New Issue - Book-Entry Only

Rating: Moody's: Aaa
(MBIA Insured - See "Rating of the Series 2004 Bonds" herein)

Upon delivery of the Series 2004 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters discussed under the caption "TAX EXEMPTION" herein, under the law existing on the date thereof, interest on the Series 2004A Bonds and the Series 2004B Bonds will (i) be excludable from gross income of the beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2004C Bonds is includable in the gross income of the beneficial owners thereof for federal income tax purposes. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2004 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See "TAX EXEMPTION" herein.

\$60,985,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(Southeastern Louisiana Student Housing/ University Facilities, Inc. Project)
Series 2004A

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(Southeastern Louisiana Student Housing/ University Facilities, Inc. Project)
Series 2004B
(Auction Rate Bonds)

\$925,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(Southeastern Louisiana Student Housing/ University Facilities, Inc. Project)
Series 2004C

Dated Date - Series 2004A and Series 2004C: August 1, 2004

Dated Date - Series 2004B: Date of Delivery

Due: August 1, as shown on inside cover

The Series 2004 Bonds are being issued by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") to provide funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "New Facilities"), (b) renovating an existing student housing facility (the "Renovated Facility"), and (c) demolishing four existing student housing facilities, all located on the campus of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility, (iii) to provide working capital for the New Facilities and the Renovated Facility, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the New Facilities and the Renovated Facility, (v) to provide funds to repay certain indebtedness of the Corporation, (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities (as defined herein), and (viii) to pay the costs of issuing the Series 2004 Bonds. The New Facilities and the Renovated Facility will be owned by the Board of Supervisors for the University of Louisiana System (the "Board"). The land on which the New Facilities will be located, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land will be leased to University Facilities, Inc. (the "Corporation"), a nonprofit corporation organized under the laws of the State of Louisiana (the "State") for the benefit of the University by the Board acting on behalf of the University, pursuant to a Ground and Buildings Lease, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase.

Purchasers of the Series 2004 Bonds will not receive certificates representing their interest in the Series 2004 Bonds purchased. Series 2004 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Principal of and premium, if any, and interest on the Series 2004 Bonds will be payable by The Bank of New York Trust Company, N.A. (the "Trustee") to Cede & Co., which will remit such payments to the DTC Participants (as defined herein) for subsequent disbursement to the purchasers of the Bonds. See "The Series 2004 Bonds - Book Entry System Only" herein.

The Series 2004 Bonds and the interest thereon are special, limited obligations of the Authority payable solely, except to the extent paid out of moneys attributable to proceeds of the Series 2004 Bonds and temporary investments thereof, from payments derived by the Authority under the Loan Agreement (as defined herein), from the assets and interests pledged under the Mortgage, Assignment of Leases and Security Agreement, and from the Bond Insurance Policies (as defined herein). The Series 2004 Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State or of any political subdivision thereof. The issuance of the Series 2004 Bonds shall not, directly, indirectly or contingently obligate the State or any political subdivision thereof to levy any taxes or to make any appropriation for their payment. The Authority has no power to tax.

As further described herein, regularly scheduled payments of principal of and interest on, but excluding any redemption premium on, the Series 2004 Bonds when due will be insured through financial guaranty insurance policies to be issued by MBIA Insurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Series 2004 Bonds. See "Municipal Bond Insurance" herein and Appendix "F" herein.



An investment in the Series 2004 Bonds involves a degree of risk because of the various risks described herein. See "Bondholders' Risks" herein.

The Series 2004 Bonds are offered when, as, and if issued by the Authority and received by the Underwriter and are subject to prior sale and the approval of legality by Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Authority by Casten & Pearce, A.P.L.C., Shreveport, Louisiana; for the Corporation by Seale & Ross, P.L.C., Hammond, Louisiana; and for the Underwriter by Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina. Delivery of the Series 2004 Bonds to DTC in New York, New York is expected on or about August 13, 2004.

Morgan Keegan & Company, Inc.

August 10, 2004

The Series 2004 Bonds will be issuable as fully registered bonds without coupons. The Series 2004A Bonds and the Series 2004C Bonds will be issued in the denominations of \$5,000 and any multiple thereof, and the Series 2004B Bonds will be issued in the denominations of \$25,000 and any multiple thereof. The Series 2004A Bonds and the Series 2004C Bonds will bear interest from August 1, 2004, and the Series 2004B Bonds will bear interest from August 13, 2004. Interest on the Series 2004 Bonds will be payable on each Interest Payment Date (as defined herein). Principal of and premium, if any, on the Series 2004 Bonds will be payable at the principal corporate trust office of The Bank of New York Trust Company, N.A., Jacksonville, Florida (the "Trustee"), in Jacksonville, Florida (the "Office of the Trustee") at maturity or upon redemption, upon surrender of the Series 2004 Bonds, and interest will be payable by check or draft mailed to the registered owners of Series 2004 Bonds, as shown on the registration books of the bond registrar as of the close of business on the Record Date (as defined herein) for the Series 2004 Bonds or by wire transfer in immediately available funds to the bank account number filed with the Trustee in writing prior to the close of business on the Record Date by the person in whose name such Series 2004 Bond shall be registered if such owner shall be the registered owner of not less than \$1,000,000 in aggregate principal amount of Series 2004 Bonds Outstanding. The Series 2004 Bonds will be subject to prior mandatory, optional, and extraordinary redemption as described herein. See "THE SERIES 2004 BONDS" herein.

MATURITY SCHEDULE

Series 2004A Bonds

\$31,590,000 Serial Bonds

<u>Maturity August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2007	\$ 180,000	3.500%	2.340%	2015	\$2,040,000	5.000%	4.040%
2008	1,015,000	3.500	2.730	2016	2,140,000	4.000	4.130
2009	1,170,000	3.500	3.030	2017	2,230,000	4.000	4.210
2010	1,325,000	3.750	3.250	2018	2,320,000	4.100	4.300
2011	1,500,000	4.000	3.460	2019	2,415,000	4.200	4.380
2012	1,680,000	4.500	3.640	2022	2,785,000	4.500	4.640
2013	1,885,000	4.000	3.810	2025	3,225,000	4.750	4.880
2014	1,960,000	4.000	3.930	2028	3,720,000	4.750	5.000

\$5,160,000 5.250% Term Bonds due August 1, 2021, Yield 4.510%
 \$5,970,000 5.250% Term Bonds due August 1, 2024, Yield 4.750%
 \$6,920,000 5.000% Term Bonds due August 1, 2027, Price 100%
 \$11,345,000 5.000% Term Bonds due August 1, 2031, Yield 5.040%

(Plus Accrued Interest From August 1, 2004)

Series 2004B Bonds

\$15,000,000 Term Bonds due August 1, 2034, Price 100%

Series 2004C Bonds

<u>Maturity August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2006	\$225,000	3.00%	3.040%	2007	\$700,000	3.50%	3.54%

(Plus Accrued Interest From August 1, 2004)

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Corporation, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2004 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been obtained from the Authority, the Corporation, the Board, the University, or other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Corporation since the date hereof.

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

The Trustee has not furnished or verified any information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness, or accuracy of such other information or statements.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE BOND INSURER CONTAINED UNDER THE HEADING "MUNICIPAL BOND INSURANCE" AND IN APPENDIX "F" ATTACHED HERETO, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOND INSURER, AND THE BOND INSURER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2004 BONDS; OR (III) THE TAX-EXEMPT STATUS OF THE INTEREST ON THE SERIES 2004 BONDS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2004 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement and the Appendices hereto (collectively, the "Official Statement"). The offering of the Series 2004 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to use it otherwise without the entire Official Statement.

The Authority

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") is a political subdivision of the State of Louisiana (the "**State**") and is authorized pursuant to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended (the "**Act**") to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act

The Corporation

University Facilities, Inc. (the "**Corporation**") is a nonprofit corporation duly organized and existing under the laws of the State for the benefit of Southeastern Louisiana University (the "**University**") and is an exempt organization under §501(c)(3) of the Internal Revenue Code of 1986. The proceeds of the Series 2004 Bonds will be loaned to the Corporation pursuant to a Loan Agreement (the "**Loan Agreement**") dated as of August 1, 2004, between the Authority and the Corporation to finance the costs described below under "**The Series 2004 Bonds**". See "**THE CORPORATION**" herein.

The Board

The Board of Supervisors for the University of Louisiana System (the "**Board**") is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. See "**THE BOARD**" herein.

The Series 2004 Bonds

The Authority will issue \$60,985,000 principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004A" (the "**Series 2004A Bonds**"), \$15,000,000 principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B" (the "**Series 2004B Bonds**"), and \$925,000 principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004C" (the "**Series 2004C Bonds**") and together with the Series 2004A Bonds and the Series 2004B Bonds, the "**Series 2004 Bonds**") for the purpose of providing funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "**New Facilities**"), (b) renovating an existing student housing facility (the "**Renovated Facility**"), and (c) demolishing four existing student housing facilities, all located on the campus of the University in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility, (iii) to provide

working capital for the New Facilities and the Renovated Facility, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the New Facilities and the Renovated Facility, (v) to provide funds to repay certain indebtedness of the Corporation, (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities (hereinafter defined), and (viii) to pay the costs of issuing the Series 2004 Bonds.

The Trustee	The Bank of New York Trust Company, N.A., Jacksonville, Florida will act as trustee, bond registrar, and paying agent for the Series 2004 Bonds.
The Bond Insurer	Simultaneously with the issuance of the Series 2004 Bonds, MBIA Insurance Corporation, a New York domiciled stock insurance company, will issue its financial guaranty insurance policies (the " Series 2004 Bond Insurance Policies ") relating to the Series 2004 Bonds. See " MUNICIPAL BOND INSURANCE " herein.
The University	The University is a member of the eight (8) member University of Louisiana System (the " System "). The System is governed by the Board. The University is a tax-supported, comprehensive regional university that is co-educational and is located in Tangipahoa Parish, Hammond, Louisiana. Student enrollment for the 2003-2004 academic year is approximately 15,662, which is a 3.1% increase over the 2002-2003 academic year. Entering freshman enrollment in the fall of 2003 increased 3.9% over the fall of 2002. See " THE UNIVERSITY " herein. Neither the State nor the University will have any obligation with respect to payment of the Series 2004 Bonds.
The Facilities	The New Facilities will consist of two (2) new student housing facilities containing a total of 1,514 beds and a renovated student housing facility containing 96 beds containing common area laundry facilities, community meeting rooms, and tenant mail facilities. See " THE NEW FACILITIES AND THE RENOVATED FACILITY " herein. The New Facilities and the Renovated Facility will be owned by the Board. The land on which the New Facilities will be located, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land will be leased to the Corporation by the Board pursuant to a Ground and Buildings Lease (the " Ground Lease ") between the Board, as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the " Facilities Lease ") between the Corporation, as lessor, and the Board, as lessee.
The Developer	The developer of the Facilities will be Capstone Development Corp. (the " Developer "), an Alabama subchapter S corporation, which was formed in 1990 for the express purpose of providing developing student housing communities. As of the present date, the Developer has developed (or has been selected to develop) 36,334 student beds, on 63 separate collegiate campuses (including the Facilities). The Developer's corporate headquarters are in Birmingham, Alabama. The Developer was selected to develop the Facilities as a result of a request for proposals made by the University. See " THE DEVELOPER " herein.
The General Contractor	The general contractor for the Facilities will be Capstone Building Corp. (the " General Contractor "), an Alabama subchapter S corporation, which was formed in 1997 for the express purpose of providing construction

services to the higher education industry. During the past five (5) years, the General Contractor has constructed (or has been selected to construct) 15,875 beds, on 34 separate collegiate campuses (including the Facilities).

The General Contractor's headquarters are in Birmingham, Alabama. See "THE GENERAL CONTRACTOR AND THE GENERAL CONSTRUCTION CONTRACT" herein.

The Management Company

The Facilities will be managed by Capstone On-Campus Management, LLC (the "*Management Company*"), an Alabama limited liability company formed in 2003 for the express purpose of managing and maintaining student housing communities. As of the present date, the Management Company manages (or has been selected to manage) 20,545 private beds of housing on 27 separate collegiate campuses (including the Facilities). The Management Company's headquarters are in Birmingham, Alabama, with regional managers located in Gainesville, Florida; Starkville, Mississippi; and Bloomington, Indiana, and on-site property managers at each student housing development location. See "THE MANAGEMENT COMPANY" herein.

The Ground Lease

Pursuant to the Ground Lease, the Board Lessor will lease the land on which the New Facilities will be located, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land (collectively, the "*Property*") to the Corporation, for a term of forty (40) years. The rental payable under the Ground Lease will be \$1.00 per year. See "THE GROUND LEASE" herein.

The Facilities Lease

Pursuant to the Facilities Lease, the Corporation will lease the Facilities to the Board, for a term of forty (40) years. The rental payable under the Facilities Lease will be equal to the amount of principal of and premium, if any, and interest on the Series 2004 Bonds, the amounts required to be deposited in the various funds or accounts established under the Indenture in accordance with the terms of the Indenture, and all other expenses arising out of or relating to the ownership or operation of the Facilities or the issuance of the Series 2004 Bonds. **Payments by the Board under the Facilities Lease will be subject to, and dependent upon, appropriation of Lawfully Available Funds (hereinafter defined) by the Board.** The Corporation's rights under the Facilities Lease will be assigned to the Trustee as security for the payment of the Series 2004 Bonds. See "THE FACILITIES LEASE" herein.

Security for the Bondholders

To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation will execute and deliver to the Trustee (a) a Mortgage, Assignment of Leases and Security Agreement (the "*Mortgage*") dated as of August 13, 2004, pursuant to which the Corporation will grant to the Trustee (i) a first mortgage lien on its leasehold interest in (A) the Property and (B) the equipment, furnishings, and other tangible personal property included in the Facilities and (ii) a first priority security interest in the leases and subleases affecting the Property and/or the Facilities, including, without limitation, the Facilities Lease (collectively, the "*Leases*") and all revenues, rentals, and other sums due or becoming due under the Leases, and (b) an Assignment of Agreements and Documents (the "*Assignment of Agreements and Documents*") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee a first priority interest in the Development Agreement (the "*Development Agreement*") between the Corporation and

the Developer pursuant to which the Developer will agree to develop the Facilities and all other contracts relating to the design, construction, or renovation of the Facilities. As security for its obligations under the Series 2004 Bonds, the Authority will enter into the Indenture with the Trustee. Pursuant to the Indenture, the Authority will pledge to the Trustee its interest in the Loan Agreement. The sum of \$5,265,837, equal to the Debt Service Reserve Fund Requirement (hereinafter defined), will be deposited in the Debt Service Reserve Fund created under the Indenture (the "*Debt Service Reserve Fund*") and will be used to pay the debt service payments on the Series 2004A Bonds and the Series 2004B Bonds if insufficient funds are on deposit with the Trustee on the date such payments are due. The sum of \$4,064,825, equal to the Replacement Fund Requirement as of the date of issuance of the Series 2004 Bonds, will be deposited in the Replacement Fund created under the Indenture (the "*Replacement Fund*") and will be available to be used to pay the cost of replacing property, placed upon or used in connection with the Facilities. See "SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS" and "BONDHOLDERS' RISKS" herein.

Bondholders' Risks

There are certain considerations relating to an investment in the Series 2004 Bonds that are set forth in the sections of this Official Statement, including the heading "**BONDHOLDERS' RISKS**," and that should be carefully reviewed by prospective purchasers of the Series 2004 Bonds. These considerations include the facts that (i) the Corporation's ability to generate revenues and make timely payment under the Loan Agreement, failure to do which may result in the Series 2004 Bonds' not being paid or being paid before maturity or applicable redemption dates and which may result in forfeiture of future events and conditions including a decline in the enrollment of the University, increased competition from other schools, loss of accreditation, failure to meet federal guidelines or some other event that results in students being ineligible for federal financial aid, and cost overruns in connection with the Facilities or other capital improvements, (ii) the obligation of the Board on behalf of the University to pay rental to the Corporation under the Facilities Lease is subject to, and dependent upon, appropriation of funds necessary to make payments of rental required under the Facilities Lease, and if such amounts are not appropriated for such purpose, the Corporation may be unable to make timely payment under the Loan Agreement, (iii) the Board is obligated to make payments of Base Rental under the Facilities Lease solely from Lawfully Available Funds which include Rents received from the operation of the Facilities and other auxiliary revenues of the University. The ability of the Board to increase Rents and such other auxiliary fees or assess new fees may require approval by the Louisiana Legislature. The failure of the Board or the University to generate sufficient auxiliary revenues could affect the Board's ability to make payments of Base Rental and result in a default under the terms of the Facilities Lease, (iv) the Series 2004 Bonds constitute limited obligations of the Authority and the only significant sources of payment therefor are the deposits received by the Trustee pursuant to the Loan Agreement and, if such deposits prove insufficient, payments by the Bond Insurer pursuant to the Series 2004 Bond Insurance Policies, (v) the Facilities must meet certain occupancy levels and rental rates if the Corporation is to generate the revenues necessary to meet the obligations of the Corporation under the Loan Agreement, (vi) the Facilities will be constructed to serve as student housing facilities and the special use nature of the Facilities and the facts that the Facilities are located on the campus of the

University and the interest of the Corporation serving as collateral is in the nature of a leasehold interest and subject to the terms of the Ground Lease may curtail its value as collateral, (vii) there are risks associated with the construction of the Facilities, (viii) future clean-up costs with respect to the Facilities could be imposed under environmental statutes and liens relating thereto may adversely affect the security for the owners of the Series 2004 Bonds, (ix) certain statutory provisions and interests and claims of others may impair the security interest of the Trustee in the revenues derived by the Corporation from its interest in the Facilities, (x) judicial actions may impair the remedies available to the Trustee and the owners of the Series 2004 Bonds under the Indenture and the Mortgage providing security for the Series 2004 Bonds, (xi) interest on the Series 2004A Bonds and the Series 2004B Bonds could, in certain events, become includable in the gross income of the owners thereof and owners of the Series 2004 Bonds would be subject to adverse federal tax consequences, (xii) there can be no assurance that there will be a secondary market for the Series 2004 Bonds, (xiii) Additional Bonds (hereinafter defined) payable from the Trust Estate (hereinafter defined) on a parity with the Series 2004 Bonds may in the future dilute the security for the Series 2004 Bonds, (xiv) a change in the Corporation's or the University's status as a 501(c)(3) organization could cause interest on the Series 2004A Bonds and the Series 2004B Bonds to become includable in the gross income of the owners thereof, (xv) if the Authority should fail to make payment of the principal of or interest on the Series 2004 Bonds when the same shall become due, any owner of Series 2004 Bonds will have recourse against the Bond Insurer for such payments, and if the Bond Insurer is unable to make payments of and interest on the Series 2004 Bonds, such Series 2004 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement, (xvi) the Series 2004 Bond Insurance Policies do not insure the principal of or interest on the Series 2004 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor do they insure the payment of any redemption premium payable upon the Series 2004 Bonds, and under no circumstances, including the situation in which the interest on the Series 2004 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2004 Bonds be accelerated without the consent of the Bond Insurer, (xvii) so long as the Bond Insurer performs its obligations under the Bond Insurance Policies (hereinafter defined), the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture, and (xviii) the obligations of the Bond Insurer under the Series 2004 Bond Insurance Policies are general obligations of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer, and in the event of insolvency of the Bond Insurer, the Owners of the Series 2004 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2004 Bonds. See "BONDHOLDERS' RISKS" herein.

Tax Status of Interest

Upon delivery of the Series 2004 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters discussed under the caption "TAX EXEMPTION" herein, under the law existing on the date thereof, interest on the Series 2004A Bonds and the Series 2004B Bonds will (i) be excludable from gross income of the

beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2004C Bonds is includable in the gross income of the beneficial owners thereof for federal income tax purposes. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2004 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See "TAX EXEMPTION" herein.

Continuing Disclosure

The Board will agree to provide such information as may be required by the provisions of Rule 15c2-12 ("*Rule 15c2-12*") promulgated by the Securities and Exchange Commission, and neither the Corporation, the Trustee, nor the Authority will undertake any responsibility with respect to continuing disclosure under Rule 15c2-12.

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement in final form will be deposited with the Municipal Securities Rulemaking Board, 1818 N Street, N.W., Suite 800, Washington, D.C. 20036-2491. Copies of the Official Statement and other relevant documents and information regarding the documents are available upon request from the Underwriter prior to the issuance and delivery of the Series 2004 Bonds and from the Trustee after the issuance and delivery of the Series 2004 Bonds. The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Series 2004 Bonds, the Authority, and the Corporation and other information pertinent to this issue.

OFFICIAL STATEMENT

\$60,985,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY HOUSING /
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY HOUSING /
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B
(AUCTION RATE BONDS)**

\$925,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY HOUSING /
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C**

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, furnishes certain information in connection with the sale by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") of \$60,985,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004 (the "**Series 2004A Bonds**"), \$15,000,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**"), and \$925,000 in aggregate principal amount of its Taxable Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**") and together with the Series 2004A Bonds and the Series 2004B Bonds, the "**Series 2004 Bonds**") to be issued by the Authority pursuant to a Trust Indenture (the "**Indenture**") dated as of August 1, 2004, between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**") for the purpose of providing funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "**New Facilities**"), (b) renovating an existing student housing facility (the "**Renovated Facility**"), and (c) demolishing four existing student housing facilities, all located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility, (iii) to provide working capital for the New Facilities and the Renovated Facility, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the New Facilities and the Renovated Facility, (v) to provide funds to repay certain indebtedness of the Corporation, (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities, and (viii) to pay the costs of issuing the Series 2004 Bonds. **Definitions of certain terms used in this Official Statement are set forth in APPENDIX "A" hereto.**

The land on which the New Facilities will be constructed, the Renovated Facility, the land on which the Renovated Facility is located, and certain other land (collectively, the "**Property**") will be leased to University Facilities, Inc. (the "**Corporation**"), a nonprofit corporation organized under the laws of the State of Louisiana (the "**State**") for the benefit of the University pursuant to a Ground and Buildings Lease (the "**Ground Lease**") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the "**Facilities Lease**") between the Corporation, as lessor, and the

Board, as lessee. The Authority will lend the proceeds of the Series 2004 Bonds to the Corporation pursuant to a Loan Agreement (the "*Loan Agreement*") dated as of August 1, 2004, between the Authority and the Corporation. The Corporation will be obligated pursuant to the Loan Agreement to pay to the Authority such loan payments as will always be sufficient to pay the principal of, premium, if any, and interest on the Series 2004 Bonds, as the same mature and become due, and under the Loan Agreement, it will be the obligation of the Corporation to pay all expenses of operating and maintaining the Facilities in good repair, to keep it properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Facilities..

To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation will execute and deliver to the Trustee (a) a Mortgage, Assignment of Leases and Security Agreement (the "*Mortgage*") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee (i) a first mortgage lien on its leasehold interest in (A) the Property and (B) the equipment, furnishings, and other tangible personal property included in the Facilities, and (ii) a first priority security interest in the leases and subleases affecting the Property and/or the Facilities, including, without limitation, the Facilities Lease (collectively, the "*Leases*") and all revenues rentals, and other sums due or becoming due under the Leases, and (b) an Assignment of Agreements and Documents (the "*Assignment of Agreements and Documents*") dated as of August 1, 2004, pursuant to which the Corporation will grant to the Trustee a first priority interest in the Development Agreement (the "*Development Agreement*") between the Corporation and Capstone Development Corp. (the "*Developer*") pursuant to which the Developer will agree to develop the Facilities and all other contracts relating to the design, construction, or renovation of the Facilities.

The Authority, pursuant to the Indenture, will pledge to the Trustee its interest in the Loan Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder). See "**SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS**" herein.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Corporation, the Bond Insurer, the Board, the University, the Facilities, the Developer, the Series 2004 Bonds, the Loan Agreement, the Ground Lease, the Facilities Lease, and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ground Lease, the Loan Agreement, and the Indenture are qualified in their entirety by reference to such documents, and references herein to the Series 2004 Bonds are qualified in their entirety to the forms thereof included in the Indenture.

THE AUTHORITY

The Authority is a political subdivision created and existing under the laws of the State of Louisiana (the "*State*") pursuant to the provisions of the laws of the State, including the Act. Any political subdivision, the State, or agency of the State may participate as a member of the Authority by adopting a resolution indicating its intention to do so. The Authority is governed by its Board of Directors, whose membership is limited to those members of the Authority whose governing authorities have previously adopted a resolution indicating their membership in the Authority. Each member appoints a director to the Board of Directors of the Authority in accordance with the Act. Directors are appointed to serve four (4)-year terms and may be removed for just cause by the Board of Directors. Officers of the Authority are elected by and from the ranks of the members of the Board of Directors and consist of a Chairman, Vice-Chairman and Secretary-Treasurer. Officers serve two (2)-year terms and may not be re-elected for successive terms in any one office; however, officers may be elected to another office, but, in no event may a person serve more than two (2) terms in a particular office. The Authority is authorized to issue the Series 2004 Bonds, to finance the costs of the Facilities and to secure the Series 2004 Bonds by an assignment of the payments to be received under the Loan Agreement. In order to accomplish the foregoing, the Authority is authorized to enter into and/or accept delivery of the Indenture and the Loan Agreement.

Pursuant to the Authority's bylaws, the Board of Directors has established an Executive Committee and delegated certain duties and authorities of the Board of Directors to the Executive Committee in accordance with the Act, including the authority to approve "Authorized Projects" (as defined in the Act) and authorize the issuance of bonds by the Authority. The Executive Committee consists of seven (7) members, three of whom are the Chairman, the Vice-Chairman, and the Secretary-Treasurer of the Authority. The Chairman, the Vice-Chairman, and the Secretary-Treasurer serve on the Executive Committee as *ex officio* members for as long as they remain officers of the Board of

Directors. The four at-large members of the Executive Committee serve staggered four (4) year terms. A member of the Executive Committee may be removed by the Board of Directors for just cause at any special or emergency meeting called for that purpose. The Executive Committee is required to make an annual report to the Board of Directors at its annual meeting.

Pursuant to the Act, the Authority's bylaws, a preliminary resolution adopted by the Authority on February 12, 2004, and a resolution adopted by the Authority on May 13, 2004, the Authority has duly authorized the issuance of the Series 2004 Bonds and the execution, delivery, and performance of the Indenture and the Loan Agreement.

EXCEPT FOR INFORMATION CONCERNING THE AUTHORITY IN THE SECTIONS HEREOF CAPTIONED "THE AUTHORITY" AND "LITIGATION - The Authority," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH OTHER INFORMATION.

The Series 2004 Bonds will be limited obligations of the Authority as described under the caption "THE BONDS -- Series 2004 Bonds Are Limited Obligations" herein.

THE NEW FACILITIES AND THE RENOVATED FACILITY

Construction of Residence Hall I (169,032 square feet)

The first of the New Facilities ("*Residence Hall I*") will be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There will be approximately three hundred sixty-four (357) units of two-bedroom /one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred fourteen (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, Residence Hall I will include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities will be provided.

Residence Hall I includes a park at the main entrance and an approximately 2,000 square foot maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 7, 2005.

Construction of Residence Hall II (185,616 square feet)

The second of the New Facilities ("*Residence Hall II*") will be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There will be approximately four hundred (400) units of housing configured in two-bedroom /one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, Residence Hall II will include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. Residence Hall II includes relocation of the campus police facility into one of the buildings, along with office/meeting space for the property manager. Residence Hall II.

Residence Hall II unit mix and design is subject to further revision based upon University input.

Full renovation of Cardinal Newman Hall

The total scope of renovation of the Renovated Facility (Cardinal Newman Hall) has yet to be determined. It is anticipated that the renovation will include: (i) removal of existing built-in furniture; (ii) renovation of the building to bring the facility up to code compliance; (iii) installation of life-safety equipment; (iv) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and

exterior cosmetic improvements to the facility. The renovation of the Renovated Facility is scheduled for completion by August 1, 2006.

The Facilities will be managed by Capstone On-Campus Management, LLC (the "*Manager*").

THE BOARD

General

The Board is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. The colleges and universities supervised by the Board are the following: Grambling State University, Grambling, Louisiana; Louisiana Tech University, Ruston, Louisiana; McNeese State University, Lake Charles, Louisiana; Nicholls State University, Thibodeaux, Louisiana; Northwestern State University, Natchitoches, Louisiana; Southeastern Louisiana University, Hammond, Louisiana; University of Louisiana at Lafayette, Lafayette, Louisiana; and University of Louisiana at Monroe, Monroe, Louisiana.

The Board adopted resolutions on December 5, 2003, and June 25, 2004, authorizing the development of the Facilities and the execution of the Ground Lease, the Facilities Lease, and the Management Agreement.

Membership

The Board is governed by a sixteen (16)-member Board of Trustees. Members are appointed by the Governor and serve six-year overlapping terms (except for the student member whose term is one year) or until their successors are appointed, whichever occurs later. There are two members from each congressional district, one at-large member and one student member. The current Board members are as follows:

<u>Name</u>	<u>Profession/Occupation</u>	<u>Term Expires</u>
Mr. Donald T. Bollinger	Chairman of the Board/CEO Bollinger Shipyards, Inc.	12/31/06
Mrs. Elsie P. Burkhalter	Educator/Administrator St. Tammany Parish School System	12/31/04
Mr. Victor Bussie	Retired	12/31/06
Mr. Andre G. Coudrain	Attorney at Law Cashe, Lewis, Moody & Coudrain	12/31/06
Mr. Robert C. Davidge	Chief Executive Officer Our Lady of the Lake Hospital, Inc.	12/31/04
Mr. Jimmy D. Long, Sr.	Retired State Legislator	12/31/06
Mr. D. Wayne Parker	Retired	12/31/08
Ms. Katie Ortego	Student University of Louisiana at Lafayette	5/31/05
Mr. Gordon A. Pugh	Attorney at Law Breazeale, Sachse & Wilson, L.L.P.	12/31/06
Mr. Walter R. Rhodes	Vice President and Chief Procurement Officer Entergy Corporation	12/31/06

<u>Name</u>	<u>Profession/Occupation</u>	<u>Term Expires</u>
Mr. Carl Shetler	Owner/Manager Shetler Lincoln Mercury	12/31/04
Mr. Winfred F. Sibille	Retired Educator	12/31/06
Dr. Eunice W. Smith	Retired Educator	12/31/08
Mr. Charles C. Teamer, Sr.	Board of Directors, Dryades Savings Bank	12/31/06
Mr. Michael H. Woods	President Woods Operating Company	12/31/08
Mr. David Wright	Restaurant Owner	12/31/04

Administrative Officers

The senior administrative officers of the University of Louisiana Systems are as follows:

Dr. Sally Clausen, President

Dr. Clausen was appointed as President of the University of Louisiana System in July, 2001. Dr. Clausen began her professional career as a classroom teacher for the East Baton Rouge Parish School System in 1968. She has since served the State of Louisiana and its citizens as Louisiana Deputy Commissioner of Administration, Louisiana Commissioner of Higher Education, the Assistant Dean of Students at Southeastern Louisiana University and the Louisiana Secretary of Education. Prior to being appointed as President of the University of Louisiana System, Dr. Clausen was President of Southeastern Louisiana University in Hammond, Louisiana ("*Southeastern*"). Under her leadership, Southeastern had one of the fastest growing enrollments in the country, now exceeding 15,000 students. During her presidency at Southeastern, faculty and staff salaries increased 30%, African-American enrollment rose 68%, and international enrollment grew by 48%. Dr. Clausen received a Bachelor of Science in Education, a Masters of Education and a doctorate from Louisiana State University and Agricultural and Mechanical College ("*LSU*").

Mr. David C. Nicklas, Vice President of Finance and Administration

Mr. Nicklas has served as Vice President of Finance and Administration for the University of Louisiana System since 1992. Prior to that time, he served as Fiscal Analyst and as Assistant Director of Finance for the University of Louisiana System and as Vice President of Business Affairs at Delgado Community College. He received his Bachelor of Science degree from Louisiana State University and Agricultural and Mechanical College.

Mr. J. Douglas Lee, Assistant Vice President for Facilities Planning

Mr. Lee has served as Assistant Vice President for Facilities Planning for the University of Louisiana System since October, 1998. Prior to that time, he served in various assistant director positions with LSU, beginning in May 1979. At LSU, he served as Assistant Director of Campus/Facilities Planning and Space Management from 1982 to 1998. He received his Bachelor of Science degree from Northeast Louisiana University (now known as University of Louisiana at Monroe) and his Master of Business Administration degree from the University of North Florida.

The address of the University of Louisiana System is 1201 North Third Street, Suite 7-300, Baton Rouge, Louisiana 70802.

THE CORPORATION

The Corporation is a Louisiana nonprofit corporation created exclusively to promote, assist, and benefit the educational, scientific, research, and public service mission of the University by engaging in any lawful activity in which a nonprofit corporation meeting the requirements of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*") may participate. The business affairs of the Corporation are administered by a Board of three (3) of Directors, who also comprise the entire membership of the Corporation. Officers of the Corporation are the Chairperson, Vice Chairperson, and Secretary-Treasurer. Information concerning the members of the Board of Directors of the Corporation is set forth below.

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Employment</u>
Stephen M. Smith	Chairperson and President	June 30, 2006	Vice President of Finance and Administration of the University
Phil K. Livingston	Vice Chairperson	June 30, 2006	Banking Officer-AmSouth Bank (Retired)
Jack Gautier	Member	June 30, 2005	Banking Officer-AmSouth Bank (Retired)

Management of the Corporation has been delegated to Brad O'Hara, Ph.D., Executive Director/Secretary Treasurer, c/o Southeastern Louisiana University, Luther Dyson Hall, 548 Western Avenue, Hammond, Louisiana 70402. Dr. O'Hara is employed on a full-time basis as the Vice President for Student Affairs of the University. See "**CONFLICTS OF INTEREST; RELATIONSHIPS**" herein.

In accordance with its Articles of Incorporation, the Corporation may specifically engage in acquiring, constructing, developing, managing, leasing, mortgaging, or conveying student housing and other facilities on the campus of the University. The Corporation has no other assets other than the Facilities.

THE SERIES 2004 BONDS

General Provisions

The Series 2004 Bonds will be issued pursuant to the Indenture in fully registered form without coupons in book-entry only form. So long as Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("*DTC*"), is the registered owner of the Series 2004 Bonds, references herein to the Bondholders or registered owners of the Series 2004 Bonds mean Cede & Co. and not the beneficial owners of the Series 2004 Bonds. See "**Book-Entry Only System**" below. The Series 2004A Bonds and the Series 2004C Bonds will be issued in the denominations of \$5,000 and any multiple thereof, and the Series 2004B Bonds will be issued in the denominations of \$25,000 and any multiple thereof. The Series 2004A Bonds and the Series 2004C Bonds will bear interest at the rates shown on the cover hereof. For an Initial Period from the date of their delivery to and including the Thursday immediately succeeding the Closing Date, the Series 2004B Bonds will bear interest at initial rates determined by the University not later than the Business Day preceding their delivery date. After the Initial Period and until converted to a Fixed Rate (a "**Fixed Rate Conversion**"), until converted to a Variable Rate (a "**Variable Rate Conversion**"), or until a different Auction Period shall be established, the Series 2004B Bonds will bear interest at Auction Rates determined initially on the Thursday immediately succeeding the Closing Date, and every Thursday thereafter; provided, that if such day is not a Business Day, the Auction Date will be the preceding Business Day, as more fully herein described. The interest rate determined at each such Auction will be effective from and including the Business Day following such Auction (each an "**Auction Rate Adjustment Date**") to, but excluding, the next succeeding Auction Rate Adjustment Date. See "**THE SERIES 2004 BONDS - Interest at the Auction Rate**" herein. The applicable Auction Rate will be established pursuant to the Auction Procedures described below under "**SERIES 2004B BOND AUCTIONS.**" The University may change the length of an Auction Period or all Auction Periods by written notice to the Trustee, Morgan Keegan & Company, Inc. (together with any successor as market agent, the "**Market Agent**"), The Bank of New York,

New York, New York (together with any successor bank, trust company, or other entity as auction agent entering into a similar agreement with the Trustee, the "*Auction Agent*"), and The Depository Trust Company, New York, New York ("*DTC*" or the "*Securities Depository*") at least ten (10) days, but no more than fifteen (15) days, prior to the Auction Date for such Auction Period. Also, at the direction of the Board, the Market Agent may change the Auction Date to conform to then-current market practice or to accommodate economic or financial factors, each as further described under the subheadings "**SERIES 2004B BOND AUCTIONS - General -- *Change of Auction Date***" and -- "*Change of Auction Period.*" Interest shall be computed as follows: (i) for Series 2004A Bonds, Series 2004B Bonds on and after the Fixed Rate Conversion Date, and Series 2004C Bonds, on the basis of a 360-day year consisting of twelve (12) thirty (30) day months apportioned for partial months or (ii) for Auction Rate Bonds, on the basis of a 360-day year and the actual number of days elapsed.

Payments of Principal and Interest

The Series 2004A Bonds will be issued in the aggregate principal amount of \$60,985,000, will be dated August 1, 2004, and will mature on August 1 of the years 2007 through 2019, inclusive, 2021, 2022, 2024, 2025, 2027, 2028, and 2031, subject to mandatory redemption provisions. The Series 2004B Bonds will be issued in the aggregate principal amount of \$15,000,000, will be dated as of the date of delivery thereof, and will mature on August 1, 2034, subject to mandatory redemption provisions. The Series 2004C Bonds will be issued in the aggregate principal amount of \$925,000 will be dated August 1, 2004, and will mature on August 1, 2006 and 2007, subject to mandatory redemption provisions. The Series 2004A Bonds, the Series 2004B Bonds, and the Series 2004C Bonds will be issued on a parity basis and, except as to benefit of the Debt Service Reserve Fund, tax-exempt status, interest rates, principal amounts, and maturities, have substantially the same terms.

The payment of principal of and premium, if any, on the Series 2004 Bonds will be payable at the principal corporate trust office of the Trustee. Interest on the Series 2004 Bonds shall be paid by check or draft mailed by the Trustee to each person in whose name a Series 2004 Bond is registered, at the address(es) as they appear on the Bond Register maintained by the Trustee at the close of business on the applicable Record Date, irrespective of any transfer or exchange of the Series 2004 Bonds subsequent to such Record Date and prior to an Interest Payment Date. Owners of \$1,000,000 or more in aggregate principal amount of Bonds may request payment by wire transfer if such owners have requested payment in writing to the Trustee no later than a Record Date. Such request shall be irrevocable until a new request is delivered not later than a Record Date. Payment of interest shall be made in such coin or currency of the United States as is legal tender for payment of public and private debts at the time payment is made.

Any installment of interest or principal payable on any Series 2004 Bonds that is punctually paid or duly provided for by the Authority on the applicable payment date or redemption date will be paid to the person in whose name such Series 2004 Bond (or predecessor bond) is registered on the Record Date for such payment date by check or draft mailed to such person's address as it appears in the Bond Register on such Record Date, except that the final installment of principal payable with respect to such Series 2004 Bond (or the redemption price for any Series 2004 Bond called for redemption in full) will be payable upon presentation and surrender of the Series 2004 Bond on or after the payment date or redemption date thereof at the corporate trust office of the Trustee.

All reductions in the principal amount of a Series 2004 Bond effected by payments of installments of principal made on any payment date or redemption date will be binding upon all registered owners of that Series 2004 Bond and of any Series 2004 Bond issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Series 2004 Bond.

Should the Series 2004 Bonds cease to be book entry only, Series 2004 Bonds may be transferred or exchanged at the principal office of the Trustee. For every exchange or transfer of any Series 2004 Bond, the Authority or the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Trustee will not be required to register the transfer or exchange of (a) any Series 2004 Bond during the fifteen (15) day period next preceding the selection of Series 2004 Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004 Bonds selected for redemption, or (b) any Series 2004 Bonds selected, called, or being called for redemption

in whole or in part, except in the case of any Series 2004 Bond to be redeemed in part, the portion thereof not so to be redeemed.

If any Series 2004 Bond is mutilated, lost, stolen, or destroyed, the Indenture will provide that the Authority may execute and the Trustee will be required to authenticate a replacement Series 2004 Bond or Series 2004 Bonds of the same tenor and principal amount, as the case may be. In the case of a lost, stolen, or destroyed Series 2004 Bond, the Authority and the Trustee may require satisfactory evidence of the ownership of and the circumstances of the loss, destruction, or theft of such Series 2004 Bond and may require satisfactory indemnification prior to executing and authenticating a new Series 2004 Bond. The Authority and the Trustee may charge the owners of the Series 2004 Bonds for their reasonable fees and expenses in connection with replacing mutilated, lost, stolen, or destroyed Series 2004 Bonds.

Redemption Prior to Maturity

Optional Redemption. The Series 2004A Bonds maturing on and after August 1, 2015, and, after the Fixed Rate Conversion Date, the Series 2004B Bonds will be subject to redemption prior to maturity, at the option of the Authority, upon written direction from the Board, on or after August 1, 2014, as a whole or in part at any time and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Auction Rate Bonds will be subject to redemption at the option of the Authority, upon the written direction of the Board as a whole or in part on the first day of any Auction Period if there are sufficient moneys to make such redemption on such date at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2004 B Bonds will be subject to redemption in part at the option of the Authority, upon written direction from the Board, on any Interest Payment Date from amounts transferred by the Trustee from the Project Fund to the Principal Account of the Debt Service Fund upon completion of construction of the Facilities in accordance with the Indenture, the Series 2004B Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

Mandatory Redemption. If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the provisions of the Facilities Lease, the Series 2004 Bonds will be redeemed as a whole. With respect to (i) any Auction Rate Bonds and any Variable Rate Bonds, the same will be redeemed on the first respective Interest Payment Date or Dates after such purchase and (ii) with respect to the Series 2004A Bonds, the Series 2004B Bonds bearing interest at a Fixed Rate, and the Series 2004C Bonds, the same will be redeemed on the later of (a) August 1, 2014, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2004 Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2004 Bonds will be redeemed as a whole or in part (in any Authorized Denomination) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Expropriation proceedings with respect to the Facilities will not be applied to restoration, repair, or reconstruction of the Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Series 2004 Bonds is not an Authorized Denomination, the principal amount of Series 2004 Bonds to be so redeemed will be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, Series 2004A Bonds.

Mandatory Sinking Fund Redemption. The Series 2004A Bonds maturing on August 1, 2021 will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years

set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
2020	\$2,515,000	2021*	\$2,645,000

*Final Maturity

The Series 2004A Bonds maturing on August 1, 2024, will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
2023	\$2,910,000	2024*	\$3,060,000

*Final Maturity

The Series 2004A Bonds maturing on August 1, 2027, will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
2026	\$3,375,000	2027*	\$3,545,000

*Final Maturity

The Series 2004A Bonds maturing on August 1, 2031, will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
2029	\$3,900,000	2031*	\$3,350,000
2030	4,095,000		

*Final Maturity

If on any occasion less than all of the Series 2004A Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under the subheadings “**Optional Redemption**” or “**Mandatory Redemption**,” then the principal amount of the Series 2004A Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

The Series 2004B Bonds will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
2031	\$ 950,000	2033	\$4,675,000
2032	4,500,000	2034*	4,875,000

*Final Maturity

If on any occasion less than all of the Series 2004B Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under either of the subheadings “**Optional Redemption**” or “**Mandatory Redemption**,” then the principal amount of the Series 2004B Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above table. The principal amounts required by the table above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional or mandatory redemption.

Partial Redemption of Series 2004 Bonds

Unless otherwise specified above, if fewer than all of the Series 2004 Bonds are redeemed, the maturity of the Series 2004 Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2004 Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2004 Bond is redeemed, a new Series 2004 Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

Notice of Redemption

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2004 Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2004 Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004 Bonds then outstanding shall be called for redemption, the numbers of such Series 2004 Bonds to be redeemed and, in the case of Series 2004 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2004 Bond, a new Series 2004 Bond in principal amount equal to the unredeemed portion will be issued.

Any notice of redemption may, at the direction of the Authority upon the written request of the Board, state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of sufficient and legally available funds to pay the redemption price of the Series 2004 Bonds to be redeemed and that if such funds are not so received or are not so legally available such notice shall be of no force or effect and such Series 2004 Bonds will not be required to be redeemed. In the event that such notice contains such a condition and sufficient funds to pay the redemption price of such Series 2004 Bonds shall not be received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will be required, within a reasonable time thereafter, to give notice, in the manner in which the notice of redemption shall have been given, that such funds were not so received.

On the redemption date, notice thereof having been given and money for payment of the redemption price being held in the Debt Service Fund in trust for the owners of the Series 2004 Bonds to be redeemed, the Series

2004 Bonds so called for redemption will become due and payable at the redemption price on such date, interest on the Series 2004 Bonds called for redemption will cease to accrue, such Series 2004 Bonds will cease to be entitled to any benefit or security under the Indenture, and the owners will have no rights in respect thereof except to receive payment of the redemption price, and, in the case of a partial redemption, to receive a new Series 2004 Bond for any unredeemed portion of any Series 2004 Bonds.

Series 2004 Bonds and portions thereof duly called for redemption, or with respect to which irrevocable instructions for redemption shall have been given to the Trustee, and for the payment of the redemption price for which moneys, or Defeasance Obligations, shall be held by the Trustee in a segregated account for the owners of the Series 2004 Bonds to be redeemed, will not thereafter be deemed to be outstanding under the provisions of the Indenture and shall cease to be entitled to any security or benefit under the Indenture, other than to receive payment from such moneys.

Additional Bonds

Additional Bonds may be issued in one or more series by the Authority at the request of the Corporation as advised by the Board under a supplemental indenture to pay all or part of the additional cost of the Facilities, including, but not limited to, the costs of Phase Three of the Facilities, so long as:

(a) No Event of Default under the Indenture has occurred and is then continuing and the Authority shall have approved the issuance of such additional bonds; and

(b) There shall have been filed with the Trustee an opinion of an attorney or firm of attorneys generally recognized as having expertise in matters relating to municipal bonds to the effect that the exclusion from "gross income" for federal income tax purposes of the interest on the Series 2004 Bonds then outstanding under the Indenture shall not be adversely affected.

The written consent of the Bond Insurer will not be required in connection with the issuance of such Additional Bonds, but the Bond Insurer will have the right to review and approve the documentation prepared in connection with the issuance of such Additional Bonds to ensure that such documentation is as contemplated by the Indenture and does not adversely affect the rights of the Bond Insurer under the Indenture in a manner not contemplated thereby.

Additional Bonds may be issued under the Indenture for any other purpose with the prior written consent of the Bond Insurer.

Additional Bonds, if issued on a parity with or subordinate to the Series 2004 Bonds, would be issued to pay all or a part of the additional costs of the Facilities. Such Additional Bonds will be dated, bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall mature at such times and have redemption provisions as may be provided in the supplemental indenture authorizing issuance of such Additional Bonds.

Interest at the Auction Rate

Interest on the Series 2004B Bonds bearing interest at an Auction Rate will accrue during each Interest Period and will be payable in arrears on each Interest Payment Date. The interest rate on the Series 2004B Bonds for the period from and including the date of initial delivery to and including the initial Auction Date (the "*Initial Period*") will be determined not later than the Business Day immediately preceding the date of delivery of the Series 2004B Bonds. The interest payable on the Series 2004B Bonds for the period from and including the date of initial delivery to and including the initial Interest Payment Date and for any period thereafter from and including an Interest Payment Date for such Series 2004B Bonds to, but excluding, the next succeeding Interest Payment Date for such Series 2004B Bonds will, subject to certain exceptions described below, be equal to the aggregate amount of interest calculated at the applicable Auction Rate for such Interest Accrual Period which the Auction Agent shall advise has resulted on the Auction Dates (as defined herein under "AUCTIONS - Auction Dates" below) from the implementation of the Auction Procedures set forth in the Indenture and as set forth in APPENDIX "C" hereto in which persons determine to hold or offer to sell or, based on interest rates bid by them, offer to purchase or sell such Series 2004B Bonds. Each periodic

implementation of the Auction Procedures is hereinafter referred to as an "Auction." The interest rate on the Series 2004B Bonds or any portion thereof may be converted from an Auction Rate to a Fixed Rate upon satisfaction of certain terms set forth in the Indenture described below under the subheading "Conversion to a Fixed Rate."

In the event an Auction Date occurs on a date other than the first day preceding such Interest Period, the Trustee, after confirming the calculation described above, will calculate the portion of the interest payable on such Interest Payment Date and the portion payable on the next succeeding Interest Payment Date. The Auction Agent will make the calculation described above not later than the close of business on each Auction Date and will communicate it to the Trustee not later than 12:00 noon on the next Business Day.

As more fully described in APPENDIX "C" hereto, the Auction Rate for any Auction Period may not exceed the Maximum Auction Rate which will be the lesser of: (i) the Applicable Percentage (which is equal to 175% so long as the Series 2004B Bonds are rated Aaa, Aa, or A; 200% if such Series 2004B Bonds are rated Baa; and 265% if such Series 2004B Bonds are rated below Baa) multiplied by the BMA Municipal Swap Index; (ii) 12% per annum; or (iii) the maximum rate permitted by applicable law.

If, on any scheduled Auction Date, an Auction for any Auction Period shall not be held for any reason (with the determination that an Auction was not held to be made by the Auction Agent and if the Auction Agent is not capable of or does not make such determination, then such determination shall be made by the Market Agent), then the following shall apply:

- (i) With respect to an Auction Period of greater than one hundred eighty (180) days, the Standard Auction Period will automatically convert to an Auction Period of seven (7) days;
- (ii) An Auction will be deemed to have occurred on the scheduled Auction Date;
- (iii) The Auction Rate for such deemed Auction to be in effect for the succeeding Auction Period will be equal to the Auction Rate for the preceding Auction Period; and
- (iv) The succeeding Auction Period will begin on the calendar day following the scheduled Auction Date.

Such procedures set forth above will be applicable for one Auction Period. In the event that the next Auction shall not be held for any reason (with the determination to be made by the Auction Agent that an Auction was not held and if the Auction Agent is not capable of or does not make such determination, then such determination shall be made by the Market Agent), then the Maximum Auction Rate will apply with respect to succeeding Auction Periods until an Auction can be held.

By purchasing Auction Rate Bonds, whether in an Auction or otherwise, each such purchaser or its Broker-Dealer, must agree and will be deemed by such purchase to have agreed (i) to participate in Auctions on the terms described herein, (ii) to have its beneficial ownership of the Auction Rate Bonds maintained at all times in book-entry form for the account of its Participant, which in turn will maintain records of such beneficial ownership and (iii) to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

So long as the beneficial ownership of Auction Rate Bonds is maintained in a book entry system, an Existing Owner of Auction Rate Bonds may sell, transfer, or otherwise dispose thereof only pursuant to a Bid or Sell Order placed in an Auction or otherwise sell, transfer, or dispose thereof through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

Notwithstanding the foregoing, if:

- (i) the beneficial ownership of the Auction Rate Bonds shall no longer be maintained in a book entry system, the Auction Rate on such Auction Rate Bonds for any Interest Accrual Period commencing

after the delivery of certificates representing Auction Rate Bonds pursuant to the Indenture will equal the Maximum Auction Rate;

(ii) a Payment Default shall have occurred, then the rate of interest for each subsequent Auction Period commencing after such occurrence and during the continuance thereof to and including the subsequent Auction Period, if any, during which, or commencing less than two (2) Business Days after, such Payment Default is waived in accordance with the terms of the Indenture, will equal the Nonpayment Rate on the Auction Date for each such subsequent Auction Period; or

(iii) a proposed Fixed Rate Conversion shall have failed, then the rate of interest for the Auction Rate Bonds will be the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

Conversion to a Fixed Rate or a Variable Rate

In accordance with the provisions of the Indenture, the Authority may elect to change the interest mode on the Series 2004B Bonds from an Auction Rate to a Fixed Rate or a Variable Rate, provided that upon such election, the Authority, the Rating Agencies, and Trustee shall have received (i) an opinion of Bond Counsel to the effect that the implementation of such Conversion will not affect the exclusion from gross income for federal income tax purposes of interest on the Series 2004B Bonds, as the case may be, as of the date of such opinion and (ii) written confirmation from the Rating Agencies of the ratings on the Series 2004 Bonds after the implementation of such Conversion. Any such Conversion will be made as follows: The Authority will give written notice by first-class mail of any such Conversion and will specify the proposed Conversion Date to the Bondholders, the Trustee, the Bond Insurer, the Broker-Dealer, the Auction Agent, the Remarketing Agent, and DTC not less than thirty-five (35) nor more than forty-five (45) days prior to the proposed Conversion Date. The Conversion Date may only be the last Interest Payment Date for an Auction Period.

Mandatory Tender Upon Conversion; Certain Notices

Mandatory Tender Upon Conversion. Any Series 2004B Bonds to be converted to bear interest at a Fixed Rate or a Variable Rate will be subject to mandatory tender for purchase on the Conversion Date at a price equal to the principal amount thereof plus accrued interest thereon to the Conversion Date.

Notice to Registered Owners. Any notice of a Conversion given to owners will, in addition to the requirements described above, be required to specify that all outstanding Series 2004B Bonds being so converted are subject to mandatory tender pursuant to the provisions thereof and of the Indenture and will be purchased on the Conversion Date by payment of a purchase price equal to the principal amount thereof plus accrued interest to the Conversion Date.

Certain Notices by Trustee, Remarketing Agent, and Tender Agent. The notices to be given in connection with a Conversion will be specified in the supplement to the Indenture.

Registration and Delivery of Tendered or Purchased Bonds. Upon receipt of notice from the Trustee, the Registrar will register and authenticate, and, as promptly thereafter as practicable, the Registrar will be required to deliver Series 2004B Bonds remarketed by the Remarketing Agent to the Remarketing Agent or to the purchasers thereof in accordance with the instructions of the Remarketing Agent.

Delivery of Series 2004B Bonds; Effect of Failure to Surrender Series 2004B Bonds. All Series 2004B Bonds to be purchased on any Conversion Date will be required to be delivered to the designated office of the Trustee, or its designated agent for such purposes, at or before 12:00 noon on such date. If the owner of any Series 2004B Bonds that are subject to purchase as described herein shall fail to deliver such Series 2004B Bonds to the Trustee, or its designated agent for such purposes, for purchase on the purchase date, and, if the Trustee, or its designated agent for such purposes, shall be in receipt of the purchase price therefor, such Series 2004B Bond shall nevertheless be deemed tendered and purchased on the Conversion Date and shall be Undelivered Bonds as described below under the

subheading “**Undelivered Bonds**,” and registration of the ownership of such Series 2004B Bond will be transferred to the purchaser thereof as described under the subheading “**Undelivered Bonds**” below.

No Tender Purchases on Redemption Date

Any Series 2004B Bonds (or portions thereof) called for redemption are not subject to tender or purchase.

Undelivered Bonds

Any Series 2004B Bonds that are not tendered by a Conversion Date will be deemed tendered to the Trustee as of the Conversion Date, subject, however, to remarketing or purchase by the entity selected by the Remarketing Agent for settlement on the Conversion Date and receipt by the Trustee of the price equal to one hundred percent (100%) of the principal amount thereof from the purchasers thereof or the Remarketing Agent. In the event that on a Conversion Date the Remarketing Agent shall have been unable to remarket all Series 2004B Bonds for settlement on the Conversion Date and shall have elected not to purchase for its own account such unremarketed Series 2004B Bonds, or on the Conversion Date the Trustee shall not have received the purchase price therefor, the proposed Conversion will be cancelled, and such Series 2004B Bonds will remain subject to the Auction Procedures and will bear interest at the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC, AND NEITHER THE AUTHORITY NOR THE CORPORATION TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Series 2004 Bonds initially will be delivered in the form of fully registered, book-entry only bonds. Upon initial delivery, the Series 2004 Bonds will be registered in the registry books kept by the Trustee, as bond registrar, in the name of Cede & Co., as nominee for The Depository Trust Company (“*DTC*”), New York, New York, which will act as the initial securities depository for the Series 2004 Bonds (the “*Bond Depository*”) under a book-entry only system. Purchasers of Series 2004 Bonds (the “*Beneficial Owners*”) will not receive certificates representing their interest in the Series 2004 Bonds. Purchases of beneficial interests in the Series 2004 Bonds will be made in book-entry only form in Authorized Denominations by credit to participating broker-dealers and other institutions on the books of DTC as described herein. Payments of principal of and interest on the Series 2004 Bonds will be made by the Trustee directly to DTC as the registered Owner thereof. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined), as more fully described herein. Any purchaser of beneficial interests in the Series 2004 Bonds must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2004 Bonds.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of 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 §17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the “*DTC Participants*”) deposit with DTC. DTC also facilitates the settlement among DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the “*Indirect Participants*”). The rules applicable to DTC and its Direct Participants are on file with the Securities Exchange Commission the “*SEC*”).

Purchases of Series 2004 Bonds under the DTC system must be made by or through DTC Participants which will receive a credit balance for the Series 2004 Bonds in the records of DTC. The ownership interest of each Beneficial Owner is in turn to be recorded in the DTC Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive a written confirmation of their purchase providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participants and Indirect Participants through which the Beneficial Owner entered the transaction. Transfers of ownership interest in the Series 2004 Bonds will be accomplished by entries made on the books of DTC Participants and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2004 Bonds, except in the event the use of the book-entry system for the Series 2004 Bonds is discontinued.

SO LONG AS CEDE & CO., AS THE NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2004 BONDS, THE AUTHORITY AND THE TRUSTEE WILL TREAT CEDE & CO. AS THE ONLY REGISTERED OWNER OF THE SERIES 2004 BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND INTEREST ON THE SERIES 2004 BONDS, RECEIPT OF NOTICES, AND VOTING.

To facilitate subsequent transfers, all Series 2004 Bonds deposited by DTC Participants and Indirect Participants are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2004 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2004 Bonds; DTC's records reflect only the identity of the DTC Participants in whose accounts such Series 2004 Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to Cede & Co. If less than all of the Series 2004 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each DTC Participant within a maturity of the Series 2004 Bonds being redeemed.

Beneficial Owners of the Series 2004 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2004 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. Beneficial Owners of Series 2004 Bonds may wish to ascertain that the nominee holding the Series 2004 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or 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.

Neither DTC nor Cede & Co., will consent or vote with respect to the Series 2004 Bonds. 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 DTC Participants to whose accounts the Series 2004 Bonds are credited on the record date (identified in the listing attached to the omnibus proxy).

Principal and interest payments on the Series 2004 Bonds will be made to DTC. DTC's practice is to credit DTC Participants' accounts on the payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now 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 DTC Participant or Indirect Participant and not of DTC, the Trustee, as paying agent, or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of the principal and interest to DTC is the responsibility of the Trustee, as paying agent, disbursement of such payments to DTC Participants will be the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners will be the responsibility of the DTC Participants and the Indirect Participants.

The Trustee will pay principal of and interest on the Series 2004 Bonds to or upon the order of the respective Owners, as shown on the Bond Register, or upon their respective attorneys duly authorized in writing, as provided in the Indenture, and all such payments will be valid and effective to fully satisfy the Authority's obligations with respect to the payment of principal and interest on the Series 2004 Bonds to the extent of the sum or sums so paid. Upon delivery by the nominee of DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of the existing nominee, and subject to the provisions of the Indenture with respect to record dates, the word "Cede & Co." in the Indenture will refer to such new nominee of DTC.

In the event the Authority or the Trustee receives written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, and the Authority or the Trustee is unable to find a substitute depository, in the opinion of the Authority and the Trustee, willing and able to undertake the functions of the Bond Depository upon reasonable and customary terms, then the Series 2004 Bonds will no longer be restricted to being registered in the Bond Register in the name of the nominee of DTC or DTC, but may be registered in whatever name or names the Beneficial Owners (as certified by DTC) transferring or exchanging the Series 2004 Bonds will designate, in accordance with the provisions of the Indenture.

In the event the Authority shall determine that it is in the best interests of the Beneficial Owners of the Series 2004 Bonds that they be able to obtain bond certificates, the Authority may notify DTC and the Trustee, whereupon DTC will notify the DTC Participants and Indirect Participants of the availability through the nominee or DTC of bond certificates. In such event, the Trustee will issue, transfer, and exchange Series 2004 Bond certificates as requested by DTC and any other Bondholders in appropriate amounts, and whenever the Bond Depository requests the Authority and the Trustee to do so, the Authority and the Trustee will cooperate with DTC by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2004 Bonds to any nominee or DTC Participant having Series 2004 Bonds credited to its account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2004 Bonds.

Notwithstanding any other provision described herein or contained in the Indenture to the contrary, so long as any Series 2004 Bond is registered in the name of the nominee of DTC, all payments with respect to the principal of and interest on such Series 2004 Bond will be made and given, respectively, to the nominee or DTC in the manner provided in the Blanket Letter of Representation entered into between DTC and the Authority.

In connection with any notice or communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority, or the Trustee, as the case may be, will establish a record date for such consent or other action and give the nominee or DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

NEITHER THE AUTHORITY, THE CORPORATION, THE BOARD, THE UNIVERSITY, NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATIONS TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2004 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2004 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED BONDHOLDER.

Series 2004 Bonds Are Limited Obligations

THE SERIES 2004 BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY, EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE

SERIES 2004 BONDS AND TEMPORARY INVESTMENTS THEREOF, FROM PAYMENTS DERIVED BY THE AUTHORITY UNDER THE LOAN AGREEMENT, FROM THE ASSETS AND INTERESTS PLEDGED UNDER THE MORTGAGE, AND FROM THE BOND INSURANCE POLICIES. THE SERIES 2004 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2004 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO POWER TO TAX.

Payment Procedure Pursuant to the Series 2004 Bond Insurance Policies

In the event that, on the second (2nd) Business Day, and again on the Business Day, prior to any day on which the principal of or interest on the Series 2004 Bonds shall be payable (each such date, a "*Bond Payment Date*"), the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2004 Bonds due on the second (2nd) following or following, as the case may be, business day, the Trustee will be required to notify the Bond Insurer or its designee immediately on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency. If such deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Trustee will be required to so notify the Bond Insurer or its designee.

In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal of or interest on a Series 2004 Bond to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder, within the meaning of any applicable bankruptcy laws, then the Trustee will be required to notify the Bond Insurer or its designee of such fact immediately by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

The Trustee has been irrevocably designated, appointed, directed, and authorized to act as attorney-in-fact for the Owners of the Series 2004 Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2004 Bonds, the Trustee will be required to (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Series 2004 Bond Insurance Policies (the "*Insurance Paying Agent/Trustee*"), in form satisfactory to the Insurance Paying Agent/Trustee, (1) an instrument appointing the Bond Insurer as agent for the Owners of the Series 2004 Bonds in any legal proceeding related to the payment of such interest and (2) an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and that are paid by the Bond Insurer, (B) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Series 2004 Bond Insurance Policies payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (C) disburse the same to such Owners; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Series 2004 Bonds, the Trustee will be required to (A) execute and deliver to the Insurance Paying Agent/Trustee, in form satisfactory to the Insurance Paying Agent/Trustee, (1) an instrument appointing the Bond Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and (2) an assignment to the Bond Insurer of any of the Series 2004 Bonds surrendered to the Insurance Paying Agent/Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent/Trustee is received), (B) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Series 2004 Bond Insurance Policies payment therefor from the Insurance Paying Agent/Trustee, and (C) disburse the same to such Owners.

Payments with respect to claims for interest on and principal of Series 2004 Bonds disbursed by the Trustee from proceeds of the Series 2004 Bond Insurance Policies will not be considered to discharge the obligation of the Authority with respect to the Series 2004 Bonds, and the Bond Insurer will become the owner of such unpaid Series 2004 Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions described above or otherwise.

AUCTIONS

The provisions described herein regarding Auction Procedures may be amended from time to time to conform such procedures to industry practices or change in law solely upon notice to the owners of any affected Series 2004B Bonds.

General

Auction Dates. Except as otherwise described herein, an Auction to determine the Auction Rate for each subsequent Auction Period is to be held on the Business Day immediately preceding the first day of such subsequent Auction Period (each an "***Auction Date***"). The first Auction will be held on the Thursday immediately succeeding the Closing Date, and every Thursday thereafter; provided, that if such Thursday is not a Business Day, the Auction will be held on the first Business Day preceding such Thursday. Each subsequent Auction Period is to begin on the Business Day following the Auction Date to which such Auction Period relates. See "***Change of Auction Date***" and "***Change of Auction Period***" below for information concerning the circumstances under which the Auction Date or the first day of a subsequent Auction Period may be moved to a different date.

Change of Auction Date. The Market Agent, with the prior written consent of the Authority, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction Periods to a different day so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur.

Change of Auction Period. The Authority may change the length of the Auction Period on any Auction Date by means of a written notice delivered not less than ten (10), nor more than fifteen (15), days prior to the Auction Date for such Auction Period to the Trustee, the Market Agent, the Auction Agent, and the Securities Depository. If such Auction Period shall be less than twenty-one (21) days, such notice will be effective only if it shall be accompanied by a written statement of the Trustee, the Market Agent, the Auction Agent, and the Securities Depository to the effect that they are capable of performing their duties under the General Resolution, the Series Resolution, the Market Agent Agreement, and the Auction Agency Agreement, as applicable, with respect to such Auction Period and by the written consent of the Bond Insurer. The length of an Auction Period may not be changed unless Sufficient Clearing Bids existed at the Auction immediately preceding such changed Auction Period.

Auction Procedures

The following summary of the Auction Procedures to be used with respect to Auctions is qualified by reference to the Auction Procedures appended hereto as **APPENDIX "C."**

Orders by Existing Holders and Potential Holders. See "**AUCTION PROCEDURES - Orders by Existing and Potential Holders**" in **APPENDIX "C"** for a description of the procedure for the submission of orders prior to the Submission Deadline.

If an Existing Holder shall fail to submit an Order prior to the Submission Deadline, such Existing Holder will be deemed to have submitted a Hold Order. The communication to a Broker-Dealer of the foregoing information is herein referred to as an "***Order***" and, collectively, as "***Orders***." An Existing Holder or a Potential Holder placing an order is herein referred to as a "***Bidder***" and, collectively, as "***Bidders***."

An Order may be submitted only in the principal amount of Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof.

An Existing Holder may submit different types of Orders in an Auction with respect to Series 2004B Bonds then held by such Existing Holder. An Existing Holder who offers to purchase additional Series 2004B Bonds is, for purposes of such offer, treated as a Potential Holder. For information concerning the priority given to different types of Orders placed by Existing Holders, see "**Submission of Orders by Broker-Dealers to Auction Agent**" below.

The Maximum Auction Rate is the maximum rate per annum that can result from an Auction. Any Bid specifying a rate higher than the Maximum Auction Rate is to (i) be treated as a Sell Order if submitted by an Existing Holder, and (ii) not be accepted if submitted by a Potential Holder. See “Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate” and “Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds” below.

The principal amount of Series 2004B Bonds purchased or sold may be subject to certain proration procedures. See “Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds” below. Each purchase or sale of Series 2004B Bonds is to be made for settlement on the first Business Day following the Auction Date at a price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date of settlement. See “Notification of Results; Settlement” below. The Auction Agent is entitled to rely upon the terms of any Order submitted to it by a Broker-Dealer.

Neither the Authority, the Trustee, nor the Auction Agent will be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent. If an Order or Orders covering the entire outstanding principal amount of Series 2004B Bonds held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline either because a Broker-Dealer failed to contact such Existing Holder, the Existing Holder elected not to submit an Order, or otherwise, the Auction Agent will deem a Hold Order to have been submitted on behalf of such Existing Holder covering the outstanding principal amount of Series 2004B Bonds held by such Existing Holder and not subject to Orders submitted to the Auction Agent.

Submission of Orders by Broker-Dealers to Auction Agent. Investors must submit orders to the Broker-Dealers by 1:00 p.m. (New York City time) on the Auction Date. Prior to 1:00 p.m. (New York City time), on each Auction Date, or such other time on the Auction Date specified by the Auction Agent (the “Submission Deadline”), each Broker-Dealer will submit to the Auction Agent in writing all Orders obtained by it for the Auction to be conducted on such Auction Date. See “AUCTION PROCEDURES - Submission of Orders by Broker-Dealers to Auction Agent” in APPENDIX “C” hereto.

If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted will be a separate Bid with the rate and principal amount of Series 2004B Bonds therein specified.

Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Series 2004B Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof will be rejected and will be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Series 2004B Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof will be immediately rejected.

Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate. Not earlier than the Submission Deadline, the Auction Agent will be required to assemble all valid Orders submitted to it or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer hereinafter referred to individually as a “Submitted Hold Order,” a “Submitted Bid,” or a “Submitted Sell Order,” as the case may be, or as a “Submitted Order” and collectively as “Submitted Hold Orders,” “Submitted Bids,” or “Submitted Sell Orders,” as the case may be, or as “Submitted Orders”) and is to determine the excess of the outstanding principal amount of Series 2004B Bonds over the sum of the outstanding principal amount of Series 2004B Bonds subject to Submitted Hold Orders (such excess being herein referred to as the “Available Auction Rate Bonds”) and whether Sufficient Clearing Bids have been made in the Auction. Sufficient Clearing Bids shall have been made if the principal amount of Series 2004B Bonds, which is the subject of Submitted Bids by Potential Holders specifying rates equal to or lower than the Maximum Auction Rate, equals or exceeds the principal amount of Series 2004B Bonds which is the subject of Submitted Sell Orders (including the principal amount of Series 2004B Bonds subject to Submitted Bids by Existing Holders specifying rates higher than the Maximum Auction Rate).

If Sufficient Clearing Bids have been made, the Auction Agent is to determine the lowest rate specified in the Submitted Bids (the “Winning Bid Rate”) which, taking into account the rates in all Submitted Bids of Existing Holders, would result in Existing Holders continuing to hold an aggregate principal amount of Series 2004B Bonds which, when added to the principal amount of Series 2004B Bonds to be purchased by Potential Holders based on the

rates in their Submitted Bids, would equal not less than the Available Auction Rate Bonds. In such event, the Winning Bid Rate is to be the Auction Rate for the next Auction Period.

If Sufficient Clearing Bids have not been made (other than because all Series 2004B Bonds are subject to Submitted Hold Orders), the Auction Rate for the next Auction Period is to be the Maximum Auction Rate. If Sufficient Clearing Bids have not been made, Existing Holders who have submitted Sell Orders may not be able to sell in the Auction all Series 2004B Bonds subject to such Submitted Sell Orders. See "Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds" below.

If all of the Series 2004B Bonds are subject to Submitted Hold Orders, the Auction Rate for the next Auction Period is to be equal to the All-Hold Rate.

As used herein, All-Hold Rate, on any date of determination, means eighty-five percent (85%) of the lesser of (a) the After-Tax Equivalent Rate, or (b) the BMA Municipal Swap Index; provided, however, that in no event will such All-Hold Rate exceed the lower of (i) twelve percent (12%) per annum or (ii) the maximum rate permitted on the Series 2004B Bonds by applicable laws of the State of Louisiana; and provided, further, the All-Hold Rate may not exceed the Maximum Auction Rate.

Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Series 2004B Bonds. Based on the determinations made under "Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate" above and, subject to the discretion of the Auction Agent to round off fractional amounts as described below, Submitted Bids and Submitted Sell Orders will be accepted or rejected in the order of priority set forth in the Auction Procedures with the result that Existing Holders and Potential Holders of Series 2004B Bonds will sell, continue to hold, and/or purchase Series 2004B Bonds as set forth below. Existing Holders who submitted or were deemed to have submitted Hold Orders will continue to hold Series 2004B Bonds subject to such Hold Orders.

Sufficient Clearing Bids. If Sufficient Clearing Bids shall have been made:

(a) each Existing Holder who shall have placed a Submitted Sell Order or Submitted Bid specifying a rate higher than the Winning Bid Rate will sell the principal amount of Series 2004B Bonds subject to such Submitted Sell Order or Submitted Bid;

(b) each Existing Holder who shall have placed a Submitted Bid specifying a rate lower than the Winning Bid Rate will continue to hold the principal amount of Series 2004B Bonds subject to such Submitted Bid;

(c) each Potential Holder who shall have placed a Submitted Bid specifying a rate lower than the Winning Bid Rate will purchase the principal amount of Series 2004B Bonds subject to such Submitted Bid;

(d) each Existing Holder who shall have placed a Submitted Bid specifying a rate equal to the Winning Bid Rate will continue to hold the principal amount of Series 2004B Bonds subject to such Submitted Bid unless the aggregate principal amount of Series 2004B Bonds subject to all such Submitted Bids shall be greater than the aggregate principal amount of Available Auction Rate Bonds less the Series 2004B Bonds accounted for in clauses (b) and (c) above, in which event each Existing Holder with such a Submitted Bid will continue to hold a principal amount of Outstanding Series 2004B Bonds subject to such Submitted Bid determined on a *pro rata* basis based on the aggregate principal amount of Outstanding Series 2004B Bonds subject to all such Submitted Bids by Existing Holders; and

(e) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate will be accepted but only in an amount equal to the principal amount of Series 2004B Bonds obtained by multiplying the excess of the aggregate principal amount of Available Auction Rate Bonds over the aggregate principal amount of Series 2004B Bonds subject to Submitted Bids described in clauses (b), (c), and (d) above by a fraction, the numerator of which will be the aggregate principal amount of Outstanding Series 2004B Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which will be the sum of the principal amounts of Outstanding Series 2004B Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

Insufficient Clearing Bids. If Sufficient Clearing Bids shall not have been made (unless all of the Outstanding Series 2004B Bonds are subject to Submitted Hold Orders):

(a) each Existing Holder who shall have placed a Submitted Bid specifying a rate equal to or lower than the Maximum Auction Rate will continue to hold the principal amount of Series 2004B Bonds subject to such Submitted Bid;

(b) each Potential Holder who shall have placed a Submitted Bid specifying a rate equal to or lower than the Maximum Auction Rate will purchase the principal amount of Series 2004B Bonds subject to such Submitted Bid; and

(c) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder will be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Series 2004B Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Series 2004B Bonds obtained by multiplying the aggregate principal amount of Series 2004B Bonds subject to Submitted Bids described in clause (b) above by a fraction, the numerator of which will be the aggregate principal amount of Outstanding Series 2004B Bonds held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which will be the aggregate principal amount of Outstanding Series 2004B Bonds subject to all such Submitted Bids and Submitted Sell Orders.

Neither the Authority nor the Trustee will be required to provide moneys to pay the purchase price of Series 2004B Bonds if Sufficient Clearing Bids have not been made. If all Outstanding Series 2004B Bonds are subject to Submitted Hold Orders, all Submitted Bids will be rejected.

If, as a result of the Auction Procedures, (i) any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of Series 2004B Bonds which is not equal to Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof, the Auction Agent will, in such manner as it, in its sole discretion, shall determine, round up or down the principal amount of Series 2004B Bonds being sold or purchased on such Auction Date so that the principal amount of Series 2004B Bonds sold or purchased by each Existing Holder or Potential Holder will be equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof or (ii) any Potential Holder would be entitled or required to purchase less than Twenty-Five Thousand Dollars (\$25,000) principal amount of Series 2004B Bonds, the Auction Agent will, in such manner as it, in its sole discretion, shall determine, allocate principal amounts of Series 2004B Bonds for purchase among Potential Holders so that only principal amounts of Series 2004B Bonds equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof are purchased by any such Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing Series 2004B Bonds.

Notification of Results; Settlement. The following summary of the Settlement Procedures to be used with respect to Auctions is qualified by reference to the Settlement Procedures attached hereto as **APPENDIX "D."**

The Auction Agent is required to advise each Broker-Dealer who submitted an order of the Auction Rate for the next Auction Period and, if such Order was a Bid or Sell Order, whether such Bid or Sell Order was accepted or rejected, in whole or in part, on each Auction Date. Each Broker-Dealer who submitted an Order on behalf of a Bidder is required then to advise such Bidder of the Auction Rate for the next Auction Period and, if such Order was a Bid or a Sell Order, whether such Bid or Sell Order was accepted or rejected, in whole or in part, to confirm purchases and sales with each Bidder purchasing or selling Series 2004B Bonds as a result of the Auction to give instructions to its agent member of the Securities Depository to pay the purchase price against delivery of such Series 2004B Bonds or to deliver such Series 2004B Bonds against payment therefor, as appropriate.

In accordance with what are understood to be the Securities Depository's procedures, on the Business Day after the Auction Date, the transactions described above are to be executed through the Securities Depository and the accounts of the respective agent members at the Securities Depository will be debited and credited and Series 2004B Bonds delivered as necessary to effect the purchases and sales as determined in the Auction. Purchasers are required to make payment through their agent member in same-day funds to the Securities Depository against delivery through

their agent members. The Securities Depository is to make payment in accordance with its normal procedures, which now provide for payment against delivery by its agent members in same-day funds.

If any Existing Holder selling Series 2004B Bonds in an Auction fails to deliver such Series 2004B Bonds, the Broker-Dealer, or any person who was to have purchased Series 2004B Bonds in such Auction, may deliver to such person a principal amount of Series 2004B Bonds which is less than the principal amount of Series 2004B Bonds that otherwise was to be purchased by such person but in any event equal to \$25,000 or an integral multiple thereof. In such event, the principal amount of Series 2004B Bonds to be delivered will be determined by such Broker-Dealer. Delivery of such lesser principal amount of Series 2004B Bonds will constitute good delivery.

Concerning the Auction Agent. The Trustee is to enter into an agreement (the "**Auction Agency Agreement**") with The Bank of New York, New York, New York (together with any successor bank or trust company or other entity entering into a similar agreement with the Trustee, the "**Auction Agent**") which provides, among other things, that the Auction Agent is to follow the Auction Procedures for the purposes of determining the Auction Rate so long as the Auction Rate is to be based on the results of an Auction.

The Auction Agent is acting as agent for the Trustee in connection with Auctions. The Auction Agent has not assumed any fiduciary relationship, agency or trust with the holders of the Series 2004B Bonds or with any other person. In the absence of bad faith or negligence on its part, the Auction Agent will not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and will not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

The Auction Agent may terminate the Auction Agency Agreement upon notice to the Trustee and the Market Agent on a date no earlier than ninety (90) days after such notice. If the Auction Agent should resign or be removed, the Trustee is obligated to use its best efforts to appoint a successor Auction Agent and to enter into an agreement with a successor Auction Agent containing substantially the same terms and conditions as the Auction Agency Agreement. The Trustee will, acting at the direction of (i) the holders of sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of the Series 2004B Bonds, or (ii) the Authority, upon ninety (90) days' notice to the Auction Agent, remove the Auction Agent, provided that such resignation or removal will not become effective until a successor Auction Agent has been appointed and qualified.

Broker-Dealers. The Auction Agent is to enter into an agreement with Morgan Keegan & Company, Inc. and may enter into similar agreements (collectively, the "**Broker-Dealer Agreements**") with one or more additional broker-dealers (collectively, the "**Broker-Dealers**") selected by the Trustee at the request of the Authority which provide for the participation of Broker-Dealers in Auctions.

If a Broker-Dealer submits an Order for its own account in any Auction, it may have an advantage over other Bidders due to its knowledge of Orders placed through it in that Auction; such Broker-Dealer, however, would not have knowledge of Orders submitted by other Broker-Dealers in the Auction.

Market Agent Agreement. The Trustee is to enter into a market agent agreement (the "**Market Agent Agreement**") with Morgan Keegan & Company, Inc. (together with any successor as market agent under the Series Resolution, the "**Market Agent**") which sets forth the Market Agent's duties and responsibilities. The Market Agent, upon notice, may make changes in the Applicable Percentages used to determine the Maximum Auction Rate in the event of a Change of Tax Preference Law (as defined herein under "**AUCTION PROCEDURES - Changes in Percentages Used in Determining Maximum Auction Rate**" in APPENDIX "C" hereto) and the determination of the Index used to determine the Maximum Auction Rate and the All-Hold Rate. Upon appropriate notice, the Market Agent may alter the denomination size of the Series 2004B Bonds, may change the Auction Date and may shorten or extend the Auction Period, as discussed above under the subheadings "Change of Auction Date" and "Change of Auction Period."

SEC INQUIRY

Morgan Keegan & Company, Inc. has advised the Authority, the Corporation, and the Board that it and certain other participants in the auction rate securities markets, including both taxable and tax-exempt markets, have received letters from the SEC requesting that each of them voluntarily conduct a review regarding their respective practices and procedures in those markets. Morgan Keegan & Company, Inc. is cooperating fully with the SEC in this process. No assurance can be given as to whether the results of this process will affect the market for the Series 2004B Bonds or the auctions therefor.

SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS

Trust Estate and Mortgaged Property

The Series 2004 Bonds are special limited obligations of the Authority payable from the Trust Estate held for the benefit of the Bondholders pursuant to the Indenture and from property pledged under the Mortgage. The Series 2004 Bonds are not payable from any other revenues, funds, or assets of the Authority. The Trust Estate will include: (i) all right, title, and interest of the Authority in, to and under the Loan Agreement and (ii) moneys held in funds and accounts (other than the Rebate Fund) established pursuant to the Indenture. The property pledged under the Mortgage will include all right, title, and interest of the Corporation in, to and under the Facilities Lease, including all rental payments received pursuant to the Facilities Lease. The obligation of the Board to make rental payments under the Facilities Lease is subject to, and dependent upon, the University's budgeting and appropriating funds necessary to make payments required under the Facilities Lease. Any discussion in this Official Statement concerning the Trust Estate or any other source of payment for the Series 2004 Bonds should be construed with respect to any particular Series 2004 Bond to be limited to the extent described in this paragraph. The Trustee has no authority to extend the time for any Payment of principal, premium, or interest without the prior written consent of or authorization of the owners of the Series 2004 Bonds so affected.

Limitation of Authority's Obligations

THE SERIES 2004 BONDS ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE AUTHORITY, AND DO NOT CONSTITUTE OR CREATE AN OBLIGATION, GENERAL OR SPECIAL, DEBT, LIABILITY OR MORAL OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER AND NEITHER THE FAITH OR CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2004 BONDS. THE SERIES 2004 BONDS ARE NOT A GENERAL OBLIGATION OF THE AUTHORITY (WHICH HAS NO TAXING POWER AND RECEIVES NO FUNDS FROM ANY GOVERNMENTAL BODY) BUT ARE A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE, INCLUDING, WITHOUT LIMITATION, THE INCOME, REVENUES AND RECEIPTS DERIVED OR TO BE DERIVED FROM PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT AND FROM ANY MONEYS RECEIVED BY THE TRUSTEE UNDER THE MORTGAGE.

Funds and Accounts

The Indenture will create the following funds and accounts which will be held by the Trustee: (i) Bond Proceeds Fund and a Costs of Issuance Account therein; (ii) Debt Service Fund, and the following accounts therein: (1) Interest Account and (2) Principal Account; (iii) Project Fund; (iv) Debt Service Reserve Fund; (v) Replacement Fund; (vi) Rebate Fund; (vii) Receipts Fund; and (viii) Capitalized Interest Fund.

Bond Proceeds Fund. The Bond Proceeds Fund will be used to receive the proceeds of the Series 2004 Bonds. On the Closing Date, the Trustee will disburse amounts held in the Bond Proceeds Fund as follows:

(a) to the Interest Account in the Debt Service Fund that portion of the proceeds of the Series 2004 Bonds representing accrued interest on the Series 2004 Bonds in an amount specified in the request and authorization delivered pursuant to the Indenture;

(b) to the Debt Service Reserve Fund an amount of proceeds equal to the Debt Service Reserve Fund Requirement;

(c) to the Replacement Fund an amount of proceeds equal to the Replacement Fund Requirement;

(d) to the Capitalized Interest Fund an amount of proceeds equal to the capitalized interest amount;

(e) to retain such sum in the Costs of Issuance Account to pay the Costs of Issuance as shall be specified in the request and authorization delivered pursuant to the Indenture; and

(f) to the Project Fund the balance of the proceeds of the Series 2004 Bonds.

Amounts deposited on the Closing Date into Costs of Issuance Account of the Bond Proceeds Fund will be disbursed, pursuant to the written instructions of the Authority, to pay Costs of Issuance. Any amounts remaining in the Costs of Issuance Account one hundred eighty (180) days after delivery of the Series 2004 Bonds (and not specifically committed to pay additional Costs of Issuance) will be transferred to the Project Fund.

Debt Service Fund. The Trustee will deposit into the applicable account of the Debt Service Fund the amounts required by the Indenture.

Moneys on deposit in the Interest Account of the Debt Service Fund will be used solely to pay the interest on the Series 2004 Bonds as it becomes due and payable, whether on an Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2004 Bonds.

Moneys on deposit in the Principal Account of the Debt Service Fund will be used solely to pay the principal of the Series 2004 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption, or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2004 Bonds; and, if funds are available for such purpose and at the written direction of the Authority, to effect the redemption of the Series 2004 Bonds prior to their maturity in accordance with the redemption provisions thereof or, with Bond Insurer consent, the purchase of Series 2004 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest.

Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds, the Trustee will transfer money from the Surplus Fund, the Replacement Fund, and the Debt Service Reserve Fund, in that order and will give immediate notice to the Bond Insurer.

Project Fund. The Project Fund will be maintained by the Trustee in trust and be used to receive the immediate transfer from the balance of the proceeds of the Series 2004 Bonds as provided in the Indenture. Moneys in the Project Fund will be applied to the payment of the Costs of the Facilities pursuant to the procedure established in the Indenture and, pending such application, will be subject to a lien and charge in favor of the Bondholders for the further security of such Bondholders until paid out or transferred as provided in the Indenture.

Debt Service Reserve Fund. Moneys on deposit in the Debt Service Reserve Fund will be maintained in an amount equal to the Debt Service Reserve Fund Requirement. Moneys in the Debt Service Reserve Fund will be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, together with money available therefor in the Surplus Fund and the Replacement Fund, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in

satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all outstanding Series 2004 Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund will be transferred to the Debt Service Fund and shall be available to pay all outstanding Series 2004 Bonds in accordance with their terms. **Notwithstanding the foregoing, amounts in the Debt Service Reserve Fund will not be available to pay the principal of, or the interest on, the Series 2004C Bonds.**

Replacement Fund. The Replacement Fund will be maintained with the Trustee and used to fund the cost of replacing any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, fixtures, or equipment of Lessee placed upon or used in connection with the Facilities. Moneys in the Replacement Fund will also be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, together with money available therefor in the Surplus Fund, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds.

Rebate Fund. Moneys deposited and held in the Rebate Fund will be used to make all rebate payments owed to the United States under the Code, and will not be subject to the pledge of the Indenture. The Corporation will be required to make the calculation(s) required by the Code and the Tax Regulatory Agreement and to direct the Trustee to make deposits to and make disbursements from the Rebate Fund that the Corporation determines are in accordance therewith. The Tax Regulatory Agreement and any provisions of this Indenture governing deposits to the Rebate Fund may be superseded or amended by the Corporation (except the requirement of annual calculations and deposits to the Rebate Fund, if required) if accompanied by an opinion of Bond Counsel addressed to the Corporation and the Trustee to the effect that the use of the new Tax Regulatory Agreement will not cause the interest on the Series 2004A Bonds or the Series 2004B Bonds to become includable in gross income of the recipient thereof for federal tax purposes.

Receipts Fund. There will be deposited into the Receipts Fund all funds received by or on behalf of the Board under the Facilities Lease, including: (i) daily, all rents, charges and other amounts, held in the deposit account maintained by the Management Company pursuant to the Management Agreement; and (ii) all Lawfully Available Funds from the Board used to make Base Rental Payments pursuant to the Facilities Lease. Moneys on deposit in the Receipts Fund will be applied by the Trustee on the dates indicated below in the following priority:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25th) day of each month, commencing on August 25, 2004, into the Operating Fund an amount necessary to make the amount in the Operating Fund equal to the Operating Expenses for the next month as shown on the Operating Budget for such month, as certified by the Management Company;

(c) With respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at the Fixed Rate, and the Series 2004C Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2004, into the Interest Account of the Debt Service Fund an amount equal to one-sixth (1/6th) of the interest due and payable on the such Series 2004 Bonds on the next February 1 or August 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date;

(d) With respect to the Auction Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing August 18, 2004, into the Interest Account of the Debt Service Fund an amount equal to the interest due and payable on the Auction Rate Bonds on such Interest Payment Date or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Auction Rate Bonds on such Interest Payment Date;

(e) With respect to the Variable Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing on the Interest Payment Date immediately succeeding the applicable Variable Rate Conversion Date, into the Interest Account of the Debt Service Fund an amount equal to the interest due and payable on the Variable

Rate Bonds on such Interest Payment Date or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Variable Rate Bonds on such Interest Payment Date;

(f) With respect to the Series 2004 Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2005, into the Principal Account of the Debt Service Fund an amount equal to one-twelfth (1/12th) of the principal payable on the Series 2004 Bonds on the next Principal Payment Date;

(g) On the twenty-fifth (25th) day of the month, any amounts due to the Bond Insurer under the Reimbursement Agreement;

(h) On the twenty-fifth (25th) day of each month following any drawing on the Debt Service Reserve Fund to pay debt service on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds, an amount equal to the lesser of (i) one twelfth (1/12th) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund;

(i) Annually, commencing on August 1, 2007, an amount equal to One Hundred Thousand Dollars (\$100,000) into the Replacement Fund, with such amount increased each year, commencing on August 1, 2008, at a rate of three percent (3%) annually or such lesser amount as shall be permitted by the Louisiana State Board of Regents and approved by the Bond Insurer and, in the event that any funds shall have been withdrawn from the Replacement Fund to pay debt service on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds, an amount equal to one twelfth (1/12th) of the amount so withdrawn;

(j) On the twenty-fifth (25th) day of each month, beginning August 25, 2004, an amount equal to the monthly Management Fee for the current Fiscal Year plus any Management Fee for any prior month that remains unpaid; and

(k) Annually on August 1, commencing on August 1, 2005, any amounts remaining in the Receipts Fund shall be transferred to the Surplus Fund.

If the interest rate on Auction Bonds or Variable Rate Bonds is subject to adjustment pursuant to the Indenture after the date of such required payment deposit and prior to such Interest Payment Date, interest accruing on such Bonds from such adjustment date will be assumed to accrue at the rate in effect on such Bonds as of the date of such required deposit plus 100 basis points or at such other rate as the Bond Insurer may from time to time direct in writing to the Trustee, the Corporation, and the Issuer

Capitalized Interest Fund. The Capitalized Interest Fund will be maintained with the Trustee. The Capitalized Interest Fund will be funded on the date of delivery of the Series 2004 Bonds from the proceeds thereof in the amount of capitalized interest required by the Indenture. On each date on which the Trustee is required to transfer moneys in the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to the provisions of the Indenture described in subsections (c), (d), or (e) of "Receipts Fund" above, prior to making any such transfer the Trustee will transfer amounts on deposit in the Capitalized Interest Fund to the Interest Account of the Debt Service Fund in the amounts required by such subsections or such lesser amount as shall then remain in the Capitalized Interest Fund. The Trustee will reduce the amount required to be transferred from the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to the provisions of the Indenture described in such subsections (c), (d), or (e) by any amounts transferred to the Interest Account of the Debt Service Fund pursuant to the provisions of the Indenture described in this paragraph. Earnings on amounts in the Capitalized Interest Fund will be retained therein.

Surplus Fund. The Surplus Fund will be maintained with the Trustee. Upon satisfaction of certain performance covenants contained in the Indenture, funds on deposit in the Surplus Fund at the end of any Fiscal Year will be transferred to the University. Until such transfer, moneys in the Surplus Fund will be available to be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the

extent that money on deposit in such Accounts is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004 Bonds.

Refunding Fund. The Refunding Fund will be maintained with the Trustee and used to receive a portion of the proceeds of the Series 2004 Bonds. It is expected that the Trustee will disburse substantially all of the moneys therein such to pay all of the outstanding principal and accrued interest on the Prior Debt within sixty (60) days of the date of issuance and delivery of the Series 2004 Bonds. Any balance of moneys deposited to the Refunding Fund after payment of the Prior Debt will be transferred to the Project Fund.

BONDHOLDERS' RISKS

Introduction

AN INVESTMENT IN THE SERIES 2004 BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED IN THIS OFFICIAL STATEMENT. No person should purchase any of the Series 2004 Bonds without carefully reviewing the following information, which summarizes some, but not all, of the factors that should be carefully considered prior to such a purchase. Furthermore, the tax-exempt feature of the Series 2004 Bonds is relatively more valuable to high tax bracket investors than to investors who are in the lower tax brackets, and so the value of the interest compensation to any particular investor will vary with his or her marginal tax rate. Each prospective investor should, therefore, determine his or her present and anticipated marginal tax rate before investing in the Series 2004 Bonds. Each prospective investor should also carefully examine this Official Statement and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2004 Bonds are an appropriate investment.

Identified and summarized below are a number of "Bondholders' Risks" that could adversely affect the operation of the Facilities and/or the Series 2004 Bonds and that should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

Revenues from Operation of the Facilities

If the Board is unable to generate sufficient revenues from the operation of the Facilities to make Rental Payments under the Facilities Lease, an Event of Default may occur under the Indenture. Upon an Event of Default, the Series 2004 Bonds may not be paid or may be paid before maturity or applicable redemption dates and a forfeiture of redemption premiums may result. The Board's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including (i) a decline in the enrollment of the University, (ii) increased competition from other schools, (iii) loss of accreditation, (iv) failure to meet applicable federal guidelines or some other event that results in students being ineligible for federal financial aid, and (v) cost overruns in connection with the Facilities or other capital improvements.

Non-Appropriation of Rental by the University

The Facilities are being leased by the Corporation to the Board on behalf of the University pursuant to the Facilities Lease. The obligation of the Board on behalf of the University to pay rental to the Corporation under the Facilities Lease is subject to, and dependent upon, appropriation of funds necessary to make payments of rental required under the Facilities Lease. Although each of the Board and University acknowledges its obligation to budget annually an amount sufficient to make payments of rental under the Facilities Lease, notwithstanding this obligation such amounts may or may not ultimately be appropriated for such purpose. Further, both the Corporation and the Board acknowledge the Board's obligation on behalf of the University to pay rental shall not be construed as a debt of the Board, nor a pledge, lien, or encumbrance upon any specific tax or other revenues of the Board.

Ability to Assess or Impose Fees

The Board is obligated to make payments of Base Rental under the Facilities Lease solely from Lawfully Available Funds which include Rents received from the operation of the Facilities and other auxiliary revenues of the University. The ability of the Board to increase Rents and such other auxiliary fees or assess new fees may require approval by the Louisiana Legislature. The failure of the Board or the University to generate sufficient auxiliary revenues could affect the Board's ability to make payments of Base Rental and result in a default under the terms of the Facilities Lease. See "FACILITIES LEASE - **Litigation Concerning Student Fees**" herein.

Limited Obligations of the Authority

The Series 2004 Bonds constitute limited obligations of the Authority and have three potential sources of payment. The sources of payment are as follows:

- (1) Loan Payments received by the Trustee from the Corporation pursuant to the terms of the Indenture and the Loan Agreement.

The Authority has no obligation to pay the Series 2004 Bonds except from the related Trust Estate, including the loan payments derived from the Loan Agreement. See APPENDIX "A" for the definition of "Trust Estate." The Series 2004 Bonds, together with interest and premium, if any, thereon, will not be or constitute general obligations or indebtedness of the State, the University, the Board, or any other political subdivision of the State, but will be limited obligations of the Authority. Neither the faith and credit nor the taxing power of the State or any other agency or political subdivision thereof is pledged to the payment of the debt service payments on the Series 2004 Bonds, and the owners of the Series 2004 Bonds, will not have the right to compel any exercise of the taxing power of the State or any other political subdivision of the State to pay the Series 2004 Bonds, any premium thereon, or the interest thereon. The Authority has no taxing power. The Corporation will be required to make loan payments (the interest in which the Trustee has received by assignment from the Authority) to the Trustee in amounts sufficient to enable the Trustee to pay the debt service payments on the Series 2004 Bonds. See "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE – Debt Service Fund" in APPENDIX "B" hereto. The Loan Payments will be derived solely from operation of the Facilities and from Lawfully Available Funds of the University received under the Facilities Lease. Furthermore, the Corporation's ability to meet its obligations under the Loan Agreement will depend upon achieving and maintaining certain occupancy levels at the Facilities throughout the term of the Series 2004 Bonds. However, no assurance can be made that the Corporation will generate sufficient revenues from the Facilities or from Lawfully Available Funds to pay debt service payments on the Series 2004 Bonds after payment of operating expenses of the Facilities.

- (2) Revenues received from operation of the Facilities by a receiver upon a default under the Indenture.

It has been the experience of lenders in recent years that attempts to have a receiver appointed to take charge of properties with respect to which loans have been made are frequently met with defensive measures such as the initiation of protracted litigation and the initiation of bankruptcy proceedings. Such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. See "BONDHOLDERS' RISKS - Enforceability of Remedies" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2004 Bonds in accordance with their terms are largely dependent upon Loan Payments from the Corporation described in the preceding paragraph, which are wholly dependent upon the success of the Corporation in the operation of the Facilities.

- (3) Proceeds realized from the sale or lease of the Corporation's interest in the Facilities to a third party by the Trustee at or following foreclosure by the Trustee of the Mortgage and proceeds realized from the liquidation of other security for the Series 2004 Bonds.

Debtors frequently employ defensive measures, such as protracted litigation and bankruptcy proceedings, in response to lenders' efforts to foreclose on real property or otherwise to realize upon collateral to satisfy indebtedness that is in default. Such defensive measures can prevent, or greatly increase the expense and time involved in achieving, such foreclosure or other realization. In addition, the Trustee could experience difficulty in selling or leasing the real

and personal property portion of the Facilities upon foreclosure due to the special purpose nature of a student housing facility, and the proceeds of such sale may not be sufficient to pay fully the owners of the Series 2004 Bonds. See “**BONDHOLDERS’ RISKS - Enforceability of Remedies**” herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2004 Bonds in accordance with their terms are largely dependent upon the Loan Payments described in paragraph (1) above, which are wholly dependent upon the success of the Facilities. Even if the Facilities is operating in an efficient manner, other factors could affect the ability of the Corporation to make Loan Payments under the Loan Agreement. The Corporation also may become engaged in other ventures in the future.

Required Occupancy Levels and Rents

In order for the Corporation to generate sufficient revenues to enable it to make the payments at the times required under the Loan Agreement, the Facilities must meet certain occupancy levels and achieve certain rents. There can be no assurance, however, that the Facilities will be able to meet and maintain such required occupancy and rent levels.

Special Use Nature of the Facilities

The Facilities will be renovated and/or constructed to serve as student housing facilities and are located on the campus of the University. If it were necessary to sell the Corporation's interest in the Ground Lease pursuant to the Mortgage upon an Event of Default, the special use nature of the Facilities and the fact that the interest to be sold is in the nature of a leasehold interest and subject to the terms of the Ground Lease may curtail the purchase price that could be obtained, and the net proceeds received may be less than the principal amount of Series 2004 Bonds Outstanding. For all practical purposes, payment of the Series 2004 Bonds will be almost solely dependent upon the continued operation of the Facilities.

Risks of Construction

On the basis the Developer's representation, management of the Corporation believes that the proceeds of the Series 2004 Bonds will be sufficient to complete the Facilities; however, the Development Agreement does not contain either a fixed price or a guaranteed maximum price with respect to all portions of the Facilities and additionally, the cost of construction of the Facilities may be affected by factors beyond the control of the Corporation, including strikes, material shortages, adverse weather conditions, subcontractor defaults, delays, and unknown contingencies.

The General Construction Contract between the Developer and the General Contractor (hereinafter defined) will obligate the General Contractor to complete the Facilities within a specified time, but it too does not contain either a fixed price or a guaranteed maximum price with respect to all portions of the Facilities. The projected cost of the Facilities may be increased, however, if there are change orders. The General Construction Contract requires the General Contractor to furnish performance and payment bonds; however, there can be no assurance that the obligations of the surety under such bonds can be enforced without costly and time-consuming litigation.

If cost overruns resulting from inaccurate estimates, delays, change orders, or other causes are experienced, neither the Developer nor the General Contractor will have any obligation to provide for the completion of the Facilities. In the event the Facilities are not completed, the only meaningful security for the owners of the Series 2004 Bonds would be the right to foreclose under the Mortgage on the Corporation's leasehold interest in the uncompleted Facilities. While the Indenture permits the Authority to issue Additional Bonds to complete the Facilities, the Authority is not obligated to issue such Additional Bonds and there can be no assurance that a purchaser for such Additional Bonds could be obtained.

Clean-up Costs and Liens under Environmental Statutes

In anticipation of the execution and delivery of the Ground Lease, the Developer retained Professional Service Industries, Inc., New Orleans, Louisiana (the “*Environmental Engineer*”), to conduct an environmental site assessment (the “*Site Assessment*”) of the Land. The Environmental Engineer identified no concerns. Prospective purchasers of the Series 2004 Bonds may obtain a copy of the Site Assessment from the Underwriter; however, prospective pur-

chasers of the Series 2004 Bonds may not rely upon the findings contained in the Site Assessment or upon any action or undertaking of the Developer in connection therewith.

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

Pledge and Assignment of, and Grant of Security Interest in, Future Revenues

Under the Mortgage, the Corporation will grant to the Trustee a first priority security interest in the leases and subleases affecting the Property and/or the Facilities, including, without limitation, the Facilities Lease (collectively, the "*Leases*") and all revenues, rentals, and other sums due or becoming due under the Leases. Nevertheless, certain interests and claims of others may be on a parity with or prior to the grant of security interest made in the Mortgage and in the Indenture and certain statutes and other provisions may limit the Corporation's and the Authority's rights to make such pledges, assignments, and/or grants of security interests. Examples of such claims, interests, and provisions are:

- (1) statutory liens,
- (2) the Louisiana Uniform Commercial Code may not recognize a security interest in future revenues derived from the Facilities,
- (3) constructive trusts, equitable liens, or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction,
- (4) federal bankruptcy laws as they affect amounts earned with respect to the Facilities after any effectual institution of bankruptcy proceedings by or against the Corporation or the Authority,
- (5) as to those items in which a security interest can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Trustee,
- (6) items not in possession of the Trustee, the records to which are located or moved outside the State of Louisiana, which are thereby not subject to or are removed from the operation of Louisiana law, and
- (7) the requirement that appropriate continuation statements be filed in accordance with the Louisiana Uniform Commercial Code as from time to time in effect.

Enforceability of Remedies

The Series 2004 Bonds are payable from the Trust Estate and from the property pledged under the Mortgage, including payments to be made under the Loan Agreement and the Indenture. The payments to be made by the Corporation under the Loan Agreement are secured by (i) a first mortgage lien on the Corporation's leasehold interest in the Facilities and the Land and in the furnishings, equipment, and other personal property included in the Facilities and by first priority security interest in the Leases and all revenues, rentals, and other sums due or becoming due thereunder. Pursuant to the Indenture, the Series 2004 Bonds are secured by the Trust Estate, including the pledge to the Trustee of the Authority's interest in the Loan Agreement. The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Indenture and the Mortgage. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law

(including, particularly, federal bankruptcy law), the remedies specified by the Indenture and the Mortgage may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Indenture and the Mortgage. The various legal opinions to be delivered concurrently with the delivery of the Series 2004 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Effect of Determination of Taxability

The Corporation will covenant not to take any action that would cause the Series 2004A Bonds or the Series 2004B Bonds to be arbitrage bonds or that would otherwise adversely affect the federal income tax status of interest in the Series 2004A Bonds or the Series 2004B Bonds. The Corporation will also make representations with respect to certain matters within their knowledge that have been relied on by Bond Counsel and that Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Series 2004A Bonds or the Series 2004B Bonds to become subject to federal income taxation retroactively from their date of issuance.

It is possible that a period of time may elapse between the occurrence of the event that causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2004A Bonds or the Series 2004B Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of Series 2004A Bonds or the Series 2004B Bonds are subject to possible adverse tax consequences. See "TAX EXEMPTION" herein.

Market for the Series 2004 Bonds

There can be no assurance that a secondary market exists, or that the Series 2004 Bonds can be sold for any particular price. Accordingly, a purchaser of the Series 2004 Bonds should recognize that an investment in the Series 2004 Bonds will in all likelihood be illiquid and be prepared to have his or her funds committed until the Series 2004 Bonds mature or are redeemed.

Additional Bonds

The Authority has the right to issue Additional Bonds under the Indenture that will be equally and ratably secured on a parity basis with the Series 2004 Bonds. See "SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS - ADDITIONAL BONDS" herein and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE -- Additional Bonds" in APPENDIX "B" hereto. **SUCH ADDITIONAL BONDS COULD DILUTE THE SECURITY FOR THE SERIES 2004 BONDS.**

Consequences of Changes in the Corporation's or the University's Tax Status

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

The Corporation will covenant to cause to remain eligible for such tax-exempt status and to avoid operating the Facilities as an unrelated trade or business (as determined by applying §512(a) of the Code). Failure of the Facilities to remain so qualified or of the Corporation so to operate the Facilities could affect the funds available to the Corporation for payments under the Loan Agreement by subjecting the Corporation to federal income taxation and could result in the loss of the excludability of interest on the Series 2004A Bonds and the Series 2004B Bonds from gross income for purposes of federal income taxation. Potential investors should note that in such event, the provisions of the Indenture relating to a Determination of Taxability may be applicable. Continuation of the tax-exempt status of

the Series 2004A Bonds and the Series 2004B Bonds may also be dependent upon the continuing tax-exempt status of the University. See “**BONDHOLDERS’ RISKS - Effect of Determination of Taxability**” above.

Taxation of Series 2004A Bonds and the Series 2004B Bonds

An opinion of Bond Counsel will be obtained as described under “**TAX EXEMPTION**” herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2004A Bonds and the Series 2004B Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading “**TAX EXEMPTION.**” Failure by the Authority or the Corporation to comply with certain provisions of the Code and covenants contained in the Indenture, the Loan Agreement, and the Tax agreement could result in interest on the Series 2004A Bonds and the Series 2004B Bonds becoming includable in gross income for federal tax purposes.

An opinion of Bond Counsel will be obtained regarding the exemption of interest on the Series 2004 Bonds from certain taxation by the State of Louisiana, as described under “**TAX EXEMPTION**” herein. Bond Counsel has not opined as to whether interest on the Series 2004 Bonds is subject to state or local income taxation in jurisdictions other than Louisiana. Interest on the Series 2004 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Louisiana under applicable state or local laws. Each purchaser of the Series 2004 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2004 Bonds in a particular state or local jurisdiction.

Municipal Bond Insurance

If the Authority should fail to make payment of the principal of or interest on the Series 2004 Bonds when the same shall become due, any owner of Series 2004 Bonds will have recourse against the Bond Insurer for such payments; however, the Series 2004 Bond Insurance Policies do not insure the principal of or interest on the Series 2004 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor do they insure the payment of any redemption premium payable upon the Series 2004 Bonds, and under no circumstances, including the situation in which the interest on the Series 2004 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2004 Bonds be accelerated without the consent of the Bond Insurer. Furthermore, so long as the Bond Insurer shall perform its obligations under the Bond Insurance Policies, the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture. If the Bond Insurer should be unable to make payments of and interest on the Series 2004 Bonds, such Series 2004 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement. See the heading “**MUNICIPAL BOND INSURANCE**” herein and **APPENDIX “F”** attached hereto for more information about the Bond Insurer and the Series 2004 Bond Insurance Policies.

Insolvency of the Bond Insurer

The obligations of the Bond Insurer under the Series 2004 Bond Insurance Policies are general obligations of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer. In the event of insolvency of the Bond Insurer, the Owners of the Series 2004 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2004 Bonds.

MUNICIPAL BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to **APPENDIX “F”** for a specimen of the Bond Insurance Policies.

The Bond Insurance Policies

The Bond Insurance Policies unconditionally and irrevocably guarantee the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund

payment) and interest on, the Series 2004 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Bond Insurance Policies shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2004 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "**Preference**").

The Bond Insurance Policies do not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2004 Bonds. The Bond Insurance Policies do not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2004 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Bond Insurance Policies also do not insure against nonpayment of principal of or interest on the Series 2004 Bonds resulting from the insolvency, negligence, or any other act or omission of the Trustee or any other paying agent for the Series 2004 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Bond Insurer from the Trustee or any owner of a Series 2004 Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Bond Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2004 Bonds or presentment of such other proof of ownership of the Series 2004 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2004 Bonds as are paid by the Bond Insurer, and appropriate instruments to effect the appointment of the Bond Insurer as agent for such owners of the Series 2004 Bonds in any legal proceeding related to payment of insured amounts on the Series 2004 Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Series 2004 Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.]

The Bond Insurer

The Bond Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "**Company**"). The Company is not obligated to pay the debts of or claims against the Bond Insurer. The Bond Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Bond Insurer has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Bond Insurer, changes in control and transactions among affiliates. Additionally, the Bond Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

The Bond Insurer does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurance Policies and the Bond Insurer set forth under this heading "**MUNICIPAL BOND INSURANCE.**" Additionally, the Bond Insurer makes no representation regarding the Series 2004 Bonds or the advisability of investing in the Series 2004 Bonds.

The Bond Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following documents filed by the Company with the SEC are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2003; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Series 2004 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Bond Insurer is (914) 273-4545.

As of December 31, 2003, the Bond Insurer had admitted assets of \$9.9 billion (audited), total liabilities of \$6.2 billion (audited), and total capital and surplus of \$3.7 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2004, the Bond Insurer had admitted assets of \$10.3 billion (unaudited), total liabilities of \$6.5 billion (unaudited), and total capital and surplus of \$3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of the Bond Insurer

Moody's Investors Service, Inc. rates the financial strength of the Bond Insurer "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of the Bond Insurer "AAA."

Fitch Ratings rates the financial strength of the Bond Insurer "AAA."

Each rating of the Bond Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Bond Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2004 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2004 Bonds. The Bond Insurer does not guaranty the market price of the Series 2004 Bonds nor does it guaranty that the ratings on the Series 2004 Bonds will not be revised or withdrawn.

DISCLAIMER

The information relating to the Bond Insurer and the Bond Insurance Policies contained herein and in APPENDIX "F" has been furnished by the Bond Insurer. No representation is made by the Authority or the Underwriter as to the accuracy, completeness, or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer subsequent to the date of this Official Statement. Reference is made to APPENDIX "F" for a copy of a specimen financial guaranty insurance policy.

NO ASSURANCE CAN BE GIVEN THAT THE BOND INSURER WILL BE ABLE TO MEET ITS OBLIGATIONS UNDER THE BOND INSURANCE POLICIES.

THE DEVELOPER AND THE DEVELOPMENT AGREEMENT

General

The Developer is an Alabama subchapter S corporation formed in 1990 for the express purpose of developing student housing communities. As of the present date, the Developer has developed (or has been selected to develop) 36,334 student beds, on 63 separate collegiate campuses (including the Facilities). The Developer's corporate headquarters are located in Birmingham, Alabama. The Developer was selected to develop the Facilities as a result of a request for proposals made by the University. The original founding members of the Developer had completed six previous projects, beginning in 1985. These members were employed with an Alabama based development/construction company, and left that firm in 1989 to form the Developer. Since the formation of the Developer, staff has been added to specialize in marketing, design and engineering, finance, and construction management in order to assure that all necessary disciplines are captive to the Developer. The Developer has a staff of seventy-two (72) full-time employees, including a legal consultant, three architects, three CPA's, and an MAI. A summary of student apartment communities developed by the Developer is included below.

Key Personnel

A brief description of the education and professional background of the officers of the Developer having primary responsibility for the development of the Facilities follows:

Michael A. Mouron, President

Mr. Mouron participated in the formation of the Developer in 1990 and has been the President of the Developer since its inception. He was graduated from the University of Alabama in 1972, and is a Certified Public Accountant. He supervises the operations of the Developer's development and management companies, and works with lenders and owners on all financial aspects of each of the Developer's projects.

L. Jeff Jones, Executive Vice President

Mr. Jones joined the Developer in January of 1991. Mr. Jones is a graduate of the University of Alabama and its School of Law (1982). He is or has been involved in all aspects of the Developer's off-campus development program, including investigation and selection of markets and sites, securing debt and equity capital, structuring partnerships, and regulatory, zoning, legal, and financing work related to the Developer's projects.

James M. Goodson, III, Executive Vice President - On-Campus Development

Mr. Goodson is one of the four officers who formed the Developer in 1990. He was graduated from Auburn University in Architecture in 1979 and is a registered architect. He returned to graduate school at State University of New York - Buffalo and received his Master of Architecture in Real Estate in 1989. Mr. Goodson coordinates the development of on-campus housing, working directly with the educational institutions and the Developer's consultants to insure that the Developer's housing solutions are appropriate, interface well with existing infrastructure, and are within projected development budgets.

William E. Davenport, II, Senior Vice President

Mr. Davenport joined the Developer in January of 1997. He was graduated from Birmingham Southern College in 1989 with degrees in accounting and finance and received a Master's in Business Administration from the University of Alabama at Birmingham in 1995. He manages the Developer's on-campus finance department as well as oversees finance for new development opportunities. His background of seven years in middle-market and capital market finance with banking institutions complements the Developer through maximizing the options and structure of financing proposals.

Joe Harrison, Executive Vice President - Construction

Mr. Harrison joined the Developer in September of 1998 with over twenty years of experience in development and general contracting. Mr. Harrison is a graduate of Virginia Polytechnic Institute and State University (Virginia Tech) with a degree in Building Construction and a Master's in Business Administration. He manages the construction management functions of the Developer's college housing developments to include budgeting, contract administration, scheduling, and quality control. He works closely with the Developer's construction managers and development team.

Projects Developed and to be Developed by the Developer

The tables below describes the student housing communities (including the Facilities) (off- and on-campus) developed (and to be developed) by the Developer.

**CAPSTONE DEVELOPMENT CORP.
STUDENT-ORIENTED APARTMENT PROJECTS
"OFF-CAMPUS"**

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
University Commons Tallahassee, Florida	1991	\$ 6,996,671	480
University Commons Starkville, Mississippi	1991	7,176,665	480
University Commons Phase I Athens, Georgia	1992	9,248,301	576
University Commons Phase II Athens, Georgia	1993	3,624,025	192
University Commons Phase I Tuscaloosa, Alabama	1993	9,937,778	636
University Commons Phase I Gainesville, Florida	1993	9,972,416	600
University Commons Oxford, Ohio	1994	7,809,105	480
University Commons Oxford, Mississippi	1994	8,616,830	520
University Commons Phase I Columbia, South Carolina	1994	9,436,624	576

Off-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
University Commons Baton Rouge, Louisiana	1995	9,478,132	528
University Commons Phase I College Station, Texas	1995	13,962,829	720
University Commons Norman, Oklahoma	1995	14,664,296	776
University Commons Lexington, Kentucky	1996	13,183,512	672
University Commons State College, Pennsylvania	1996	14,387,907	696
University Commons Manhattan, Kansas	1997	15,345,028	696
University Commons Bloomington, Indiana	1997	18,519,536	792
University Commons Phase II College Station, Texas	1997	6,841,778	240
University Commons Phase II Tuscaloosa, Alabama	1997	1,944,000	72
University Commons Austin, Texas	1998	21,079,622	792
University Commons Phase II Gainesville, Florida	1998	3,492,790	112
University Commons East Lansing, Michigan	1999	17,435,008	654
University Commons Eugene, Oregon	1999	21,447,678	696
University Commons Phase II Columbia, South Carolina	1999	4,202,504	120
University Commons Urbana, Illinois	1999	<u>18,619,330</u>	<u>728</u>
TOTAL		<u>\$267,422,365</u>	<u>12,834</u>

"ON-CAMPUS"

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Spring Hill College Mobile, Alabama	1996	\$ 3,227,047	143

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Tuskegee University Tuskegee, Alabama	1997	11,223,639	504
University of West Florida Phase I Pensacola, Florida	1997	5,642,349	192
Gardner-Webb University Phase I Boiling Springs, North Carolina	1997	3,340,080	143
Belmont University Nashville, Tennessee	1998	8,500,925	252
Southern Polytechnic State University Marietta, Georgia	1998	8,678,154	288
East Tennessee State University Johnson City, Tennessee	1998	7,784,157	300
Arkansas Tech University Russellville, Arkansas	1998	5,118,883	168
Rochester Institute of Technology Project I Rochester, New York	1998	8,783,385	256
Florida Atlantic University Phase I Jupiter, Florida	1999	6,535,455	150
Southeastern Louisiana University Phase I Hammond, Louisiana	1999	6,799,450	312
University of West Florida Phase II Pensacola, Florida	1999	8,235,885	288
Christian Brothers University Memphis, Tennessee	1999	5,231,177	142
University of Central Oklahoma Phase I Edmond, Oklahoma	1999	13,746,072	384
Rochester Institute of Technology Project II Rochester, New York	1999	14,712,517	416
Rochester Institute of Technology Project III Rochester, New York	1999	2,502,276	96

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Gardner-Webb University Phase II Boiling Springs, North Carolina	1999	3,796,734	143
Benedictine University Lisle, Illinois	2000	13,195,401	276
Oklahoma State University Phase I Stillwater, Oklahoma	2000	17,857,852	631
Towson University Towson, Maryland	2000	19,273,147	420
Averett College Danville, Virginia	2000	5,573,068	143
Stillman College Tuscaloosa, Alabama	2000	6,546,003	300
University of Connecticut Storrs, Connecticut	2001	41,582,170	976
University of Alabama at Birmingham Birmingham, Alabama	2001	24,839,348	513
University of Maryland, Phase I College Park, Maryland	2001	61,990,000	1,080
Oklahoma State University Phase II Stillwater, Oklahoma	2001	55,071,492	1,101
University of the Pacific Phase I Stockton, California	2001	10,313,094	200
Xavier University Cincinnati, Ohio	2001	11,983,691	273
Southeastern Louisiana University Phase II Hammond, Louisiana	2001	7,099,919	270
Florida Atlantic University Phase II Jupiter, Florida	2001	5,663,174	150
Oklahoma State University, Okmulgee Okmulgee, Oklahoma	2001	15,812,013	414
University of Central Oklahoma Phase II Edmond, Oklahoma	2001	8,895,404	302

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Oakland University Oakland, Michigan	2002	20,468,641	459
University of San Diego San Diego, California	2002	25,597,016	362
Lawrence Technological University Detroit, Michigan	2002	9,368,557	230
Southwest Texas State University San Marcos, Texas	2002	44,334,596	660
Teikyo Post University Waterbury, Connecticut	2002	5,735,230	150
University of the Pacific, Phase II Stockton, California	2003	10,823,370	200
Winthrop University Rock Hill, South Carolina	2003	19,023,465	406
Oklahoma State University Phase III Stillwater, Oklahoma	2003	79,192,436	1,071
Indiana University Purdue University at Indianapolis Indianapolis, Indiana	2003	40,167,943	793
Georgia Southern University Statesboro, Georgia	2003	32,349,095	1,110
University of Redlands Redlands, California	2003	10,591,079	200
University of Maryland, Phase II College Park, Maryland	2003-2004	45,334,241*	788
Florida State University Tallahassee, Florida	2004	27,876,861*	312
Green River Community College Auburn, Washington	2004	18,594,299*	343
University of Missouri, Kansas City Kansas City, Missouri	2004	19,046,508*	553
Washington and Jefferson College Pittsburgh, Pennsylvania	2004 - 2006	52,382,477*	738
DeVry University Fremont, California	2004	10,936,138*	300

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>Total Cost</u>	<u>No. of Beds</u>
Western Carolina University Cullowhee, North Carolina	2004	11,905,405*	244
Francis Marion University Florence, South Carolina	2004	16,548,532*	237
Johns Hopkins University Baltimore, Maryland	2005	53,440,000*	618
Southeastern Louisiana University Phase III Hammond, Louisiana	2005-2006	83,389,710*	1,350
East Stroudsburg University Stroudsburg, Pennsylvania	2005	27,518,762*	544
South Carolina State University Orangeburg, South Carolina	2005	<u>24,679,564*</u>	<u>606</u>
TOTAL		<u>\$1,118,857,886</u>	<u>23,500</u>

*Development Budget

The Developer will have no obligation to make payments on the Series 2004 Bonds. However, the obligations of the Corporation under the Lease to construct the Facilities and to provide alternative housing and transportation to students who have executed leases with respect to the Facilities to the extent the Facilities is not completed on schedule will be guaranteed by the Developer pursuant to a guaranty from the Developer to the Corporation. The above described obligations of the Corporation's will be subject to *force majeure* and eminent domain. See "THE GROUND LEASE" herein.

The Development Agreement

The Corporation and the Developer will enter into the Development Agreement which will set forth certain terms and conditions relating to the development of the Facilities and which will authorize the Developer to negotiate and enter into the General Construction Contract and the Architect's Agreement. The Development Agreement will contain a guaranteed maximum price only for Residence Hall I, but the Corporation and the Developer believe that the amounts to be deposited into the Construction Fund from the proceeds of the sale of the Series 2004 Bonds will be sufficient to complete the Facilities. The Developer will assign to the Corporation all of its right, title, and interest in and to the Development Agreement, the General Construction Contract and the Architect's Agreement. In the event of a default by the Authority under the Indenture, the Trustee will be entitled to enforce performance of the Development Agreement, but will not be required to perform the obligations of the Corporation as set forth therein. See "BONDHOLDERS' RISKS" herein.

THE GENERAL CONTRACTOR AND THE GENERAL CONSTRUCTION CONTRACT

The Developer has identified the General Contractor as the general contractor for the Facilities; however, the Developer and the General Contractor have not, as yet, entered into a construction contract (the "*General Construction Contract*"). The General Contractor is a general contractor licensed in the State, commenced business in January, 1997, and has advised the Corporation that during the past five (5) years it has served as general contractor for thirty-four student housing projects having an aggregate construction cost of approximately \$471,129,148. These dormitory projects were and are for the following universities:

University of West Florida	Christian Brothers University
Gardner-Webb University	Benedictine University
Averett College	Stillman College
University of Connecticut	Xavier University
Southeastern Louisiana State University	University of Central Oklahoma
Michigan State University	University of South Carolina
Oakland University	Lawrence Technological University
Southwest Texas State University	Teikyo Post University
University of the Pacific	Winthrop University
Oklahoma State University	Georgia Southern University
University of Redlands	University of Florida
Sam Houston State University*	Western Carolina University*
Florida State University*	University of Missouri*

* In progress

THE ARCHITECT AND THE ARCHITECT'S AGREEMENT

The Developer has entered into an agreement (the "*Architect's Agreement*") with A Joint Venture of Bruce Herrington P.C. and Design Collective, Inc. (the "*Architect*"), dated December 1, 2003, relating to the Facilities.

Design Collective, Inc., Baltimore, Maryland, is licensed in the State, commenced business in 1978, and has advised the Corporation that during the past five (5) years it has served or is serving as architect for approximately fourteen (14) student housing projects having an aggregate construction cost of approximately \$175,000,000. These student housing projects were and are for the following universities:

University of Maryland*	University of Missouri Kansas City*
Winthrop University	DeVry University*
Francis Marion University*	South Carolina State University*
Longwood University*	Western Carolina University*
Maine Maritime University*	Southeastern Louisiana University*

* In progress

Bruce Herrington Architect P.C., Birmingham, Alabama, is licensed in the State, commenced business in 1994, and has advised the Corporation that during the past five (5) years it has served or is serving as architect for approximately thirty-five (35) student housing or multi-family housing projects having an aggregate construction cost of approximately \$216,000,000. These projects were and are:

Averett College, Danville, Virginia
Autumn Park Apartments; Dickson, Tennessee
Cedar Park Apartments, Jonesboro, Arkansas*
Colony Park Apartments; Pearl, Mississippi
Colony Park/Addition; Pearl, Mississippi*
Elton Park Apartments; Jackson, Mississippi
Heritage Park Apartments; Oxford, Mississippi
Laurel Park Apartments; Walls, Mississippi
Orchard Park Apartments, Clarksville, Tennessee
Park Crest Apartments; Sherwood, Arkansas
Park Plaza Apartments; West Memphis, Arkansas*
Park Springs Apartments, Jackson, Mississippi *
Park Village Apartments; Athens, Tennessee
Peachtree Park Apartments; Dyersburg, Tennessee
Windsor Park Apartments; Jackson, Mississippi
Terrace Park Apartments; Southaven, Mississippi

Southeastern Louisiana University, Hammond, Louisiana*
Bay Park Apartments; Bay St. Louis, Mississippi
Colonial Park Apartments; Conway, Arkansas
Colony Park/The Grande; Pearl, Mississippi
Cove Townhomes; Jackson, Tennessee
Hampton Park Apartments; Jackson, Mississippi
Highland Park Apartments; Jackson, Mississippi
Magnolia Park Apartments; Gulfport, Mississippi
Orchard Park, Phase 2, Clarksville, Tennessee *
Park Pines Apartments, Hattiesburg, Mississippi
Park Ridge Apartments; Jackson, Tennessee
Park Trail Apartments; Shelbyville, Tennessee
Park Wind Apartments; Jackson, Mississippi
Piedmont Park Apartments, Hattiesburg, Mississippi *
Summer Park Apartments; Jackson, Mississippi
The Park at Shiloh; Tyler, Texas

* In progress

THE MANAGEMENT COMPANY

General

The Management Company is an Alabama limited liability company formed in 2003 for the express purpose of managing and maintaining student housing communities. As of the present date, the Management Company manages (or has been selected to manage) 20,545 private beds of housing on 27 separate collegiate campuses (including the Facilities). The Management Company's headquarters are in Birmingham, Alabama, with regional managers located in Gainesville, Florida; Starkville, Mississippi; and Bloomington, Indiana; and Baltimore, Maryland, and on-site property managers at each student housing development location.

Key Personnel

A brief description of the education and professional background of the employees of the Management Company having primary responsibility for the management of the Project follows:

Douglas R. Brown, President

Mr. Brown joined the Management Company in August of 2003. He was graduated from Southwest Missouri State University in 1980 with a Bachelor of Science degree in Marketing/Psychology and received his Master of Science degree in Guidance and Counseling from Southwest Missouri State University in 1982. He is responsible for the internal operations of the Management Company in providing resources needed by the field personnel in managing campus facilities. He has over 20 years experience as a university administrator.

Sandy Hill, Senior Vice President

Ms. Hill joined the Management Company in September of 2003. She was graduated from the University of North Carolina at Chapel Hill in 1982 with a Bachelor of Arts degree in Leisure Services. She is responsible for all aspects of field operations at all Capstone sites nationwide. She began her student housing career as a resident assistant at the University of North Carolina at Chapel Hill. She had over 24 years of experience in the management of high-rise, mid-rise, and garden style apartments for private housing providers such as Allen and O'Hara, GMH Management Inc., and Ambling Companies before joining the Management Company.

Michelle R. Smith, Executive Director of Management and Operations

Ms. Smith joined the Management Company in January of 2004. She was graduated from Florida State University in 1989 with a Bachelor of Science degree in Psychology. She is responsible for overall operations of management, procedure implementation, hiring and training of general managers and regional managers, and start up service to all Capstone sites nationwide. She began her student housing career as a resident assistant at Florida State University in 1987. She has managed high-rise, mid-rise, and garden style apartments for private housing providers such as Allen and O'Hara, GMH Management Inc., and Ambling Companies before joining the Management Company. She also spent time in marketing for Kent State University and in public relations for a professional sports team.

Management Agreement

The Corporation intends to engage the Management Company to manage and maintain the Project pursuant to a Management Agreement (the "***Management Agreement***"). Under the Management Agreement, the Management Company will be responsible for the collection of all rents, payment of operating expenses, and payment of indebtedness for the Project. In addition to these duties, the Management Company will assure proper scheduled maintenance of the Project, including daily, monthly, and annual maintenance requirements.

The Management Company's responsibilities under the Management Agreement will include hiring, training, and overseeing the on-site manager and on-site student housing personnel. The Management Company will agree to manage, operate, and maintain the Project in compliance with the standards, rules, and procedures outlined within the Lease. In connection with the management, operation, and maintenance of the Project, the Management Company will be required to provide, or cause to be provided, and be responsible for, among other things, (a) the preparation of a marketing program for the Project and the supervision of all advertising layouts, brochures, campaigns, and model apartments; (b) the preparation on behalf of, and with the approval of, the Corporation of the Project' operating budget describing in detail all of the revenue and expenses entailed in the operation and maintenance of the Project and the submission of the same to the Lessor and the Corporation for their approval; (c) the preparation on behalf of, and with the approval of, the Corporation of a capital budget describing the source and use of funds necessary or appropriate to repair, replace, refurbish, remodel, or rehabilitate the Project or any of its capital components and the submission of the same to the Corporation and the University for their approval; (d) the implementation of the marketing program, the operating budget, and capital budget (collectively, the "***Management Plans***"); and (e) the collection of all rents and other charges due for services provided in connection with the use or occupancy of the Project.

The Management Company, in fulfilling its duties and obligations under the Management Agreement, will agree to operate, manage, and lease the Project in the same manner as is customary and usual in the operation, management, and leasing of comparable student residential facilities and is obligated to provide such services as are customarily provided by operators of such complexes of comparable class and standing as the Project.

All employees necessary or appropriate to the implementation of the terms of the Management Agreement will be employed by the Management Company, and will be under the control and supervision of the Management Company, except that two employees will be supervised by the Management Company but will remain employees of the University.

Termination

The Management Agreement will take effect on the date of its execution and will have an initial term of five (5) years, unless terminated earlier in accordance with the provisions thereof. At the expiration of the initial term, the Management Agreement will automatically renew for successive two year terms, unless on or before ninety (90) days prior to the expiration of any such period or any extension thereof, the Corporation (independently or at the request of the University) or the Management Company shall notify the other in writing that it elects to terminate the Management Agreement. The Management Agreement may also be terminated (i) by the mutual consent of the Corporation (independently or at the request of the University) and the Management Company as of the end of any calendar month, (ii) in the event a petition in bankruptcy is filed by or against either the Corporation or the Management Company, or in the event either makes an assignment for the benefit of creditors or takes

advantage of any insolvency act, by the other party, (iii) by the Corporation (independently or at the request of the University) or the Management Company by written notice to the other party in the event that the other party shall breach its obligations, duties, or covenants under the Management Agreement and the failure of such other party to effect a cure to the satisfaction of the non-breaching party within ninety (90) days of the date of the notice.

Management Fee

The management fee payable to the Management Company will \$220,000 per year. To the extent that annual expenses exceed revenues, the excess will be deducted from the annual management fee payable in respect of such year and the amount of the fee deducted will be deferred to the immediately succeeding fiscal year to the extent of the excess of revenues over expenses. No interest will be paid with respect to deferred management fees.

Projects Managed and to be Managed by the Management Company

The tables below describes the student housing communities (including the Project) (off- and on-campus) managed (and to be managed) by the Management Company.

**CAPSTONE ON-CAMPUS MANAGEMENT, LLC
STUDENT-ORIENTED APARTMENT PROJECTS
"OFF-CAMPUS"**

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
University Commons Tallahassee, Florida	1991	480
University Commons Starkville, Mississippi	1991	480
University Commons Phase I Athens, Georgia	1992	576
University Commons Phase II Athens, Georgia	1993	192
University Commons Phases I and II Tuscaloosa, Alabama	1993/1997	676
University Commons Phase I Gainesville, Florida	1993	600
Harbrooke Downs Apartments Tuscaloosa, Alabama	1991	209
University Commons Oxford, Ohio	1994	480
University Commons Phases I and II Columbia, South Carolina	1994/1999	696
University Commons Baton Rouge, Louisiana	1995	528
University Commons Phases I and II College Station, Texas	1995/1997	960

Off-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
University Commons Norman, Oklahoma	1995	776
University Commons Lexington, Kentucky	1996	672
University Commons State College, Pennsylvania	1996	696
University Commons Manhattan, Kansas	1997	696
University Commons Bloomington, Indiana	1997	792
University Commons Austin, Texas	1998	792
University Commons Phase II Gainesville, Florida	1998	112
University Commons East Lansing, Michigan	1999	654
University Commons Eugene, Oregon	1999	696
University Commons Urbana, Illinois	1999	728
TOTAL		<u>12,491</u>

"ON-CAMPUS"

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
Towson University Towson, Maryland	2000	420
University of Alabama at Birmingham Birmingham, Alabama	2001	513
University of Maryland Phases I and II College Park, Maryland	2001-2004	1,824
University of Missouri Kansas City, Missouri	2004	553

On-Campus Cont'd.

<u>Facility Location</u>	<u>Year Opened</u>	<u>No. of Beds</u>
Francis Marion University Florence, South Carolina	2004	1,371
Southeastern Louisiana University Phases I, II, and III Hammond, Louisiana	1999-2006	2,300
University of Maryland – Baltimore County Baltimore, Maryland	2003/2004	581
Green River Community College Auburn, Washington	2004	343
DeVry University Freemont, California	2004	300
TOTAL		<u>8,205</u>

THE UNIVERSITY

The University is located in Hammond, Louisiana, the heart of Louisiana's "Florida Parishes." Hammond is located at the intersection of Interstate Highways 55 and 12, approximately 60 miles north of New Orleans, Louisiana's largest city, and 40 miles east of Baton Rouge, the state's capital. The University has a current enrollment of approximately 15,000 students with a faculty and staff population of 1,700.

The University is the outgrowth of Hammond Junior College, which was established in 1925. By Act No. 136 of 1928 of the Louisiana Legislature, the institution was made part of the state educational system under control of the State Board of Education. The same act of the legislature granted the college the right to establish four-year curricula and to grant the baccalaureate degrees when the facilities of the college permitted and the State Board approved.

In 1937, the State Board of Education authorized the President to submit curricula extending through four years and leading to the baccalaureate degrees. Four-year curricula in the liberal arts, teacher education, business administration, music, the social sciences, and health and physical education were submitted to the State Board and were formally approved. The first degrees were conferred in May 1939.

On July 15, 1970, the Hon. John J. McKeithen, Governor of the State of Louisiana, signed the legislative act changing the name of the institution to Southeastern Louisiana University.

The 1974 Constitution of the State of Louisiana created the Louisiana State Board of Regents with certain powers, duties, and responsibilities relative to all public institution of higher education in the State of Louisiana. The 1974 Constitution also established three higher education management boards, placing the University under the Board of Trustees for State Colleges and Universities (Now known as the University of Louisiana System).

The following tables set forth certain demographic information concerning the University;

Demographic Information

	Fall 2003	Fall 2002	Fall 2001
Total Students	15,662	15,195	14,522
Total Hours	193,682	191,433	181,110
Students, By Class			
Freshman	5,308	5,002	4,847
Sophomore	2,754	2,775	2,639
Junior	2,281	2,320	2,193
Senior	3,286	3,291	3,142
Undergraduate Total	13,629	13,388	12,821
Grad/Spec.	3,033	1,807	1,701
New Students			
Undergraduate			
Beginning Freshmen	2,583	2,486	2,127
Transfers	751	767	604
Other	56	53	27
	3,390	3,306	2,750
Graduate	497	398	371
Beginning Freshmen ACT	19.9	19.6	19.7

Source: Southeastern Louisiana University Budget Office

Composition of Student Body (FTEs)

	Fall 2003		Fall 2002		Fall 2001	
Average Age						
Undergraduate	23.0		22.0		23.0	
Graduate	34.0		34.0		34.8	
Undergraduates						
Males	5,611	36%	5,446	36%	5,146	35%
Females	10,051	64%	9,749	64%	9,376	65%
Resident	100%		100%		100%	
Race (Undergraduate)						
White	12,618		12,283		11,920	
African American	2,389		2,298		2,066	
Hispanic	243		213		244	
Other	412		361		292	
Financial Aid (# of Students)	7,244		7,159		6,964	

Source: Southeastern Louisiana University Budget Office

State Appropriations 1999 – 2004

The Chart Shows the Appropriations Received from the State of Louisiana Annually Since 1998.

	2004	2003	2002	2001	2000	1999
State Appropriations	44,312,005	43,592,407	42,108,729	37,624,452	38,333,384	34,110,351
As a % of Unrestricted General Fund Revenues		52.7%	57.9%	55.0%	57.5%	55.1%

Source: Southeastern Louisiana University Budget Office

Sources of Unrestricted Revenue

	2003		2002		2001		2000	
Tuition and Fees ⁽¹⁾	30,339,822	33.8%	26,779,671	31.9%	27,138,515	34.2%	24,920,954	32.5%
State Appropriations ⁽¹⁾	43,592,407	48.5%	42,108,729	50.1%	37,624,452	47.4%	38,333,384	49.9%
Auxiliary Revenue	11,917,232	13.3%	11,227,189	13.4%	10,919,829	13.8%	10,146,171	13.2%
Other	3,985,557	4.4%	3,896,054	4.6%	3,687,748	4.6%	3,380,868	4.4%
TOTAL	89,835,018	100.0%	84,011,643	100.0%	79,370,544	100.0%	76,781,377	100.0%

⁽¹⁾ Not included in Lawfully Available Funds.

Source: Southeastern Louisiana University Budget Office

Tuition and Fees

The University meets the cost of its educational program primarily through tuition, fees, state appropriations and Federal grants contracts. The following table sets forth the base tuition and fees charged each semester to full-time undergraduate students on the basis of in-state residence for the upcoming year and the past four years.

	2004	2003	2002	2001	2000
Tuition	\$1,022.14	\$985.70	\$950.00	\$950.00	\$825.00
Student Union Bond Fee	10.00	10.00	10.00	10.00	10.00
Health Center Bond Fee	6.00	6.00	6.00	6.00	6.00
Student Rec Building Fee	20.00	20.00	20.00	20.00*	20.00*
Academic Excellence Fee	120.00				
Other Fees	202.90	192.90	222.90	163.90	153.90
Total	\$1,381.04	\$1,214.60	\$1,208.90	\$1,149.90	\$1,014.90
Dormitory & Meal Plan	\$1,820.00	\$1,770.00	\$1,625.00	\$1,427.00	\$1,260.00

*Student Union Annex Fee (in 1995-96 Student Union Annex Fee Discontinued and Student Recreation Center Fee Begun)

Source: Southeastern Louisiana University Budget Office

Auxiliary Financial Operations

Campus Dining

Southeastern Louisiana University has a continuing commitment to offer quality dining that reflects the lifestyle of today's college student. Campus Dining provides a unique combination of specialty restaurants that offer a variety of foods. Emphasis is placed on nutritionally balanced diets and tantalizing food specials that are served in each restaurant. At Southeastern, Campus Dining is made up of six specialty restaurants, a quality catering service, an on-going nutrition program, and much more.

Office of Student Housing

All unmarried full-time undergraduate students with less than 60 hours, regardless of age or whether or not they have been emancipated, are required to live in on-campus residence halls as long as space is available.

The University provides living quarters for approximately 2,000 students in campus residence halls and apartments. Only regularly enrolled full-time, unmarried students will be eligible to live in the residence halls without special permission from the Office of Student Housing. Continuous efforts are made to provide educational, social, and cultural advantages as part of the experience in group living for the residents of these halls.

Students who live in the Southeastern Louisiana University residence halls are required to purchase a meal plan. If a resident student fails to select a meal plan during the registration process, the default meal plan will automatically be selected for him or her. Meal plans are non-transferable.

War Memorial Student Union

The War Memorial Student Union is the community center of the University. The Student Union provides services and conveniences to the students, faculty, and staff during their daily life on campus. Services available in the Student Union include the Corner Pocket Game Room, ATM machines, University Post Office, The Document Source, University Bookstore, Lion's Den, and Subway. Meeting rooms are also available and may be reserved by using the on-line reservation form. Various audio visual equipment may be reserved in these rooms as well as catering services.

University Bookstore

The Bookstore provides students with all required and optional textbooks that are not available from Textbook Rental. The Bookstore also provides a full line of University apparel, souvenirs, office and art supplies, and greeting cards.

The Document Source

The Document Source, located in the War Memorial Student Union, provides copying and a variety of services for students including: class course packets, syllabus, collating, stapling, folding, cutting, hole-punching, plastic coil binding, and plastic spiral binding.

Campus Card Operations

Vending services are provided across campus as a convenience to the students. Soft drink, juice and snack machines, as well as copiers are provided in key locations on campus. Lion's Lagniappe is a campus-wide account enabling students to deposit funds and use their ID card as a form of payment at vending machines, copy machines, campus dining locations, University Bookstore, and The Document Source (campus copy center).

Textbook Rental

The Textbook Rental System issues all hardcover textbooks on a student fee system charged per course. The charge is included on the student invoice and is refundable only upon resignation on or before the last day of regular registration or when a course is dropped, and the book is returned by the drop/add deadline. Students must present their Southeastern Student ID card to rent textbooks from Textbook Rental.

The following table reflects the history of occupancy and housing for the University.

Dormitory Occupancy and Housing Fall

	2003	2002	2001	2000	1999	1998
Available Beds	2,266	2,046	2,046	2,188	2,188	1,876
Assigned Beds	1,800	1,824	1,749	1,575	1,738	1,719
Occupancy	79%	89%	85%	72%	79%	92%

Source: Southeastern Louisiana University Office of Auxiliary Services

ESTIMATED SOURCES AND USES OF FUNDS

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Series 2004 Bonds (excluding accrued interest, if any):

SOURCES OF FUNDS:	Series 2004A	Series 2004B	Series 2004C	Total
Par Amount	\$60,985,000	\$15,000,000	\$925,000	\$76,910,000
Less: Original Issue Discount	466,288		964	467,252
Plus: Original Issuer Premium	980,665			980,665
Less: Underwriter's Discount	553,865	108,750	8,325	670,940
TOTAL SOURCES OF FUNDS	\$60,945,512	\$14,891,250	\$915,711	\$76,752,473
USES OF FUNDS:				
Deposit to Project Fund	\$33,975,356	\$12,839,626		\$46,814,982
Repay Prior Debt	15,077,449			15,077,449
Deposit to Capitalized Interest				
Account of the Bond Fund	2,124,537	587,869	45,162	2,757,568
Deposit to Debt Service Reserve Fund ⁽¹⁾	4,469,337	796,500		5,265,837
Deposit to Replacement Fund ⁽²⁾	3,215,215		849,610	4,064,825
Bond Insurance Premium	1,697,000	570,000	15,000	2,282,000
Additional Issuance Costs	386,618	97,255	5,939	489,812
TOTAL USES OF FUNDS	\$60,945,512	\$14,891,250	\$915,711	\$76,752,473

⁽¹⁾ Equal to the Debt Service Reserve Fund Requirement.

⁽²⁾ Equal to the Replacement Fund Requirement.

PLAN OF REFUNDING

The Corporation intends to use a portion of the proceeds of the Series 2004 Bonds to refund the Prior Debt, which was incurred to finance the construction of two student housing facilities included in the Facilities known as Southeastern Oaks and The Village and containing an aggregate of 582 beds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The real property comprising Southeastern Oaks and The Village and the revenues derived therefrom are pledged to secure the payment of the Prior Debt and unless and until the Prior Debt is paid, neither the Ground Lease, the Facilities Lease, nor the Mortgage will be effective with respect to such Facilities and revenues. The Corporation expects that the Prior Debt will be paid in full, and the liens securing the same will be satisfied, on or before October 15, 2004, at which time the Ground Lease, the Facilities Lease, and the Mortgage will be effective with respect to these two Facilities.

THE GROUND LEASE

General

The Ground Lease will be entered into between the Board, on behalf of the University, as Lessor, and the Corporation, as Lessee, for lease of the Renovated Facility and four tracts of approximately 34 total acres of land owned by the Board and located on the campus of the University on which the Renovated Facility is located and the New Facilities are to be constructed. As a consideration for the Ground Lease, the Corporation will agree to perform its obligations under the Facilities Lease and all other documents contemplated by and ancillary to the Ground Lease and the Facilities Lease.

The Corporation's obligations under the Ground Lease may be suspended if by reason of *force majeure*, as described in the Ground Lease, the Corporation is unable to carry out such obligations.

Default and Remedies

Each of the following is an Event of Default under the Ground Lease:

(a) failure by the Corporation to make timely payment of any sum required to be paid under the Ground Lease that remains uncured after thirty (30) days following receipt of written notice of such failure;

(b) the taking by execution of the Corporation's leasehold estate (other than a foreclosure of the Mortgage) for the benefit of any Person;

(c) failure by the Corporation to perform any other covenant, condition or agreement on its part under the Ground Lease and such failure remaining uncured for more than ninety (90) days following receipt of written notice of such failure; provided that if during such ninety (90) day period, the Corporation shall take action to cure such failure but shall be unable, by reason of the nature of the work involved, to cure such failure within such period and shall continue such work thereafter diligently and without unnecessary delays, such failure will not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure;

(d) certain events of dissolution, liquidation, insolvency, or bankruptcy of the Corporation; and

(e) the Corporation, after commencement of construction but prior to substantially completing construction of the Facilities, abandons (with no intent to continue) demolition, renovation, or construction for a period of forty-five (45) consecutive days.

Whenever an Event of Default shall have occurred and be continuing, the Lessor will be permitted to seek any and all damages or other remedies available at law or in equity, including specific performance. The Lessor will not have the right to terminate the Ground Lease prior to its Expiration Date, but upon ninety (90) days' written notice and opportunity to cure provided to the Bond Insurer and the Trustee, will be permitted to terminate the Corporation's right to occupancy of the Land and to take possession of the Land and the Facilities and to re-let the

same or take possession in its own right for the remainder of the Term. Upon such re-letting, the Corporation will agree to release its leasehold interest and all of its rights under the Ground Lease and the Facilities Lease to the new lessee of the Land (or to the Board, if the Board wishes to remain in possession on its own behalf) in consideration for the new lessee (or the Board, if applicable) agreeing to assume all of the Corporation's obligations under the Ground Lease, the Facilities Lease, and under any debt incurred by or for the Corporation in connection with the Facilities.

The Bond Insurer will be required to be notified by the University in the Event of Default and will have an opportunity to cure said default.

THE FACILITIES LEASE

General

Under the Facilities Lease, the Corporation will lease the Facilities to the Board. The Corporation, as approved by the Board, will contract with the Management Company to operate and maintain the Facilities for housing of University students, faculty, staff, and other persons who are participants in any other activities related to the mission of the University.

Rate Covenant

The Board will covenant that, as long as any bonds, notes, or lease obligations remain outstanding that are payable from Lawfully Available Funds, if the Debt Service Coverage Ratio for the Facilities shall fall below 1.10:1.00 or if the Debt Service Coverage Ratio for the University shall fall below 1.25:1.0, the Board will use its best efforts to raise its fees, rentals, rates, and charges relating to the Facilities so that within two (2) full semesters after either of the Debt Service Coverage Ratios shall become deficient, the Debt Service Coverage Ratio for the Facilities equals 1.10:1.00 and the Debt Service Coverage Ratio for the University equals 1.25:1.0. At the end of two (2) full semesters, if the Debt Service Coverage Ratio for the Facilities shall remain below 1.10:1.00 or the Debt Service Coverage Ratio for the University shall remain below 1.25:1.0, the Board will be required to hire an outside consultant, approved by the Bond Insurer, and the Board will be required to follow any reasonably feasible recommendations of such consultant regarding the operation and management of the Facilities, including raising fees and rents, reducing expenses, if necessary, increasing the average occupancy rate through strict enforcement of parietal rules requiring students to reside on campus, and, to the extent legally possible, revising parietal rules to increase the number of students required to reside on campus. So long as the Board shall be working in good faith with such consultant to increase any deficient Debt Service Coverage Ratio, there will not be an Event of Default under the Facilities Lease unless (i) the Debt Service Coverage Ratio for the Facilities shall be less than 1.00:1.00 at the end of any Fiscal Year or (ii) the Debt Service Coverage Ratio for the Facilities shall be less than 1.10 to 1.00 for two (2) full consecutive semesters after retention of an outside consultant by the Board. For purposes of the foregoing, when establishing such fees, rentals, rates, and charges and calculating each Debt Service Coverage Ratio, the Board will be required to take into account payments required to be made into the Debt Service Reserve Fund pursuant to the provisions of the Indenture described in subsection (h) under the subheading "**SERIES 2004 BONDS - Funds and Accounts -- Receipts Fund**" above. The Board will further covenant that it will seek any required approval necessary in order to comply with the covenant described under this subheading.

Additional Facilities

Without the prior written consent of the Bond Insurer, the University will agree not to build, acquire, or renovate any similar student housing facilities, whether such facilities are owned by the University or a private entity, unless (i) the Debt Service Coverage Ratio for the Facilities shall have been met for the prior Fiscal Year, (ii) it is projected that the Debt Service Coverage Ratio for the Facilities will be met for the two Fiscal Years following the projected completion of the proposed facility, and (iii) based on a market analysis prepared by a market research company with experience in student or multi-family housing that is independent from the University, the University's proposed project shall not be expected to have a material adverse affect on the Facilities. Notwithstanding the foregoing, it is understood that with respect to Phase Three of the Facilities, the foregoing tests do not have to be met, provided that the availability of Phase Three of the Facilities is accompanied by a removal

from service of at least the same number of beds included in Phase Three. Such additional student housing facilities owned or leased by the Board or the Corporation will be required to be incorporated with the Facilities into a single housing system so that such additional student housing facilities and all revenues derived therefrom will secure the Bonds, and the Facilities and the revenues derived therefrom, including all revenues derived from the Facilities Lease, will secure any debt incurred to finance such additional student housing facilities.

Rental

The Board will agree to pay Base Rental and Additional Rental as set forth in the Facilities Lease. The Base Rental amount will be an amount equal to the principal of, premium, if any, and interest due on the Series 2004 Bonds and any Additional Bonds, payable prior to the dates that such debt shall become due and payable. The Base Rental will also include any amounts required to be paid into any funds established in the Indenture, including the Debt Service Reserve Fund or to make up any deficiency or to restore any loss resulting from investment and any other payment required to be made to such fund by the Indenture.

In addition, the Board will agree in the Facilities Lease, to pay as Additional Rental any and all expenses incurred by or on behalf of the Corporation on behalf of the Board and/or by the Board in the management, operation, ownership, and/or maintenance of the Facilities, owed to the Authority or the Trustee.

Insurance

(a) The University, at the direction of the Board, will be required to secure and maintain or cause to be secured and maintained at the University's cost and expense:

(i) A policy or policies covering the Facilities against loss or damage by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, which insurance will be required to be not less than the full replacement cost of the Facilities, without deduction for depreciation. In the event that the Facilities shall not be repaired or replaced, insurance proceeds will be no greater than the actual cash value (replacement cost less depreciation) of the Facilities at the time of the loss. The policy will be required to be adjusted to comply with any applicable co-insurance provisions of such insurance policy. Full payment of insurance proceeds shall not be contingent on the degree of damage sustained at other Lessee facilities. The policy or policies covering such loss must explicitly waive any co-insurance penalty.

(ii) A policy of comprehensive public liability insurance with respect to the Facilities and the operations related thereto, whether conducted on or off the Facilities, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$2,000,000 in combined single limit liability coverage. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability, water damage legal liability, motor vehicle liability for all owned and non-owned vehicles, including rented or leased vehicles.

(iii) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Facilities, in an amount not less than \$5,000,000 with deductible provisions not exceeding \$100,000 per accident.

(iv) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such worker's compensation insurance to cover all persons employed by the Corporation in connection with the Facilities and to cover full liability for compensation under any such act aforesaid.

(v) A policy of rental interruption insurance in the amount of at least one year's rental in the event of loss of or damage to the Facilities.

(b) The Corporation will be required to secure and maintain a policy of title insurance insuring the Corporation's leasehold interest under the Ground Lease in an amount equal to the par amount of the Series 2004 Bonds.

All insurance required in the Facilities Lease and all renewals of such insurance (excepting self insurance or commercial insurance through ORM) will be required to be issued by commercial insurers authorized to transact business in the State, and rated at least A- by Best's Insurance Reports (property liability) or in the two highest rating categories of S&P and Moody's. All insurance policies provided or caused to be provided by the Corporation will be required to expressly provide that the policies shall not be canceled or altered without thirty (30) days' prior written notice to the University and the Trustee; and will, to the extent obtainable, be required to provide that no act or omission of the Corporation or other provider of insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

All policies of liability insurance that the University will be obligated to maintain according to the Facilities Lease (other than any policy of worker's compensation insurance) will be required to name the Corporation, the Trustee, and such other Persons or firms as the Board specifies from time to time as additional insureds and will be required to expressly provide that the policies shall not be cancelled or altered without thirty (30) days' prior written notice to the Corporation and the Trustee and will, to the extent obtainable, be required to provide that no act or omission of the University that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All public liability, property damage liability, and casualty policies maintained by the University will be required to be written as primary policies.

Proceeds of insurance received and/or the amount of any loss that is self-insured through ORM with respect to destruction of or damage to any portion of the Facilities by fire, earthquake, or other casualty or event will be required to be paid to the Trustee for application in accordance with the provisions of the Facilities Lease and the Indenture.

Condemnation, Casualty, and Other Damage

The risk of loss or decrease in the enjoyment and beneficial use of the Facilities due to any Casualty or in consequence of any Expropriation will be expressly assumed by the Board. The Corporation and the Trustee will in no event be answerable, accountable, or liable therefor, nor will any of the foregoing events entitle the Board to any abatements, set-offs, or counter claims with respect to its Base Rental, Additional Rental, or any other obligation under the Facilities Lease.

Application of Insurance Proceeds: Condemnation Award

If, during construction, all or any portion of the Facilities shall be damaged or destroyed by a Casualty, or shall be taken by Expropriation proceedings, the Board will be required to instruct the Corporation, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. Following the completion of construction and acceptance of the Facilities by the Board on behalf of the Corporation, the Board will be required, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted, the repair, restoration, or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Facilities will be required to be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust (or in the case of self insurance

through ORM, as set forth in the third succeeding paragraph below), and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be required to be disbursed to pay the costs of restoration, replacement, and repair of the Facilities with respect to which they shall be held, in each case promptly after receipt of a written request of the Corporation stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Facilities or for the improper use of moneys properly disbursed pursuant to request made under the Facilities Lease. Any proceeds remaining on deposit with Trustee following completion of the repairs, restoration, or replacement of the Facilities will be required to be paid by Trustee in accordance with the terms of the Indenture.

In the event the proceeds of any insurance, and any additional funds deposited with the Trustee, are insufficient to fully repair, restore, or replace the Facilities, the proceeds shall be paid to the Trustee and used to redeem the outstanding Bonds.

Notwithstanding the foregoing, the Corporation's obligation to replace the Facilities in the event of Expropriation Proceedings will be dependent on the Board's entering into a lease with a different portion of the campus of the University as provided in the Ground Lease. In the event it shall be necessary to restore or replace the Facilities in a different location because of the Expropriation of all or a portion of the Facilities, the Corporation and the Board will agree to amend or enter into a new Facilities Lease and Ground Lease in accordance with the Ground Lease. In the event the Board, pursuant to the Ground Lease, shall decide not to repair, restore or replace the Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation) will be required to be paid to the Board for immediate delivery to the Trustee and applied to the prepayment of the Bonds in accordance with the terms of the Indenture, and the Facilities Lease and the Ground Lease will terminate.

In the event that ORM shall insure the Facilities, the Board will be required to use the insurance proceeds received from ORM in accordance with the policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration, or replacement of the Facilities

Default by the Board

If (i) the Board shall fail to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the Facilities Lease by the close of business on the day such deposit is required pursuant to the Facilities Lease, and shall fail to remedy such breach within five (5) days thereof, but in no event later than the date on which such payment is required to enable the Corporation to make payment on the Series 2004 Bonds (without use of moneys held in the Debt Service Reserve Fund), or (ii) the Board shall fail to pay or discharge any monetary obligation under the Lease (other than the payment of Base Rental) as and when due, or within thirty (30) days after receipt of Notice from the Corporation that such sums are due and owing; or (iii) the Board shall breach any non-monetary terms, covenants, or conditions therein, and shall fail to remedy any such breach with all reasonable dispatch within a reasonable period of time (or such longer period as the Trustee may approve) after written notice thereof from the Corporation to the Board, then and in any such event the Board will be deemed to be in default under the Facilities Lease, and the Corporation will have the right, at its option, without any further demand or notice to terminate the Facilities Lease on the earliest date permitted by law or on any later date specified in any Notice given to the Board in which case the Board's right to possession of the Facilities will cease, and the Facilities Lease will be terminated, without, however, waiving the Corporation's right to collect all Rental and other payments due or owing for the period up to the time the Corporation regains possession (and which have been appropriated for payment to the Corporation under the Facilities Lease, but not paid by the Board), and to enforce other obligations of the Board that survive termination of the Facilities Lease, and in such event the Corporation may without any further demand or notice re-enter the Facilities and eject all parties in possession thereof, subject to the

rights of students, faculty, staff, and Permitted Sublessees. The foregoing remedies of the Corporation are in addition to and not exclusive of any other remedy of the Corporation. Any such re-entry will be required to be allowed by the Board without hindrance, and the Corporation will not be liable in damages for any such re-entry or be guilty of trespass. The Corporation will agree that upon its termination of the Board's right to possession of the Facilities or termination of the Facilities Lease, the Corporation upon its re-entry of the Facilities will only be allowed to use the Facilities for the Permitted Use and will be subject to all applicable Governmental Regulations heretofore or hereafter enacted by any Governmental Authority relating to the use and operation of the Facilities.

Notwithstanding any other provision of the Facilities Lease, (i) in no event will the Corporation have the right to accelerate the payment of any Base Rental payment under the Facilities Lease, and (ii) the Bond Insurer will have ninety (90) days to cure an Event of Default thereunder.

Notwithstanding anything contained in the Facilities Lease to the contrary, a failure by the Board to pay when due any payment required to be made under the Facilities Lease or a failure by the Board to observe and perform any covenant, condition, or agreement on its part to be observed or performed under the Facilities Lease, resulting from a failure by the Board to appropriate moneys will not constitute an Event of Default thereunder, and the Corporation will not have any of the remedial rights set forth in the Facilities Lease. Notwithstanding the foregoing, in such event, the Facilities Lease will terminate and the University will be required to vacate the Facilities immediately and deliver the Facilities to the Corporation.

Cumulative Remedies

Each right and remedy provided for in the Facilities Lease shall be cumulative and shall be in addition to every other right or remedy provided for in the Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Corporation of any one or more of the rights or remedies provided for in the Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by the Corporation of any or all other rights or remedies provided for in the Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise. All costs incurred by the Corporation in collecting any amounts and damages owing by the Board pursuant to the provisions of the Facilities Lease or to enforce any provision of the Facilities Lease, including reasonable Litigation Expenses from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by the Corporation, will also be recoverable by the Corporation from the Board. The waiver by the Corporation of any breach by the Board and the waiver by the Board of any breach by the Corporation of any term, covenant, or condition of the Facilities Lease will not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition thereof.

Nonappropriation of Funds

In the event no funds or insufficient funds shall lawfully be appropriated in any Fiscal Year enabling the payment of Base Rental and Additional Rental payments due during the next succeeding Fiscal Year, the Board will be required to notify the Corporation immediately of such occurrence. On the first day of the month following the Base Rental payment date on which the last payment of Base Rental can be made in full from Lawfully Available Funds, the Facilities Lease will terminate without penalty or expense to the Board of any kind whatsoever, except as to the portions of Base Rental and Additional Rental payments therein agreed upon for Fiscal Years for which sufficient funds shall have been lawfully appropriated. In the event of such termination, the Board will agree to surrender possession of the Facilities to the Corporation peaceably on the date of such termination in its original condition (normal wear and tear excepted). The Corporation will have all legal and equitable rights and remedies to take possession of the Facilities and re-let or sell the Facilities as the Corporation determines and as granted in the Facilities Lease. The Board will acknowledge that the Corporation's rights to take possession and to re-let or sell the Facilities under the Facilities Lease may be assigned to the Trustee for the benefit of the owners of the Series 2004 Bonds, and the Board will agree that the Trustee will be entitled to exercise all of the rights of the Corporation under the Facilities Lease. The event of an inability by the University to cause the appropriation of sufficient funds for the payment of sums due under the Facilities Lease will not constitute a default thereunder, but will, *ipso facto*, terminate the Facilities Lease. This provision will be operative notwithstanding any provisions of the Facilities

Lease to the contrary. The Board will be considered in default thereunder if sufficient funds shall have been lawfully appropriated for the payment of Rental required under the Facilities Lease and the Board shall fail to use lawfully appropriated funds for the payment of Rental. In such event, the Corporation will be entitled to the rights and remedies set forth in the Facilities Lease.

Litigation Concerning Student Fees

The Board will make payments of Base Rental solely from Lawfully Available Funds which includes Rents derived from the operation of the Facilities and other auxiliary revenues of the University.

Recent litigation may affect the ability of the University to increase such fees. A Louisiana State University ("*LSU*") student filed suit against the LSU Board of Supervisors (the "*LSU Board*") (civil action filed on October 16, 2003, captioned "Donald C. Hodge, Jr. vs. Board of Supervisors of Louisiana State University and Agricultural and Mechanical College," Number 512.930, Sect. "D,") which seeks to enjoin the LSU Board from implementing a football ticket pricing policy as violative of Article VII, § 2.1 of the Constitution of Louisiana. The 19th Judicial District Court (the "*Trial Court*") ruled that the LSU Board's adoption of a new general pricing policy for home football games did not constitute implementation or assessment of a fee under said Article VII, Section 2.1 which would otherwise require approval by a vote of two-thirds of each house of the Legislature. The Trial Court decision was appealed by Hodge to the Louisiana First Circuit Court of Appeal (the "*Appeal Court*"). In affirming the Trial Court's decision, the Appeal Court, as did the Trial Court, agreed with the reasoning of the Louisiana Attorney General that the Legislature has evidenced no intent to have oversight over "nonmandatory fees" with respect to LSU, other than those fees directly connected with LSU's principal governmental function of providing higher education to the citizens of the State.

The Trial Court ruled on the Hodge action on November 18, 2003, and the Appeal Court rendered its affirming decision on December 23, 2003. On January 22, 2004, Hodge requested that the Louisiana Supreme Court grant writs and review the ruling of the Appeal Court. On March 11, 2004, the Louisiana Supreme Court denied writs on the Hodge action. While the Hodge action did not directly address the Rents and other student fees making up Lawfully Available Funds, the above described reasoning of the Attorney General was followed by the Trial Court and the Appeal Court in this first judicial interpretation of Article VII, Section 2.1 of the Constitution.

There can be no assurance absent favorable judicial interpretation specifically as to charges imposed on students to generate Rents and other auxiliary revenues that this Constitutional provision does not apply to such charges making up a portion of Lawfully Available Funds. In the event this provision does apply, neither the Board nor the University could increase Rents or other auxiliary revenue charges or impose a new auxiliary revenue charge without a two-thirds favorable vote of the Louisiana Legislature. See "**BONDHOLDER'S RISKS**" herein.

LITIGATION

The Authority

There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that restrains or enjoins the issuance or delivery of the Series 2004 Bonds or questions or affects the validity of the Series 2004 Bonds or the proceedings and authority under which they are to be issued. To the Authority's knowledge, neither the creation, organization, or existence of the Authority, nor the title of the present members or other officers of the Authority to their respective offices, is being contested or questioned. There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that in any manner questions the right of the Authority to enter into the Indenture or the Loan Agreement to secure the Series 2004 Bonds in the manner provided in the Indenture.

The Corporation

There is no litigation now pending or threatened against the Corporation, of which the Corporation has knowledge, that in any manner questions the right of the Corporation to enter into or perform its obligations under the

Loan Agreement, the Mortgage, or the Assignment or that individually or in the aggregate would adversely affect the operations of the Corporation, financial or otherwise.

CONFLICTS OF INTEREST; RELATIONSHIPS

Management of the Corporation has been delegated to Brad O'Hara, Ph.D. Dr. O'Hara is employed on a full-time basis as the Vice President for Student Affairs of the University. Stephen M. Smith is the President and the Chairperson of the Board of Directors of the Corporation and is also Vice President for Administration and Finance of the University. The Developer is owned by Michael A. Mouron. Mr. Mouron also owns Capstone Properties Corp., the sole member of the Management Company.

TAX EXEMPTION

General

In the opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, subject to the discussion below, interest on the Series 2004A Bonds and the Series 2004B Bonds (and original issue discount treated as interest (see discussion below)) is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and judicial decisions. Except as hereinafter described under the subheading "**Alternative Minimum Tax Considerations**," interest on the Series 2004A Bonds and the Series 2004B Bonds (and original issue discount treated as interest) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations.

Interest on the Series 2004C Bonds (and original issue discount treated as interest) is **not** excludable from federal income tax. Interest on the Series 2004C Bonds (and original issue discount treated as interest) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations.

The Internal Revenue Code of 1986, as amended (the "*Code*") imposes a number of requirements that must be satisfied for interest on state and local obligations to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States government, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service.

In rendering the foregoing opinions, Bond Counsel will assume continuing compliance by the Corporation with the provisions of the Indenture and the Loan Agreement by the Authority and the Corporation subsequent to the issuance of the Series 2004A Bonds and the Series 2004B Bonds which affect the exclusion from gross income of all amounts treated as interest on the Series 2004A Bonds and the Series 2004B Bonds. In addition, Bond Counsel will rely upon certain representations and certifications of the Corporation made in certificates dated the date of initial delivery of the Series 2004 Bonds pertaining to the use, expenditure and investment of the proceeds of the Series 2004A Bonds and the Series 2004B Bonds. These representations relate to matters that are solely within the knowledge of the Corporation, which Bond Counsel has not verified. The Indenture and the Loan Agreement contain certain covenants by the Authority and the Corporation with respect to, among other matters, the above requirements. Failure of the Corporation to comply with any of the covenants may result in interest on the Series 2004A Bonds and the Series 2004B Bonds being included in the gross income of the owners thereof from the date of issue of the Series 2004 Bonds.

Prospective purchasers of the Series 2004A Bonds and the Series 2004B Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred to continued indebtedness to purchase or carry tax-exempt obligations. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Alternative Minimum Tax Considerations

As stated above, interest on the Series 2004 Bonds will not be an item of tax preference for purposes of computing the federal alternative minimum tax on individuals and corporations. The Code, however, imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation, if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, a corporation's alternative minimum taxable income will include 75% of the amount by which a corporation's "adjusted current earnings" exceeds a corporation's alternative minimum taxable income. Because interest on tax-exempt obligations is included in a corporation's "adjusted current earnings," ownership of the Series 2004 Bonds could subject a corporation to alternative minimum tax consequences.

Original Issue Premium and Discount

Certain maturities of the Series 2004A Bonds (the "*Premium Bonds*") may be offered and sold to the public at a price in excess of their stated principal amounts. Such excess is characterized as a "bond premium." For federal income tax purposes, bond premium on the Premium Bonds must be amortized by an investor purchasing a Premium Bond on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium related to a tax-exempt bond for federal income tax purposes.

Certain maturities of the Series 2004A Bonds may be offered and sold at an original issue discount (the "*OID Bonds*"). The difference between the initial public offering price of the OID Bonds (as set forth on the front cover hereon) and their stated principal amount payable at maturity constitutes original issue discount treated as interest. OID on the OID Bonds is treated as interest that is excluded from gross income for federal income tax purposes and which is exempt from all taxation in the State subject to the caveats and provisions described above.

In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such an OID Bond which are attributable to accrued original issue discount will be treated as interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Bond, on days which are determined by reference to the maturity date of such OID Bond. The amount treated as original discount on such OID Bond for a particular semiannual period is equal to (i) the product of (a) the yield to maturity for such OID Bond and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular semiannual period if held by the original purchaser, (ii) less the amount of any payments on such OID Bond during the semiannual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such an OID Bond is sold between compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Investors who purchase an OID Bond should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Bonds as of any date, with respect to the accrual of original issue discount for such OID Bonds purchased on the secondary markets and with respect to the state and local tax consequences of owning such OID Bonds.

Non-Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," which are designated by

an issuer as “qualified tax-exempt obligations.” Section 265(b) of the Code defines the term “financial institution” as referring to any corporation described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business which is subject to federal or state supervision as a financial institution.

The principal amount of the Series 2004A Bonds and the Series 2004B Bonds exceeds \$10,000,000 in aggregate principal amount and thus the Authority cannot designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

Louisiana Taxes

In the opinion of Bond Counsel and in accordance with the Act, the Series 2004 Bonds together with interest thereof, income therefrom, and gain from the sale thereof are exempt from all State taxes and local taxes.

No Other Opinions

Except as stated above, Bond Counsel expresses no other opinions with respect to any tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2004 Bonds.

UNDERWRITING

The Authority is offering the Series 2004 Bonds through Morgan Keegan & Company, Inc., Nashville, Tennessee (the “*Underwriter*”), pursuant to two Bond Purchase Agreements, one relating to the Series 2004A Bonds and the Series 2004C Bonds and the other relating to the Series 2004B Bonds . The obligation of the Underwriter to sell the Series 2004 Bonds will be subject to various conditions contained in the Bond Purchase Agreements.

The Underwriter is purchasing the Series 2004 Bonds and intends to offer the Series 2004 Bonds to the original purchasers thereof at the offering prices set forth on the cover page of this Official Statement, which offering prices may subsequently be changed without any requirement of prior notice. The Underwriter will purchase the Series 2004 Bonds at an aggregate price equal to \$76,848,448.10. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2004 Bonds. The Underwriter may offer and sell Series 2004 Bonds to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts and/or commissions that may be received by such dealers in connection with the sale of the Series 2004 Bonds will be deducted from the Underwriter's discount.

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

RATING OF THE SERIES 2004 BONDS

Moody's Investors Service, Inc. (“*Moody's*”) is expected to assign the Series 2004 Bonds the long-term rating of “Aaa”, with the understanding that upon delivery of the Series 2004 Bonds, policies insuring the payment when due of the principal of and interest on the Series 2004 Bonds will be issued by the Bond Insurer. An explanation of the significance of such rating may be obtained from Moody's. Such rating reflects only the view of Moody's, and neither the Authority, the University, the Bond Insurer, nor the Underwriter makes any representation as to the appropriateness thereof.

There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely, if in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse affect on the market price of the Series 2004 Bonds.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series 2004 Bonds will be subject to the approving opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P, Baton Rouge, Louisiana, Bond Counsel, the form of which is included as **APPENDIX "E"** hereto. Certain legal matters will be passed on for the Authority by its counsel, Casten & Pearce, A.P.L.C., Shreveport, Louisiana, for the Corporation by its counsel, Seale & Ross, P.L.C., Hammond, Louisiana, and for the Underwriter by its counsel, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina.

Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2004 Bonds have been authorized to be issued, and rendering opinions in conventional form as to the validity and legality of the Series 2004 Bonds and to the exemption or lack thereof of interest thereon from income taxation by the United States of America and the State of Louisiana. While Bond Counsel has assisted in the preparation of this Official Statement and is of the opinion that the statements made herein under the headings "**SUMMARY STATEMENT, - The Series 2004 Bonds,**" "**THE SERIES 2004 BONDS,**" "**TAX EXEMPTION,**" "**LEGAL MATTERS**" and "**SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS**" in **APPENDIX "B"** hereto fairly summarize the matters there referred to, such counsel has not been requested to check or verify, has not checked or verified, and will express no opinion with respect to the accuracy, completeness, or fairness of any other information contained in this Official Statement (other than the form of legal opinion set forth in **APPENDIX "E"**).

None of the legal counsel referenced in this Official Statement has (a) participated in the underwriting of the Series 2004 Bonds, (b) provided any advice regarding the creditworthiness of the Series 2004 Bonds or (c) assisted in determining the value of the collateral for the Series 2004 Bonds upon the occurrence of an event of default. Legal counsel have solely and exclusively opined to those matters which are expressly set forth in their opinions which are attached hereto or which have been delivered in connection herewith and no holder of a Series 2004 Bond shall be authorized or entitled to infer that such legal counsel have rendered opinions beyond those stated in their written opinions or to rely on the participation of counsel in this transaction. Except for negligent errors in their express written opinions, legal counsel shall have no obligations to holders of the Series 2004 Bonds and holders of the Series 2004 Bonds must not rely either expressly or implicitly upon such counsel in determining whether the Series 2004 Bonds represent suitable investments or otherwise meet their creditworthiness and risk tolerance standards.

CONTINUING DISCLOSURE

The Board will agree to provide such information as may be required by the provisions of the Rule, and neither the Corporation, the Trustee, the University, nor the Authority will undertake any responsibility with respect to continuing disclosure under the Rule.

Annual Financial Information Disclosure

Following the issuance of the Series 2004 Bonds, until the Series 2004 Bonds shall have been paid in full, the Board will agree to undertake to, and will be required to, provide annually to any Bondholder who specifically requests in writing receipt of the foregoing, and to the Trustee, each NRMSIR, and any SID, within six (6) months after the end of each Fiscal Year ending on or after June 30, 2005:

(i) financial information and operating data of the general type included in this Official Statement for the University, consisting of the information under the heading "**THE UNIVERSITY;**"

(ii) audited financial statements of the Facilities, if then available. Any financial statements so to be provided shall be (a) prepared in accordance with generally accepted accounting principles consistently applied, and such other accounting principles approved by an Accountant, and (b) audited as required by the Loan Agreement. If one or more of the audits of such financial statements is not complete within such period, then the Board will be required to provide unaudited financial statements for the Facilities, within

the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements shall become available.

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

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

Events Disclosure

The following are the events with respect to the Series 2004 Bonds subject to the provisions of the Rule that the Board must agree to disclose in a timely manner pursuant to the Rule, if "material" under applicable federal securities laws and regulations promulgated thereunder:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Series 2004A Bonds or the Series 2004B Bonds;
- (vii) Modifications to rights of holders of the Series 2004 Bonds;
- (viii) Series 2004 Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Series 2004 Bonds; and
- (xi) Rating changes.

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

Additional Information

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

Failure to Comply

UNDER NO CIRCUMSTANCES WILL THE BOARD BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2004 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT DESCRIBED UNDER THIS HEADING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH WILL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

FINANCIAL ADVISOR TO THE UNIVERSITY

Sisung Securities Corporation serves as independent financial advisor (the "*Financial Advisor*") to the University in connection with the issuance of the Series 2004 Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the University to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The Financial Advisor expects to receive additional compensation in conjunction with the investment of certain bond proceeds.

MISCELLANEOUS

The information set forth herein relating to the Corporation has been furnished by the Corporation.

The information set forth herein relating to the Developer and the Facilities has been furnished by the Developer.

The information set forth herein regarding the University has been furnished by the University.

The Authority has furnished only the information included herein under the headings, "**THE AUTHORITY**," and "**LITIGATION - The Authority**."

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2004 Bonds.

The Corporation has duly authorized the execution, delivery, and distribution of this Official Statement in connection with the offering of the Series 2004 Bonds.

UNIVERSITY FACILITIES, INC.

By 

Phil K. Livingston, Vice Chairperson,
Board of Directors

APPENDIX "A"

DEFINITIONS

Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below for all purposes of this Official Statement:

"Act" means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended, (La. R.S. 33:4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

"Additional Bonds" means bonds, if any, issued in one or more series on a parity with the Series 2004 Bonds pursuant to the Indenture.

"Additional Debt" means any obligation (whether present or future, contingent or otherwise, as principal or security or otherwise): (i) in respect of borrowed money, including without limitation, bonds, notes, and similar obligations; or (ii) under a lease arrangement, installment sale agreement or other similar arrangement, that is secured by or payable from Rents.

"Additional Facilities" means any additional student housing facilities owned or leased by the Board or the Corporation that have been incorporated with the Facilities into a single housing system pursuant to the provisions of the Facilities Lease.

"Additional Rental" means the amounts specified as such in the Facilities Lease.

"Administrative Expenses" means the necessary, reasonable, and direct out-of-pocket expenses incurred by the Authority or the Trustee pursuant to the Indenture and the Loan Agreement, the compensation of the Trustee under the Indenture (including, but not limited to any annual administrative fee charged by the Trustee), the compensation of the Authority, any amounts due to the Bond Insurer under the Reimbursement Agreement, and the necessary, reasonable, and direct out-of-pocket expenses of the Trustee incurred by the Trustee in the performance of its duties under the Indenture.

"All-Hold Rate" on any date of determination, means eighty-five percent (85%) of The Bond Market Association Municipal Swap Index, provided, however, that in no event shall such All-Hold Rate exceed the Maximum Auction Rate.

"Annual Debt Service" means the amount required to pay all principal of and interest on a series of Bonds and any Additional Debt, as applicable, in any Fiscal Year. For purposes of calculating the Annual Debt Service on a series of Bonds or Additional Debt, the interest rate borne by which is not fixed to the maturity thereof on any date, for any period during which an interest swap or similar agreement shall be in effect whereunder the Corporation or the Board pays a fixed rate and the swap provider pays a floating rate that, in the judgment of the Authorized Corporation Representative (as evidenced by a certificate delivered to the Trustee) approximates the variable rate payable on such series of Bonds or Additional Debt, the interest rate on such series of Bonds or Additional Debt will be deemed to be equal to the fixed rate payable by the Corporation or the Board under such interest swap or similar agreement and for any period during which such an agreement shall not be in effect, the interest rate on such series of Bonds or Additional Debt will be deemed to be the average interest rate borne by such series of Bonds or Additional Debt during the immediately preceding twelve (12) month period or, if such series of Bonds or Additional Debt has borne a floating rate for less than twelve (12) months, such series of Bonds shall be treated as if it bears interest at the 25-year Revenue Bond Index as published by *The Bond Buyer* on the date of determination.

"Applicable Percentage," means, on any date of determination, the percentage determined based on the Rating Agencies' rating of the Series 2004 Bonds in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

<u>S&P and Fitch Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Applicable Percentage</u>
"AAA"	"Aaa"	175%
"AA"	"Aa"	175%
"A"	"A"	175%
"BBB"	"Baa"	200%
Below "BBB"	Below "Baa"	265%

provided, that if the Series 2004 Bonds are not then rated by a Rating Agency, the Applicable Percentage shall be 265%. For purposes of this definition, the rating categories shown above refer to and include the respective rating categories correlative thereto if a Rating Agency shall have changed or modified its generic rating categories or does not rate or no longer rates the Series 2004 Bonds or has been replaced. If two or more Rating Agencies are then rating the Series 2004 Bonds, the lowest of the correlative rating categories of the Rating Agencies shall apply.

"Assignment of Agreements and Documents" means the Assignment of Agreements and Documents dated as of August 1, 2004, by the Corporation in favor of the Trustee.

"Auction" means each periodic implementation of the Auction Procedures.

"Auction Agency Agreement" means the Initial Auction Agency Agreement and any agreement entered into between the Authority and a successor Auction Agent.

"Auction Agent" means The Bank of New York or another auction agent designated in accordance with the terms of the Indenture, and its successors or assigns.

"Auction Date" means initially the Thursday immediately succeeding the Closing Date and every Thursday thereafter (or such other day that the Market Agent shall establish as the Auction Date therefor); provided, that if such day is not a Business Day, the Auction Date shall be the preceding Business Day.

"Auction Period" means the Standard Auction Period or such other period established as further described in the Official Statement under the subheadings **"SERIES 2004B BOND AUCTIONS - General -- Change of Auction Date"** and -- **"Change of Auction Period."**

"Auction Procedures" means the procedures described in APPENDIX "C" hereto.

"Auction Rate" means, with respect to each Auction Period, the respective rate of interest per annum determined for the Series 2004B Bonds prior to the Fixed Rate Conversion Date pursuant to the implementation of the Auction Procedures or, if an Auction shall not be held or shall be cancelled hereunder, the rate determined pursuant to the Indenture.

"Auction Rate Adjustment Date" means the date of commencement of each Auction Period, being the first Business Day after each Auction Date.

"Auction Rate Bonds" means any principal amount of Series 2004B Bonds bearing interest at the Auction Rate.

"Auction Rate Determination Date" means the Auction Date, or if no Auction Date is applicable, the Business Day immediately preceding the date of commencement of an Auction Period.

"Authority" means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon by the Authority by said provisions shall be given by law.

“Authorized Corporation Representative” means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Authority and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“Authorized Denomination,” with respect to all Series 2004 Bonds other than Auction Rate Bonds and Variable Rate Bonds, means \$5,000 or any integral multiple thereof; with respect to Auction Rate Bonds, means \$25,000 or any integral multiple thereof, and with respect to Variable Rate Bonds, means \$100,000 or any integral multiple of \$5,000 in excess thereof; however, upon receipt of an approving opinion of Bond Counsel, the Authority may designate in writing to the Trustee other Authorized Denominations to be applicable to any Series 2004B Bonds Outstanding after a Variable Rate Conversion provided such designation is received by the Trustee on or before the date of such Variable Rate Conversion.

“Available Auction Rate Bonds” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”**

“Base Rental” means the amounts specified as such in the Facilities Lease.

“Beneficial Owner” means, so long as a book-entry system of registration is in effect pursuant to the Indenture, the actual purchaser of Series 2004 Bonds.

“Bid” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“Bidder” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“Board” means the Board of Supervisors for the University of Louisiana System or its legal successor as the management board of the University, acting on behalf of the University.

“Bond Counsel Opinion” means an opinion of an attorney or firm of attorneys of recognized standing with respect to tax-exempt obligations of municipal, state and public agencies, selected by the Authority.

“Bond Insurance Policies” means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally guarantee the full and complete payment of the principal of and interest on the Series 2004 Bonds as such payments shall become due but shall be unpaid.

“Bond Insurer” means MBIA Insurance Corporation, or any successor thereto.

“Bond Proceeds Fund” means the fund of that name created under the Indenture.

“Bond Register” means, when used with respect to the Series 2004 Bonds, the registration books maintained by the Trustee pursuant to the Indenture.

“Bond Year” means the twelve (12) month period beginning on August 2 of each calendar year and ending on August 1 of the immediately succeeding calendar year.

“Bondholder” or **“owner”**, when used with reference to a Series 2004 Bond or Series 2004 Bonds, means the registered owner of any Outstanding Series 2004 Bond or Series 2004 Bonds.

“Bonds” means, collectively, the Series 2004 Bonds and any Additional Bonds issued pursuant to a supplemental Indenture as authorized by the Indenture.

"Broker-Dealer" means any broker or dealer (as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that is a DTC Participant (or an affiliate of a DTC Participant), has been selected by the Authority, is acceptable to the Auction Agent and has entered into a Broker-Dealer Agreement.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

"Casualty" means any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise.

"Closing Date" means the date on which the Series 2004 Bonds are delivered and payment therefor is received by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

"Commencement Date" means the effective date of the Facilities Lease.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of August 1, 2004, by and among the Corporation, the Board and the Trustee, as the same may be amended or supplemented from time to time according to its terms.

"Conversion" means a Variable Rate Conversion or a Fixed Rate Conversion.

"Conversion Date" means a Variable Rate Conversion Date or a Fixed Rate Conversion Date.

"Corporation" means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Series 2004 Bonds.

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale, and issuance of the Series 2004 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Authority, or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, and any other cost, charge, or fee in connection with the original sale and issuance of the Series 2004 Bonds, including the premiums payable for the Bond Insurance Policies.

"Cost of Issuance Account" means the account so designated that is established pursuant to the Indenture.

"Costs of the Facilities" means those costs incurred by the Corporation in connection with the demolition of certain existing facilities and the renovation, development, and construction of the Facilities, as set forth in the Indenture.

"Debt Service Fund" means the fund of that name created under the Indenture.

"Debt Service Coverage Ratios" means the Debt Service Coverage Ratio for the Facilities and the Debt Service Coverage Ratio for the University.

"Debt Service Coverage Ratio for the Facilities" means, for any Fiscal Year, the ratio determined by the Vice-President for Administration and Finance of the University by dividing the amount of Net Revenues of the Facilities for such Fiscal Year by Annual Debt Service on the Bonds outstanding and on any Additional Debt for such Fiscal Year; provided, however, that for the purpose of calculating the Debt Service Coverage Ratio pursuant to the covenant of the Corporation contained in the Facilities Lease and described herein under the subheading

“THE FACILITIES LEASE - Additional Facilities,” to determine whether the Board may build, acquire, or renovate any Additional Facilities, the numerator of the fraction representing the Debt Service Coverage Ratio shall be increased by the additional anticipated revenues, if any, to be derived from the Additional Facilities to be constructed with the proceeds resulting from the Additional Debt as certified by the Vice-President for Administration and Finance of the University.

“Debt Service Coverage Ratio for the University” means, for any Fiscal Year, the ratio determined by the Vice-President for Administration and Finance of the University by dividing the amount of Lawfully Available Funds for such Fiscal Year by Annual Debt Service on the Bonds outstanding and on any Additional Debt for such Fiscal Year.

“Debt Service Reserve Fund” means the fund of that name created under the Indenture.

“Debt Service Reserve Fund Investment” means an irrevocable letter of credit issued by a bank or surety bond issued by an insurance company meeting the requirements of the Indenture.

“Debt Service Reserve Fund Requirement,” (i) with respect to the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds, at the time of determination, means the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes; and (ii) with respect to all Bonds issued under the Indenture, means the sum of the Debt Service Reserve Fund Requirements for each series of Bonds Outstanding; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory sinking fund redemption pursuant to the Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory sinking fund redemption in such Bond Year.

“Default or Delay Rental” means and shall consist of: (i) all amounts, fees, or expenses that the Corporation may be legally obligated to pay to other parties by reason of any default of the Board under the Facilities Lease or any delay in payment of any sums due by the Board thereunder; and (ii) all costs, expenses, and charges, including reasonable counsel fees, incurred by the Corporation whether by suit or otherwise, in collecting sums payable under the Facilities Lease or in enforcing any covenant or agreement of the Board contained in the Facilities Lease or incurred in obtaining possession of the Facilities after default by the Board that shall be due not later than thirty (30) days from notification that such Default or Delay Rentals are owed.

“Defeasance Obligations” means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

“DTC” or **“Securities Depository”** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depositories appointed pursuant to the Indenture.

“Existing Holder” means a person listed as the beneficial owner of Auction Rate Bonds during an Auction Period in the records of the Auction Agent.

“Expiration Date” means August 1, 2044, the expiration date of the Facilities Lease and the Ground Lease.

“Expropriation” means any foreclosures, attachments, levies, or executions; or the taking of all or any portion of the Facilities by condemnation, expropriation, or eminent domain proceedings.

“Facilities” means the student housing and related facilities described in the Loan Agreement, as amended and supplemented in accordance with the provisions of the Loan Agreement, that are to be renovated and/or

constructed in three (3) phases with the proceeds of the Series 2004 Bonds and Additional Bonds and two existing student housing facilities known as Southeastern Oaks and The Village and containing an aggregate of 582 beds.

“Facilities Documents” means collectively, the Loan Agreement, the Ground Lease, the Facilities Lease, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instrument pertaining to the Facilities.

“Facilities Lease” means that certain Agreement to Lease With Option to Purchase dated as of August 1, 2004, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby the Facilities are leased by the Corporation to the Board, on behalf of the University.

“Fiscal Year” means any period of twelve consecutive months adopted by the Corporation as its fiscal year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, **“Fitch”** shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Authority and approved by the Corporation and the Bond Insurer. Whenever rating categories of Fitch are specified in the Indenture, such categories shall be irrespective of gradations within a category.

“Fixed Rate” means the rate of interest fixed to the maturity of the Series 2004B Bonds and not subject to adjustment.

“Fixed Rate Conversion” means a conversion of the interest rate born by the Series 2004B Bonds from the Auction Rate to the Fixed Rate.

“Fixed Rate Conversion Date” means date on which the Series 2004B Bonds begin to bear interest at a Fixed Rate.

“Governmental Authority” means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

“Governmental Regulations” means any and all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, authorizations, concessions, investigation reports, guidelines, and requirements or accreditation standards of any Governmental Authority having jurisdiction over the Corporation and/or the Board, or affecting the Facilities.

“Ground Lease” means that certain Ground and Buildings Lease dated as of August 1, 2004 by and between the Board, as Lessor on behalf of the University, and the Corporation, as Lessee whereby the Land upon which certain existing facilities that are to be demolished are located and upon which the Facilities shall be constructed and/or renovated and the Facilities, as completed, are leased by the Board to the Corporation.

“Hold Order” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“Indenture” means the Trust Indenture dated as of August 1, 2004, between the Authority and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the terms of the Indenture.

“Initial Auction Agent” means The Bank of New York, together with any successors and assigns.

“Initial Auction Rate” means the rate of interest on the Auction Rate Bonds established for the Initial Period.

“Initial Period” means the period beginning on the Closing Date and ending on and including the Thursday immediately succeeding the Closing Date.

“Interest Account” means the Interest Account within the Debt Service Fund created pursuant to the Indenture.

“Interest Accrual Period” means the Initial Period and thereafter while the Series 2004B Bonds bear interest at the Auction Rate, the period commencing on and including the first day of an Auction Period and ending on and including the last day of such Auction Period.

“Interest Payment Date,” when used with respect to the Series 2004A Bonds, the Series 2004B Bonds that bear interest at a Fixed Rate, and the Series 2004C Bonds, means each February 1 and August 1, commencing February 1, 2005, when used with respect to Auction Rate Bonds, means the Business Day following each Auction Date, and with respect to Variable Rate Bonds, means the date set forth in the supplemental indenture executed in connection with the applicable Variable Rate Conversion.

“Interest Rate” means the rate of interest on the Series 2004B Bonds determined in the manner provided in the Indenture.

“Land” means the real property and improvements thereon more particularly described in the Ground Lease upon which certain existing facilities are to be demolished and upon which the Facilities are to be renovated, constructed and located.

“Lawfully Available Funds” means all unrestricted funds available to the University and appropriated by the Board to make Rental payments from any source, including Rents.

“Legal Expenses” means the reasonable fees and charges of attorneys and of legal assistants, paralegals, law clerks and other persons and entities used by attorneys and under attorney supervision and all costs incurred or advanced by any of them irrespective of whether incurred in or advanced prior to the initiation of any legal, equitable, arbitration, administrative, bankruptcy, trial or similar proceedings and any appeal from any of same.

“Liquidity Provider” means a bank or other institution that delivers a standby purchase agreement, letter of credit, or other form of liquidity support and that satisfies the conditions set forth in the Indenture.

“Letter of Representations” means the letter agreement by that name among the Authority, the Trustee, and DTC, concerning the deposit of the Series 2004 Bonds with DTC.

“Litigation Expenses” means all out-of-pocket costs and expenses incurred as a result of a default, or in connection with an indemnification obligation, including Legal Expenses, the reasonable fees and charges of experts and/or consultants, and all court costs and expenses.

“Loan” means the aggregate amount of the moneys loaned to the Corporation pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as of August 1, 2004, between the Corporation and the Authority, including any amendments and supplements thereof and thereto as permitted thereunder.

“Management Agreement” means the Management Agreement dated as of July 1, 2004, between the Management Company and the Corporation, as agent for the Board, and any successor contract for the management of the Facilities.

“Management Company” means Capstone On-Campus Management, LLC, an Alabama limited liability company authorized to do business in Louisiana, and its successor under any Management Agreement.

“Management Fee” means the fee owed to the Management Company pursuant to the Management Agreement in place from time to time between the Management Company and the Corporation, as agent for the Board.

“Market Agent” means Morgan Keegan & Company, Inc. or another market agent or market agents designated in accordance with the terms of the Indenture, and its or their successors or assigns.

“Market Agent Agreement” means an agreement entered into between the Authority and the Market Agent.

“Maximum Annual Debt Service,” with respect to a series of Bonds issued under the Indenture, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

“Maximum Auction Rate” means the lesser of:

- (i) the Applicable Percentage multiplied by The Bond Market Association Municipal Swap Index; or
- (ii) 12% per annum; or
- (iii) the maximum rate permitted by applicable law.

“Moody's” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, **“Moody's”** shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Authority and approved by the Corporation and the Bond Insurer. Whenever rating categories of Moody's are specified in the Indenture, such categories shall be irrespective of gradations within a category.

“Mortgage” means the Mortgage, Assignment of Leases and Security Agreement dated as of August 13, 2004, by the Corporation in favor of the Trustee, mortgaging the Corporation's leasehold interest in and to the Land and the Facilities.

“Net Revenues of the Facilities” means, with respect to any period, the excess of the Rents (determined on a cash basis) over operating expenses (before extraordinary items) of the Facilities and any Additional Facilities, determined in accordance with generally accepted accounting principles, and excluding: (i) any profits or losses on the sale or disposition, not in the ordinary course of business, of investments or fixed or capital assets or resulting from the early extinguishment of debt; (ii) gifts, grants, bequests, donations, and contributions, to the extent specifically restricted by the donor to a particular purposes inconsistent with their use for the payment of Annual Debt Service on the Bonds or Additional Debt; and (iii) the net proceeds of insurance (other than business interruption insurance) and condemnation awards.

“Nonpayment Rate” means a rate equal to the Maximum Auction Rate.

“Notice” means any notice, filing, or other communication given under the Facilities Lease.

“Notice of Fixed Rate Conversion” means a notice from the Authority delivered to the Trustee, the Bond Insurer, the Auction Agent, the Broker-Dealer, and the Securities Depository at least thirty-five (35) but not more than forty-five (45) days prior to a proposed Fixed Rate Conversion Date to the effect that the Authority has determined to change the interest rate mode for the Auction Rate Bonds to a Fixed Rate and has established a Fixed Rate Conversion Date.

“Notice of Variable Rate Conversion” means a notice from the Authority delivered to the Trustee, the Bond Insurer, the Auction Agent, the Broker-Dealer, and the Securities Depository at least thirty-five (35) but not

more than forty-five (45) days prior to a proposed Variable Rate Conversion Date to the effect that the Authority has determined to change the interest rate mode for some or all of the Auction Rate Bonds to a Variable Rate.

“Operating Budget” means the budget of the University as approved by Board for any Fiscal Year during the Term of the Facilities Lease.

“Operating Expenses” means the current expenses of operation, maintenance, and current repair of the Facilities, as calculated in accordance with Generally Accepted Accounting Principles, and includes, without limiting the generality of the foregoing, insurance premiums, reasonable accounting and legal fees and expenses relating to the Facilities and the ownership thereof by the Board, payments with respect to worker's compensation claims not otherwise covered by insurance, any payments due from the Board under the Facilities Lease, the Loan Agreement, or the Indenture, any Rebate Amount, amounts payable by the Corporation under the Loan Agreement or the Mortgage (other than the principal of, premium, if any, and interest on the Series 2004 Bonds); administrative expenses of the Authority (including fees and expenses of the Trustee and counsel fees and expenses) relating solely to the Facilities, the cost of materials and supplies used for current operations, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. **“Operating Expenses”** will not include (1) the Management Fee, but only to the extent the same is subordinated to the payment of the Payments to the same extent as set forth in the initial Management Agreement; (2) the principal of and interest on the Series 2004 Bonds; (3) any allowance for depreciation or replacements of capital assets of the Facilities; or (4) amortization of financing costs.

“Operating Fund” means the account opened and maintained by the Management Company in the Facilities' name for the payment of Operating Expenses at such bank as the Management Company may choose.

“Option to Purchase” or **“Option”** means the option to purchase the Facilities granted in the Facilities Lease.

“Order” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“ORM” means the Office of Risk Management of the State.

“Outstanding” or **“outstanding”**, when used with reference to Series 2004 Bonds, means all Series 2004 Bonds that have been authenticated and issued under the Indenture except:

- (a) Series 2004 Bonds canceled by the Trustee pursuant to the Indenture;
- (b) Series 2004 Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of the Indenture;
- (c) Series 2004 Bonds that have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in the Indenture;
- (d) Series 2004 Bonds in exchange for which other Series 2004 Bonds shall have been authenticated and delivered by the Trustee as provided in the Indenture; and
- (e) For all purposes regarding consents and approvals or directions of Bondholders under the Loan Agreement or the Indenture, Series 2004 Bonds held by or for the Authority, the Corporation, or any person controlling, controlled by, or under common control with either of them.

“Participant” means any broker-dealer, bank, and other financial institution from time to time for which DTC holds Series 2004 Bonds as securities depository.

“Paying Agent” means any bank or trust company designated pursuant to the Indenture to serve as a paying agent or place of payment for the Series 2004 Bonds, and any successors designated pursuant to the Indenture. The initial Paying Agent shall be the Trustee.

“Payment Default” means a default by the Authority in the due and punctual payment of any installment of interest on any of the Outstanding Bonds or (ii) a default by the Authority in the due and punctual payment of the principal or premium, if any, of any of the Outstanding Bonds at their maturity or upon mandatory sinking fund redemption, which, in any case, is followed by the failure of the Bond Insurer to honor a submitted claim for such amounts in accordance with the Bond Insurance Policies

“Payments” means the amounts of repayments under the Loan Agreement with respect to the Bonds to be made by the Corporation as provided in the Loan Agreement.

“Permitted Investments” means any of the following securities to the extent permitted under State law:

(i) The following obligations to be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts:

- (a) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in item (ii)(b)(2) below, or
- (b) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

(ii) The following obligations to be used as Permitted Investment for all purposes other than defeasance investments in refunding escrow accounts:

- (a) Obligations of any of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:
 - (1) U.S. Export-Import Bank (Eximbank),
 - (2) Farm Credit System Financial Assistance Corporation,
 - (3) Rural Economic Community Development Administration,
 - (4) General Services Administration,
 - (5) U.S. Maritime Administration,
 - (6) Small Business Administration,
 - (7) Government National Mortgage Association (GNMA),
 - (8) Department of Housing & Urban Development (PHAs),
 - (9) Federal Housing Administration, and
 - (10) Federal Financing Bank;
- (b) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - (1) Senior debt obligations rated in the highest long-term rating category by at least two (2) nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
 - (2) Senior debt obligations of the Federal Home Loan Bank System, and
 - (3) Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;
- (c) U.S. dollar denominated deposit accounts, federal funds and bankers acceptances with domestic commercial banks that either (1) have a rating on their short-term certificates of

deposit on the date of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies, (2) are insured at all times by the Federal Deposit Insurance Corporation, or (3) are collateralized with direct obligations of the United States of America at one hundred two percent (102%) valued daily. All such certificates must mature no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the commercial bank);

- (d) Commercial paper that is rated at the time of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies and that mature not more than two hundred seventy (270) days after the date of purchase;
- (e) Investments in (1) money market funds subject to SEC Rule 2A-7 and rated in the highest short-term rating category of at least two (2) nationally recognized rating agencies and (2) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Authority's deposit is permitted or directed by the laws of the State and in which the Authority's deposit shall not exceed five percent (5%) of the aggregate pool balance at any time and such pool is rated in one of the two (2) highest short-term rating categories of at least two (2) nationally recognized rating agencies;
- (f) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (1) that are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of at least two (2) nationally recognized rating agencies,
 - (2) that are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow (A) may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this item (2) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (g) General obligations of states with a short-term rating in one (1) of the two (2) highest rating categories and a long-term rating in one (1) of the two (2) highest rating categories of at least two (2) nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually;
- (h) Investment agreements approved in writing by the Bond Insurer; and
- (i) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

"Permitted Sublessees" means persons other than University students, faculty, and staff who are participants in any activities related to the mission of the University and who are using the Facilities for a period of one (1) month or less pursuant to a concession or other housing arrangement with the University.

“Permitted Use” means the operation of the Facilities for the housing of Permitted Sublessees and for purposes related to or associated with the foregoing.

“Person” means all juridical persons, whether corporate or natural, including individuals, firms, trusts, corporations, associates, joint ventures, partnerships, and limited liability companies or partnerships.

“Phase Three of the Facilities” means that portion of the Facilities anticipated to contain not more than two hundred (200) beds the construction of which will be financed with Additional Bonds issued under the Indenture.

“Plans and Specifications” means the plans and specifications prepared for the Facilities, as implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of the Facilities in accordance with the Loan Agreement and the Ground Lease.

“Potential Holder” means any person, including any Existing Holder, who may be interested in acquiring Auction Rate Bonds (or, in the case of an Existing Holder thereof, an additional principal amount of Auction Rate Bonds).

“Principal Account” means the Principal Account within the Debt Service Fund created pursuant to the Indenture.

“Principal Payment Date,” when used with respect to the Bonds means each August 1, commencing August 1, 2006.

“Prior Debt” means the amount borrowed by the Corporation pursuant to two Loan Agreements each dated as of June 1, 2000, as part of the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which \$14,590,000 is currently outstanding.

“Project Fund” means the fund of that name created under the Indenture.

“Rating Agency,” at any point in time, means any nationally recognized securities rating agency or service then rating the Series 2004 Bonds (collectively, the **“Rating Agencies”**).

“Rebate Amount” means any amounts required to be paid to the Rebate Fund pursuant to the Tax Regulatory Agreement.

“Rebate Fund” means the fund of that name created under the Indenture.

“Receipts Fund” means the fund of that name created under the Indenture.

“Record Date,” with respect to all Series 2004 Bonds other than Auction Rate Bonds and Variable Rate Bonds, means the fifteenth (15th) day of the month preceding each Interest Payment Date; with respect to Auction Rate Bonds, means the Business Day immediately preceding each the Interest Payment Date ; and with respect to Variable Rate Bonds, means the fifth (5th) day preceding each Interest Payment Date.

“Remarketing Agent” means the entity designated by the Authority as remarketing agent under a Remarketing Agreement, or any successor to it as such remarketing agent. The initial Remarketing Agent is Morgan Keegan & Company, Inc.

“Remarketing Agreement” means an agreement between the Authority and a Remarketing Agent, providing for the remarketing of any Bonds in accordance with the terms of the Indenture.

“Rental” means and includes the Base Rental and Additional Rental.

"Rents" means all revenues actually received from any source by, or on behalf of the Board or the University with respect to the Facilities and the Additional Facilities, including without duplication, all collected rents and other charges for the use or occupancy of the Facilities, parking charges and revenues, utility charges, vending machine and laundry machine revenues and forfeited security deposits relating to the Facilities, and rental interruption insurance proceeds actually received by or on behalf of the Board or the University (net of the costs of collecting such proceeds), if any; excluding tenants' security deposits unless and until applied in satisfaction of tenants' obligations as provided for in the Management Agreement.

"Reimbursement Agreement" means the Reimbursement and Indemnity Agreement dated as of August 1, 2004, between the Corporation and the Bond Insurer.

"Replacement Fund" means the fund of that name created under the Indenture.

"Replacement Fund Requirement" means, initially, an amount equal to \$4,064,825 increased annually, beginning August 1, 2007, by an amount equal to \$100,000 with such amount increased each year beginning August 1, 2008, at a rate of 3% annually or such lesser annual amount as shall be permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, **"S&P"** shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Authority and approved by the Corporation and the Bond Insurer. Whenever rating categories of S&P are specified in the Indenture, such categories shall be irrespective of gradations within a category.

"Securities Depository" means The Depository Trust Company and any successor securities depository for the Series 2004 Bonds.

"Sell Order" shall have the meaning set forth in **"APPENDIX "C" - AUCTION PROCEDURES"** under the heading **"Orders by Existing Holders and Potential Holders."**

"Series 2004 Bonds" means, collectively, the Series 2004A Bonds, the Series 2004B Bonds, and the Series 2004C Bonds (each, a **"Series 2004 Bond"**).

"Series 2004A Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, authorized to be issued by the Authority in the aggregate principal amount of \$60,985,000, including such Series 2004A Bonds issued in exchange for other such Series 2004A Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost, or stolen Series 2004A Bonds pursuant to the Indenture (each, a **"Series 2004A Bond"**).

"Series 2004B Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, authorized to be issued by the Authority in the aggregate principal amount of \$15,000,000, including such Series 2004B Bonds issued in exchange for other such Series 2004B Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost, or stolen Series 2004B Bonds pursuant to the Indenture (each, a **"Series 2004B Bond"**).

"Series 2004C Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, authorized to be issued by the Authority in the aggregate principal amount of \$925,000, including such Series 2004C Bonds issued in exchange for other such Series 2004C Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost, or stolen Series 2004C Bonds pursuant to the Indenture (each, a **"Series 2004C Bond"**).

“Standard Auction Period” shall mean an Auction Period of seven (7) days following the Initial Period or such other Standard Auction Period authorized by the provisions of the Indenture described in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Orders by Existing Holders and Potential Holders.”**

“State” means the State of Louisiana.

“Submission Deadline” means 1:00 p.m. (New York City time) on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

“Submitted Bid” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”**

“Submitted Hold Order” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”**

“Submitted Order” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”**

“Submitted Sell Order” shall have the meaning set forth in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”**

“Sufficient Clearing Bids” shall have the meaning for which such term is used in **“APPENDIX “C” - AUCTION PROCEDURES”** under the heading **“Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.”**

“Tax-Exempt Bonds” means any Bonds the interest on which is intended to be excluded from the gross income of the beneficial owners thereof for federal income tax purposes.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement and Arbitrage Certificate dated as of the Closing Date, among the Authority, the Corporation, the Board and the Trustee.

“Term,” when used with respect to the Ground Lease, means the term thereof, as provided therein and when used with respect to the Facilities Lease means the term thereof, as provided therein.

“Tender Agent” means any tender agent designated by the Authority or any successor thereto under any substitute Tender Agent Agreement. The initial Tender Agent shall be The Bank of New York Trust Company, N.A.

“The Bond Market Association Municipal Swap Index” means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by The Bond Market Association, its successor and assigns, or any person acting in cooperation with or under its sponsorship and acceptable to the Market Agent, and effective from such date.

“Trust Estate” means all the property assigned by the Authority to the Trustee pursuant to this Indenture as security for the Series 2004 Bonds and any Additional Bonds.

“Trustee” means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Indenture that may be designated (originally or as a successor) as Trustee for the owners of the Series 2004 Bonds and any Additional Bonds issued and secured under the terms of the Indenture, initially The Bank of New York Trust Company, N.A.

“Underwriter” means Morgan Keegan & Company, Inc.

“University” means Southeastern Louisiana University in Hammond, Louisiana.

"University Representative" means the Person or Persons designated by the University in writing to serve as the University's representative hereunder; the University Representative shall be the Vice President for Administration and Finance of the University, or any other representative designated by President of the University, of whom the Authority and the Trustee have been notified in writing.

"Value," with respect to Permitted Investments, means (i) as to investments, the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investment so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investment by any two (2) nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) with respect to certificates of deposit and bankers' acceptances, means the face amount thereof, plus accrued interest; (iv) with respect to guaranteed investment contracts that permit the Corporation to withdraw amounts invested thereunder at any time without penalty for which repayment obligation the other party thereto has pledged collateral acceptable to the Bond Insurer, the amount available to be withdrawn therefrom; and (v) with respect to any investment not specified above, means the value thereof established by prior agreement among the Bond Insurer, the Trustee, and the Corporation.

"Variable Rate," with respect to Variable Rate Bonds means the rate of interest (adjusted weekly) borne thereby in a particular Variable Rate Period, as determined by the Remarketing Agent.

"Variable Rate Announcement Date" means the first (1st) day of a Variable Rate Determination Period and each subsequent Thursday during a Variable Rate Period, or if such Thursday is not a Business Day, the immediately preceding Business Day on which the Remarketing Agent will determine the interest rate for the immediately succeeding Variable Rate Determination Period.

"Variable Rate Bonds" means any principal amount of Series 2004B Bonds bearing interest at the Variable Rate.

"Variable Rate Conversion" means a conversion of the interest rate born by the Auction Rate Bonds from the Auction Rate to the Variable Rate.

"Variable Rate Conversion Date" means the first Variable Rate Effective Date.

"Variable Rate Determination Period," with respect to Variable Rate Bonds, means the period commencing on a Variable Rate Effective Date and continuing to and including the calendar day preceding the immediately succeeding Variable Rate Effective Date.

"Variable Rate Effective Date" means the Thursday immediately succeeding a Variable Rate Announcement Date.

"Variable Rate Period," with respect to any principal amount of the Series 2004B Bonds, means the period during which such Series 2004B Bonds bear interest at a Variable Rate.

"Winning Bid Rate" shall have the meaning set forth in "APPENDIX "C" - AUCTION PROCEDURES" under the heading "Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate."

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APPENDIX "B"

SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS

The following summaries of the Indenture and the Loan Agreement do not purport to be comprehensive or definitive statements of the provisions of such documents and prospective purchasers of the Series 2004 Bonds are referred to the complete texts of such documents, copies of which are available upon request from the Underwriter prior to the issuance and delivery of the Series 2004 Bonds and from the Trustee after the issuance and delivery of the Series 2004 Bonds.

THE INDENTURE

General

The Indenture will contain an assignment by the Authority to the Trustee, in trust, to secure payment of the Series 2004 Bonds, of all of the Authority's right, title, and interest in, to and under the Loan Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder), and in, to, and under the Facilities Lease assigned by the Corporation to the Authority pursuant to the Loan Agreement, including the right to receive all payments of Rental thereunder.

Investments

All moneys in any Fund will, at the written direction of the Corporation as advised by the Board, be invested and reinvested in Permitted Investments. All income derived from any profit or loss on any such investment of moneys on deposit in any such fund or account will be credited, or debited, as the case may be, to the respective fund or account in which earned, except that if the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Fund Requirement, earnings in the Debt Service Reserve Fund will be transferred to the Interest Account.

All cash investments in the Debt Service Reserve Fund will be required to be valued at fair market value and marked to market twice per year.

The Authority will agree in the Indenture that it will not direct the investment of moneys in the various funds and accounts created thereunder in a manner that would result in the loss of exclusion from gross income of interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds for federal income tax purposes or in such manner that would result in the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds becoming "arbitrage bonds" within the meaning of Section 148 of the Code.

Requisitions from the Project Fund

Payments from the Project Fund will be required to be made, as follows:

In connection with a payment from the Project Fund, there will be required to be filed with the Trustee a requisition, substantially in the form attached to the Indenture and made a part thereof, signed by an Authorized Corporation Representative, stating:

- (a) the item number of each such payment;
- (b) the name of the person, firm, or corporation to whom each such payment is due, or, if such payment has been made by the Corporation, that the Trustee is to reimburse the Corporation directly for such payment;
- (c) the respective amounts to be paid;
- (d) the purpose by general classification for which each obligation to be paid was incurred;

(e) that obligations in the stated amounts have been incurred by the Corporation and are either (i) presently due and payable or (ii) have been paid by the Corporation and that each item thereof is a proper charge against the Project Fund and has not been the subject of any prior requisition;

(f) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition; and

(g) a certification that all work, materials, supplies and equipment which are the subject of such requisition have been performed or delivered and are in accordance with the description of the Facilities.

Upon receipt of each requisition and accompanying certificate and information, the Trustee will pay the obligations set forth in such requisition out of the money in the Project Fund, and each such obligation will be paid by check signed by one or more officers or employees of the Trustee designated for such purpose by the Trustee or by wire transfer or credit to an account of the Corporation held by the Trustee or in such other manner as may be agreed on by the Corporation and the Trustee. In making such payments the Trustee may rely upon such requisitions. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

Application of Money in the Debt Service Reserve Fund

(a) The Debt Service Reserve Fund will be funded on the date of delivery of the Series 2004 Bonds in an amount equal to the Debt Service Reserve Fund Requirement. If any Additional Bonds that are Tax-Exempt Bonds shall be issued, the Authority will be required to cause to be deposited in the Debt Service Reserve Fund, an amount necessary to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement.

(b) The Trustee will be required to transfer money from the Debt Service Reserve Fund to the Interest Account and the Principal Account of the Debt Service Fund to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds, whenever and to the extent that the money on deposit in said accounts (together with any amounts available therefor in the Surplus Fund and the Replacement Fund), is insufficient for such purposes. **Amounts in the Debt Service Reserve Fund will not be available to pay the principal of, or the interest on, the Series 2004C Bonds or any Additional Bonds that are not Tax-Exempt Bonds.** If the Trustee shall apply any moneys in the Debt Service Reserve Fund to the payment of principal of or interest on the Bonds, the Trustee will be required to give immediate notice to the Bond Insurer.

(c) If the money held in the Debt Service Reserve Fund, including interest earnings, exceeds the Debt Service Reserve Fund Requirement, an amount equal to such excess will be transferred by the Trustee to the Interest Account of the Debt Service Fund unless Additional Bonds have been issued, in which case, at the direction of the Authority, the excess moneys in the Debt Service Reserve Fund will, at any time prior to completion of construction of the Facilities, be transferred to the Project Fund. The Trustee will not be required to liquidate any investment before its maturity to make such transfer. Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee will be required to notify the Authority, the Bond Insurer, and the Corporation of the amount of such deficiency and such deficiency will be remedied, as provided in the Indenture. Upon notification the Corporation will be required to deliver to the Trustee an amount sufficient to cure the deficiency in accordance with the Indenture and the Loan Agreement.

(d) The Authority may, at the direction of the Corporation and as advised by the Board and with the prior written consent of the Bond Insurer, at any time, deposit with the Trustee, to replace cash in the Debt Service Reserve Fund (in which case the replaced cash shall be paid to the University) or to meet the requirements in the Indenture that it deposit additional amounts in the Debt Service Reserve Fund, a Debt Service Reserve Fund Investment. Any bank issuing a letter of credit must have a rating on its unsecured debt, or on debt secured by its

letters of credit and which ratings are based solely on the bank's letter of credit, of "AA-" or better by S&P and "Aa3" or better by Moody's. Any insurance company issuing a surety bond must have a claims-paying ability rating of "AAA" by S&P and "Aaa" by Moody's. If such Debt Service Reserve Fund Investment expires prior to fifteen (15) days after the final maturity of the Series 2004 Bonds, it must provide, that if not renewed within fifteen (15) days prior to its expiration date in an amount equal to the undrawn amount thereof (other than because of a reduction in the Debt Service Reserve Fund Requirement or the deposit of cash in the Debt Service Reserve Fund to replace it), the Trustee will be permitted to draw the full amount of such Debt Service Reserve Fund Investment. The Trustee will draw down the full amount of such Debt Service Reserve Fund Investment and deposit such amount in the Debt Service Reserve Fund fifteen (15) days prior to expiration of such Debt Service Reserve Fund Investment if it is not renewed as provided for in the preceding sentence. The Debt Service Reserve Fund Investment must be able to be drawn upon at any time that cash could be withdrawn from the Debt Service Reserve Fund. Prior to accepting any such Debt Service Reserve Fund Investment, the Trustee, the Corporation, the Board, the Authority, and the Bond Insurer must receive a Bond Counsel opinion that such acceptance and any payment of funds in the Debt Service Reserve Fund to the Corporation is authorized by the Indenture and will not adversely affect the exclusion of interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds from gross income for purposes of federal income taxation. If a Debt Service Reserve Fund Investment shall be deposited in the Debt Service Reserve Fund in lieu of cash, the cash amount contained in the Debt Service Reserve Fund will be required to be transferred to the Replacement Fund.

If a disbursement shall be made under a surety bond deposited in the Debt Service Reserve Fund, the Corporation will be obligated to either reinstate the maximum limits of such surety bond immediately following such disbursement in twelve (12) equal monthly installments or as required by the Authority of the Debt Service Reserve Fund Investment in an amount equal to the Debt Service Reserve Fund Requirement or deposit into the Debt Service Reserve Fund funds in the amount of the disbursement made under the Debt Service Reserve Fund Investment, or a combination of such alternatives as shall equal the Debt Service Reserve Fund Requirement.

Application of Insurance Proceeds; Condemnation Award

If all or any portion of the Facilities shall be damaged or destroyed by a Casualty or shall be taken by Expropriation proceedings, the Corporation will be required, upon receipt of notice from the University and/or the Board instructing the Corporation to do so, as expeditiously as possible, to prosecute or cause to be prosecuted continuously and diligently the repair, restoration, or replacement thereof; provided however, that the Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Facilities will be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust or in the case of self insurance through ORM, as described in the second succeeding paragraph, and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be disbursed to pay the costs of restoration, replacement, and repair of the Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation as advised by the Board, stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Facilities, or for the improper use of moneys properly disbursed pursuant to request made under the Indenture. Any proceeds remaining on deposit with Trustee following completion of the repairs, restoration, or replacement of the Facilities will be paid by Trustee to the Board.

In the event the University shall decide not to repair, restore, or replace the Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation and including any portion of such payments attributable to the Board's interest) will be paid to the Trustee and applied to the

prepayment of the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds in accordance with the terms of the Indenture.

In the event ORM shall insure the Facilities, the Board will be required to cause the Corporation to use the insurance proceeds received from ORM in accordance with policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration, or replacement of the Facilities

Application of Money in the Replacement Fund

(a) The Replacement Fund will be funded on the Closing Date in the amount of the Replacement Fund Requirement from proceeds of the Series 2004 Bonds.

All moneys in the Replacement Fund will be held for the benefit of the Board through the Corporation, will not be pledged under the Indenture, and will be permitted to be drawn on and used by the Corporation or the Board to (i) replace any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, equipment, fixtures, and other property owned by the Board or the Corporation and located on the Facilities, and (ii) maintain the Facilities and to make all alterations, repairs, restorations, and replacements to the Facilities as and when needed to preserve the Facilities in good working order, condition, and repair, each as required by the Facilities Lease. Withdrawals from the Replacement Fund for the purposes set forth above will be made by the Trustee upon its receipt of a requisition from the Board or the Corporation complying with the requirements of the Indenture. Moneys in the Replacement Fund will also be permitted to be drawn by the Trustee and transferred to the Debt Service Fund if amounts on deposit therein, together with amounts available therefor in the Surplus Fund, are insufficient to pay debt service on the Bonds on any Interest Payment Date or Principal Payment Date.

(b) Any moneys remaining in the Replacement Fund immediately prior to the time all of the Bonds are paid, or provision for their payment is made in accordance with the Indenture, will be paid to the University.

Events of Default and Remedies

Each of the following will be an "*Event of Default*" under the Indenture:

(a) Payment of any installment of interest, on any of the Bonds shall not be made when the same shall become due and payable;

(b) The payment of principal of or premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or by acceleration or otherwise;

(c) An "*Event of Default*" under the Loan Agreement shall have occurred;

(d) A default shall occur under the Facilities Lease;

(e) Default by the Authority in the due and punctual performance of any other of the covenants, conditions, agreements, or provisions contained in the Bonds or in the Indenture on the part of the Authority to be performed, if such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority, the Board, the Bond Insurer, and the Corporation by the Trustee, which will be permitted to give such notice in its discretion and will be required to give such notice at the written request of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such default shall not become an Event of Default if said default shall be of the nature that (i) it cannot be corrected within the thirty (30) day period after receipt of notice, but the Authority (or the Corporation pursuant to the provisions of the Indenture) shall promptly institute and diligently pursue corrective action until such default is cured, or (ii) the Trustee shall determine that such default is not curable but such default does not affect the validity or enforceability of the Bonds, the Indenture, or the Loan Agreement, an event of nonperformance shall not have occurred under the Loan Agreement (other than as a result of the cross-default provisions), and such default

shall not impair the security or the obligations provided for or under the Bonds, the Indenture, or the Loan Agreement, and (iii) the Bond Insurer shall have consented to such event not being an Event of Default.

For all purposes of the Indenture described hereunder (other than “**Notice of Defaults**” below), the Bond Insurer will be deemed to be the sole owner of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policies, and the Bond Insurer will be entitled to (i) notify the Trustee of the occurrence of an Event of Default hereunder, (ii) request that the Trustee intervene in judicial proceedings that affect the Bonds or the security therefor, (iii) direct all remedies in the Event of Default, (iv) be recognized as the owner of each Bond that it insures for the purposes of exercising all rights and privileges available to Bondholders, (v) have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Bondholder in accordance with the provisions of the Indenture or each Bond for which it insures.

Upon the occurrence of an Event of Default, the Authority, the Trustee, and, subject to the provisions of the Indenture described below under the subheadings “**Majority of Bondholders Control Proceedings**” and “**Individual Bondholder Action Restricted**,” the Bondholders will have all the rights and remedies as may be allowed by law, the Indenture, the Mortgage, the Assignment of Agreements and Documents, or pursuant to the provisions of the Loan Agreement and/or the Facilities Lease by virtue of their assignment under the Indenture, including but not limited to, acceleration of the maturity of all Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions of the Indenture, the Mortgage, the Loan Agreement, or the Facilities Lease.

Upon the occurrence of an Event of Default, the Trustee will be permitted, with the prior written consent of the Bond Insurer, and upon the written request of the Bond Insurer will be required, by notice in writing to the Authority, the Board and the Corporation, to declare the Bonds then outstanding immediately due and payable, and such Bonds will become and be immediately due and payable, anything in such Bonds or in the Agreement or the Indenture to the contrary notwithstanding, and the Trustee will be permitted to exercise any remedies granted to it in the Indenture. In such event, there will be due and payable on the Bonds an amount equal to the principal amount of all the Bonds then outstanding plus all interest accrued thereon and which will accrue thereon to the date of payment. If the Bond Insurer shall be in default of its payment obligations under any of the Bond Insurance Policies, the owners of not less than a majority of the aggregate principal amount of Bonds outstanding, will be permitted to direct the Trustee to declare the Bonds then outstanding immediately due and payable.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action, or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under the Indenture, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, or the Facilities Lease, the Trustee will be permitted to annul such declaration and its consequences with respect to the Series 2004 Bonds if: (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of principal (other than principal due solely because of acceleration) and interest; (ii) moneys shall be available sufficient to pay the charges, compensation, expenses, disbursements, advances, and liabilities of the Authority and the Trustee; (iii) all other amounts then payable by the Authority or the Corporation under the Indenture or the Loan Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Authority or the Trustee (other than a default in the payment of the principal of the Bonds due only because of such declaration) shall have been remedied to the satisfaction of the Authority and the Trustee. No such annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

No waiver of any Event of Default will be effective without the written consent of the Bond Insurer.

Insufficiency in the Debt Service Fund and the Debt Service Reserve Fund; Application of Moneys

Anything in the Indenture to the contrary notwithstanding, if at any time the moneys in the Debt Service Fund and the Debt Service Reserve Fund shall not be sufficient to pay the interest on, premium, if any, or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities), such moneys, together with any other moneys then available or thereafter becoming available for such

purpose, whether through the exercise of the remedies provided for in the Indenture or otherwise, including, without limitation, moneys paid by the Corporation to the Trustee pursuant to the Mortgage, shall be applied as follows:

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

FIRST, to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay any particular installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; then

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of their due dates, with interest on the principal amount of such Bonds due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and the interest thereon, then to the payment thereof ratably, according to the amount of the interest due on such date, and next, to the payment of the principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and then

THIRD, to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Indenture.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of the Indenture described in (b) above, in the event that the principal of all the Bonds shall later become or be declared due and payable, then all such moneys will be applied in accordance with the provisions of (a) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of the Indenture, such money will be required to be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for application in the future; the deposit of such money or otherwise setting aside such money in trust for the proper purpose will constitute proper application by the Trustee; and the Trustee will incur no liability whatsoever to the Authority, to any Bondholder, or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it will be required to fix the date (which will be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date and will not be required to make payment to the owner of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

Discontinuance of Proceedings

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Authority, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers, and duties of the Trustee will continue as though no proceeding had been taken.

Appointment of Receiver

Upon the occurrence of an Event of Default, and upon filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or keeper pending such proceedings, with such powers as the court making such appointment shall confer.

Remedies Not Exclusive

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Bondholders will be intended to be exclusive of any other remedy, but each and every remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity on or after the date of execution and delivery of the Indenture.

Remedies Vested In Trustee

All rights of action under the Indenture, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, or under any of the Bonds will be permitted to be enforced by the Trustee without possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee will be permitted to be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds.

Majority of Bondholders Control Proceedings

If an Event of Default shall have occurred and be continuing, subject to all rights granted to the Bond Insurer in the Indenture, the owners of at least a majority of the aggregate outstanding principal amount of Bonds then outstanding will have the right, after written notice delivered to the Trustee, at any time by an instrument or instruments in writing executed and delivered to the Trustee, together with security or indemnity satisfactory to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture, provided the direction shall be in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, shall not be unduly prejudicial to the interest of Bondholders not joining in such direction, and provided further, that nothing in the Indenture described under this subheading shall impair the right of the Trustee in its discretion to take any other action under the Indenture that it may deem proper and that shall not be inconsistent with the direction by the Bondholders.

Individual Bondholder Action Restricted

No owner of any Bond will have any right to institute any suit, action, or proceeding for the enforcement of the Indenture or for the execution of any trust thereunder or for any remedy thereunder unless an Event of Default shall have occurred (other than a payment default) as to which the Trustee shall have actual notice or as to which the Trustee shall have been notified in writing, and the owners of at least a majority of the aggregate outstanding principal amount of Bonds shall have made written request to the Trustee to proceed to exercise the powers granted to it under the Indenture or to institute an action, suit, or proceeding in its own name; and these Bondholders shall have offered the Trustee such indemnity as may be satisfactory to the Trustee, and the Trustee shall have failed or refused to exercise the powers granted in the Indenture or to institute an action, suit, or proceeding in its own name for a period of sixty (60) days after receipt of the request and offer of indemnity.

No one or more owners of Bonds will have any right in any manner whatsoever to disturb or prejudice the security of the Indenture or to enforce any right thereunder except in the manner therein provided and then only for the equal benefit of the owners of all outstanding Bonds.

Waiver and Non-Waiver of Event of Default

No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power accruing upon any Event of Default will impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by the Indenture to the Trustee and to the owners of the Bonds, respectively, will be permitted to be exercised from time to time and as often as may be deemed expedient.

The Trustee, with Bond Insurer consent, will be permitted to waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action, or proceeding instituted by it under the provisions of the Indenture or before the completion of the enforcement of any other remedy under the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon written request of the Bond Insurer or the Bond Insurer and the owners of at least a majority of the aggregate principal amount of the Bonds then outstanding, will be required to waive any Event of Default and its consequences; provided, however, that a default in the payment of the principal of, premium, if any, or interest on any Bond, when due and payable or upon call for redemption, will not be permitted to be waived after the date the same shall become due and payable without the written consent of the owners of all the Bonds at the time outstanding.

In case of a waiver by the Trustee of any Event of Default, the Authority, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, but no waiver will extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee will not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with the terms of the Indenture.

Notice of Defaults

Within thirty (30) days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee shall be deemed to have notice, the Trustee will be required (unless the Event of Default shall already have been cured) to give written notice of the Event of Default to the owners of all Bonds then outstanding in the manner provided in the Indenture, provided that, except in the case of a default in the payment of principal, redemption price, or interest on any of the Bonds, the Trustee will be permitted to withhold the notice to the Bondholders if, in its sole judgment, it shall determine that the withholding of notice is not detrimental to the best interest of the Bondholders.

The Trustee will be required to notify, in writing, the Authority, the Board, the Bond Insurer, and the Corporation immediately of any Event of Default known to the Trustee.

The Trustee will be required to provide the Bond Insurer immediate notice of any default in the payment of principal of, premium, if any, or interest on the Bonds.

Opportunity of Corporation to Cure Certain Defaults

The Authority and the Trustee by the Indenture will grant the Corporation full authority on the account of the Board and/or the Authority to perform any covenant or obligation and to otherwise fulfill any condition the failure or non-performance of which shall be or shall be alleged to be an Event of Default under the provisions of the Indenture described in subsection (f) under the subheading “**Events of Default and Remedies**” above, and the Trustee will agree that performance by the Corporation will be deemed to be performance by the Board or the Authority.

Trustee

The obligations and duties of the Trustee will be described in the Indenture, the Loan Agreement, the Facilities Lease, the Mortgage, and the Assignment of Agreements and Documents, and the Trustee will undertake only those obligations and duties that are expressly set out and only upon such terms and conditions as set forth in the Indenture, the Loan Agreement, the Facilities Lease, the Mortgage, and the Assignment of Agreements and Documents. The Trustee will not independently pass upon the validity of the Bonds, the security thereof, the adequacy of the provisions for payment thereof, or the tax-exempt status of the interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds. The Trustee will be permitted to rely upon the opinion of bond counsel for the validity of the Series 2004 Bonds and the tax-exempt status of the interest on the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds. The Indenture will expressly provide that the Trustee will not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel.

Under the terms of the Indenture, the Trustee will be liable only for those damages caused by its negligence or willful misconduct. Under the Indenture, the Trustee will not be deemed to have notice of an Event of Default described in items (b) through (e) under the heading “**THE INDENTURE - Events of Default and Remedies**” unless the Trustee shall have actual knowledge of such Event of Default or shall have been given written notice of such Event of Default by the Bond Insurer or any Bondholder. All notices or other instruments required by the Indenture to be delivered to the Trustee will be required to be delivered to the principal corporate trust office of the Trustee. The summary of the Trustee's rights, duties, obligations, and immunities contained herein is not intended to be a complete summary, and references must be made to the Indenture for a complete statement of the Trustee's rights, duties, obligations, and immunities.

Qualification of the Trustee

There will at all times be a Trustee under the Indenture. Any successor Trustee thereunder will be required to be a trust company or commercial bank (having trust powers) organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having unimpaired capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such trust company or bank shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of the Indenture described under this subheading, the unimpaired capital and surplus of such association or corporation will be deemed to be its unimpaired capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, it will be required to resign immediately in the manner and with the effect specified below.

Resignation and Removal of Trustee

No resignation or removal of the Trustee and no appointment of a successor Trustee will become effective until the acceptance of appointment by the successor Trustee under the Indenture and until notice of resignation or removal and appointment, as the case may be, shall have been provided to the Bond Insurer.

The Trustee will be permitted to resign at any time by giving written notice thereof to the Authority, the Bond Insurer, the Board, the Corporation, and the Bondholders. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the retiring Trustee will be permitted to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee will be permitted to be removed with or without cause at any time by an instrument or instruments in writing to the Trustee, with copies to the Authority, the Bond Insurer, the Board, and the Corporation, signed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding or by their attorneys, legal representatives, or agents and delivered to the Trustee, the Authority, the Bond Insurer, the Board, and the Corporation (such instruments to be effective only when received by the Trustee).

If at any time

(i) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Corporation for the Board or by any Bondholder, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, (1) the Authority, in its discretion and without obligation, will be permitted or the Corporation, on behalf of the Board, will be permitted to remove the Trustee, or (2) any Bondholder will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor but only, in each case, with the prior written approval of the Bond Insurer.

If the Trustee shall be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause other than resignation (it being understood that no vacancy may occur as a result of resignation since the Trustee will not be permitted to resign unless a successor shall have been appointed) or if the Trustee shall tender its resignation, the Authority with the approval of the Bond Insurer (so long as the Bond Insurer is not in default under the Bond Insurance Policies) will promptly appoint a successor provided the Authority shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Authority in connection therewith as such costs and expenses shall accrue. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding and delivered to the Corporation for the Board and the retiring Trustee, the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Authority. If no successor Trustee shall have been so appointed by the Authority or the Bondholders and accepted appointment in the manner hereinafter described, any Bondholder who shall have been a *bona fide* owner of a Bond for at least six (6) months will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Authority will be required to give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to all Bondholders upon the written request of the Trustee and provided the Authority shall have been furnished with sufficient funds to pay all costs and expenses (including attorney's fees) reasonably incurred by the Authority in connection therewith as such costs and expenses shall accrue. Each notice will be required to include the name and address of the principal corporate trust office of the successor Trustee.

Successor Trustee

Every successor Trustee appointed under the Indenture will be required to execute, acknowledge, and deliver to its predecessor, and also to the Authority, the Bond Insurer, and the Corporation, for the Board, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, will become fully vested with all the rights, immunities, powers, and trusts, and subject to all the duties and obligations, of its predecessors; but such predecessor will, nevertheless, on the written request of its successor or of the Authority and upon payment of the expenses, charges, and other disbursements of such predecessor that are payable pursuant to the provisions of the Indenture, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers, and trusts of such predecessor under the Indenture; and every predecessor Trustee will be required to deliver all property and moneys held by it under the Indenture to its successor, subject, nevertheless, to its preference, if any, provided for in the Indenture. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers, and trusts by the Indenture vested or intended to be vested in the predecessor Trustee, any such instrument in writing will be executed, acknowledged, and delivered by the Authority upon the written request of

the Trustee and provided the Authority shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Authority in connection therewith as such costs and expenses accrue.

Notwithstanding any of the foregoing provisions of the Indenture, any bank or trust company having power to perform the duties and execute the trusts of the Indenture and otherwise qualified to act as Trustee under the Indenture with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the corporate trust assets and corporate trust business of such bank or trust company may be sold, will be deemed the successor of the Trustee.

Supplemental Indentures

Subject to the conditions and restrictions in the Indenture, the Indenture may be amended or supplemented from time to time, without the consent of the registered owners of the Bonds, but with consent of the Bond Insurer, for one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Bondholders or the Trustee or either of them; (c) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral; (d) to provide for the issuance of Additional Bonds in conformity with the Indenture and to fix all details with respect thereto or to provide further conditions, limitations, or restrictions on the issuance of Additional Bonds; (e) to add to the provisions thereof in connection with a Variable Rate Conversion, (f) to modify, amend, or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification thereof under any federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions, and provisions as may be permitted or required by any said federal statute or Blue Sky Law; provided that any such supplemental indenture shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds; or (g) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders.

The Indenture also may be amended from time to time with the consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, and with the consent of the Bond Insurer, for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that no amendment will be permitted to be made, without the consent of the Bond Insurer and the owners of all the Bonds then outstanding, permitting: (a) an extension of the stated maturity or scheduled sinking fund redemption or reduction in the principal amount or premium of, or reduction in the rate or extension of the time of payment of interest on, any Bonds; or (b) the creation of any lien on the Trust Estate or any part thereof pledged under the Indenture prior to or on a parity with the lien of the Indenture; or (c) a reduction in the aforesaid aggregate outstanding principal amount of Bonds the owners of which shall be required to consent to any such supplemental indenture. No such amendment will modify the rights, duties, or immunities of the Trustee without the written consent of the Trustee.

Defeasance

When all of the Bonds shall have been paid and discharged and there shall have been paid all the fees and charges of the Trustee due or to become due through the date on which the last of the Bonds shall have been retired, then the Indenture will cease, terminate, and become null and void, and thereupon the Trustee will be required to release the Indenture including the cancellation and discharge of the lien thereof, and execute and deliver to the Authority such instruments in writing as shall be requisite to satisfy the lien thereof and, if necessary, to enter on the records such satisfaction and discharge and to re-convey to the Authority any property or interest therein or other rights thereby conveyed and such other instruments to evidence such release and discharge as may be reasonably required by the Authority, and the Trustee will be required to assign and deliver to the Authority any property at the time subject to the lien of the Indenture which may then be in its possession, except amounts in any Fund otherwise required to be paid by the Indenture and except such cash and investments as shall be held by the Trustee for the payment of interest and premium, if any, on and retirement of the Bonds.

Notwithstanding the foregoing, the obligation of the Board to pay the fees and expenses of the Trustee in accordance with the terms of the Indenture, will survive defeasance of the Bonds, the discharge of the Indenture, and the termination of the Loan Agreement.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policies, the Bonds will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Authority to the registered owners will continue to exist and will run to the benefit of the Bond Insurer, and the Bond Insurer will be subrogated to the rights of such registered owners.

Provision for the payment of any Bond will be deemed to have been made and the Bonds deemed discharged if the Trustee, or an escrow trustee, shall hold, in trust for and irrevocably committed thereto, moneys or Defeasance Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient for the payment of such Bonds, at their maturity or redemption date of the principal thereof, together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been duly made for the giving of such notice.

THE LOAN AGREEMENT

Nature and Benefits

The Loan Agreement will be executed and delivered in part to induce concurrently therewith the purchase by others of the Series 2004 Bonds, and, accordingly, all covenants and agreements on the part of the Corporation and the Authority, as set forth therein and in the Loan Agreement, will thereby be declared to be for the benefit of the Trustee for the owners from time to time of the Series 2004 Bonds. The Corporation will consent and agree to the assignment by the Authority to the Trustee under the Indenture of all of the Authority's right, title, and interest (except for certain rights relating to exculpation, indemnification, and payment of expenses) in, to, and under the Loan Agreement, including the interest of the Authority in and to the Facilities Lease assigned by the Corporation to the Authority thereunder, and will agree that the provisions of the Loan Agreement may be enforced by the Trustee under the provisions of the Indenture. The Corporation will agree to do all things within its power in order to comply with, and to enable the Authority to comply with, all requirements and to fulfill, and to enable the Authority to fulfill, all covenants of the Indenture and the Series 2004 Bonds.

The Loan Agreement will be a limited obligation of the Corporation, payable solely from the Base Rental, and the Loan Agreement will remain in full force and effect until the Series 2004 Bonds and the interest therein have been fully paid or otherwise provided for or discharged.

Construction, Improvement and Equipping of the Facilities

The Corporation will lease the Land and will agree to demolish certain facilities, construct the New Facilities, and renovate the Renovated Facility with all reasonable dispatch and in accordance with the Facilities Documents to take all action necessary to enforce the provisions of the Facilities Documents. The New Facilities as constructed will be owned by the Board and subject to the Ground Lease.

Disbursements from Project Fund

The money in the Project Fund will be required to be applied by the Trustee, and in connection therewith requisitions will be required to be presented by the Corporation signed by an Authorized Corporation

Representative, for payment of the Costs of the Facilities in accordance with the Indenture and the Loan Agreement, and pending such application, such money will be invested and reinvested in accordance with the Indenture.

Use of Bond Proceeds

Under the Loan Agreement, proceeds of the sale of the Series 2004 Bonds, after the required transfers to the Bond Insurer, and to the Debt Service Reserve Fund, the Replacement Fund, the Capitalized Interest Fund, and the Bond Fund, will be deposited in the Project Fund and applied to the payment of the Costs of the Facilities. Costs of issuance will be retained in a special Costs of Issuance Account of the Bond Proceeds Fund for payment as specified in a request and authorization delivered pursuant to the Loan Agreement. Moneys in the Project Fund will be applied by the Trustee, upon presentation of requisitions by the Corporation by an Authorized Corporation Representative, for payment of the Costs of the Facilities, in accordance with the Loan Agreement. Pending such application, moneys in the Project Fund will be invested and reinvested in accordance with the Indenture.

Completion of Payment of Construction of the Facilities

At such time as the Corporation shall have notice that the funds initially deposited in the Project Fund on the Closing Date to finance the Facilities, together with the investment earnings thereon, are insufficient to pay the completion Costs of the Facilities, the Corporation will be required to deliver to the Trustee and the Authority written estimates by an architect and an Authorized Corporation Representative of the additional funds required to pay the completion Costs of the Facilities, and such additional information and data as may be reasonably requested by the Authority and the Trustee. The Corporation will be required to complete the demolition of certain existing facilities and the renovation, development, and construction of the Facilities and pay that portion of the completion Costs of the Facilities as may be in excess of the money available therefor in the Project Fund. The obligation of the Corporation to pay in full the completion Costs of the Facilities will be a limited obligation of the Corporation payable solely from the Base Rental.

Upon request of the Corporation, the Authority will use its best efforts to issue and sell, upon terms and at prices acceptable to the Authority and the Corporation, one or more series of Additional Bonds for the purpose of financing the completion Costs of the Facilities; provided, however, that failure of the Authority to issue such Additional Bonds will not relieve the Corporation of its obligation to provide the additional money required to pay the completion Costs of the Facilities. If, after exhaustion of the money in the Project Fund, the Corporation should pay any portion of the Costs of the Facilities, it will not be entitled to any reimbursement therefor from the Authority or from the Trustee and will not be entitled to any abatement, diminution, or postponement of payments required to be made by it under the Loan Agreement.

When the Facilities shall be substantially complete, the Corporation will detail all Costs of the Facilities, and other facilities necessary in connection with the Facilities, to the Authority and the Trustee, and will certify such Costs of the Facilities have been paid. The certification will provide that the Facilities are substantially complete in accordance with the Plans and Specifications.

Disbursement of Bond Proceeds

In order to provide funds for paying the Costs of the Facilities, the Authority, as soon as practicable after the execution of the Loan Agreement will proceed to issue, sell, and deliver the Series 2004 Bonds to the purchasers thereof and will deposit the proceeds thereof as provided by the Indenture with the Trustee for disbursement in accordance with the provisions of the Indenture.

Upon the terms and conditions of the Loan Agreement, the Authority will lend to the Corporation the proceeds of the sale of the Series 2004 Bonds. The proceeds of the Loan will be deposited with the Trustee and applied in accordance with the Indenture.

Loan Payments

The Corporation, for and in consideration of the issuance of the Series 2004 Bonds under the Indenture by the Authority and the application of the proceeds thereof by the Authority as provided in the Indenture for the benefit of the Corporation, will promise to repay the Loan, but solely from the Base Rental, by making the following payments to or for the account of the Authority in an amount sufficient for the payment in full of all Series 2004 Bonds from time to time issued under the Indenture and then outstanding, including (i) the total interest becoming due and payable on the Bonds to the date of payment thereof, and (ii) the total principal amount of and premium, if any, on the Bonds. The Payments with respect to the Bonds will be payable directly to the Trustee for the account of the Authority in installments as follows:

(i) With respect to the Series 2004A Bonds, the Series 2004B Bonds that are not Auction Rate Bonds, and the Series 2004C Bonds, on the twenty-fifth (25th) day of each month, commencing August 25, 2004, in an amount equal to one-sixth (1/6th) of the interest due and payable thereon on the next February 1 or August 1, or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2004 Bonds on such Interest Payment Date; and

(ii) With respect to the Auction Rate Bonds, two (2) Business Days prior to each Interest Payment Date, commencing on August 18, 2004, in an amount equal to the interest due and payable on the Auction Rate Bonds on such Interest Payment Date; and

(iii) With respect to the Variable Rate Bonds, two (2) Business Days prior to each Interest Payment Date commencing on the Interest Payment Date immediately succeeding the applicable Variable Rate Conversion Date, an amount equal to the interest due and payable on the Variable Rate Bonds on such Interest Payment Date; and

(iv) On the twenty-fifth (25th) day of each month, commencing August 25, 2005, in an amount equal to one-twelfth (1/12th) of the principal of the Series 2004 Bonds payable on the next Principal Payment Date; and

(v) On the dates required in the Indenture, into any of the funds established in the Indenture, including, without limitation, the Debt Service Reserve Fund and the Replacement Fund, an amount sufficient to make up any deficiency in any prior payment required to be made into such fund and to restore any loss resulting from investment or other causes from such fund and any other payment required to be made to such fund by the Indenture.

If the interest rate on Auction Bonds or Variable Rate Bonds is subject to adjustment pursuant to the Indenture after the date of such required payment deposit and prior to such Interest Payment Date, interest accruing on such Bonds from such adjustment date will be assumed to accrue at the rate in effect on such Bonds as of the date of such required deposit plus 100 basis points or at such other rate as the Bond Insurer may from time to time direct in writing to the Trustee, the Corporation, and the Issuer

Each installment of the Payments payable by the Corporation under the Loan Agreement will be required to be in an amount that, without regard to the payments required above, but including moneys in the Debt Service Fund then available, will be designed to provide for the timely payment in full of the principal of, premium, if any, and interest on the Bonds.

Notwithstanding anything to the contrary contained in the Loan Agreement, the Corporation will promise that it will pay the Payments from the Base Rentals at such times and in such amounts as to assure that no default in the payment of the principal of, premium, if any, or interest on the shall at any time occur.

Whenever the Corporation shall fail to pay the full amount of any installment of the Payments payable under the Loan Agreement by the day of the month in which such installment is due, the Trustee will be required to

give immediate telephonic notice thereof, promptly confirmed in writing, to an Authorized Corporation Representative.

The Corporation will also be required to cause the Board to pay promptly when due under the Facilities Lease all amounts of Additional Rental owed by the Board thereunder, including, but not limited to, all Default or Delay Rentals and Administrative Expenses owed to the Corporation, the Authority, and/or the Trustee thereunder.

The Corporation will be entitled to a credit against and reduction of the Payments from accrued interest, if any, derived from the sale of the Bonds, any capitalized interest from the proceeds of the Bonds, rents and any other moneys deposited with the Trustee in the Receipts Fund in accordance with the Indenture and the Management Agreement, surplus moneys (including investment earnings) contained in the Funds and Accounts held by the Trustee under the Indenture, including the Debt Service Fund, the Debt Service Reserve Fund, and the Replacement Fund.

Obligation to Make Payments

The obligation of the Corporation to repay the Loan by making the Payments from the Base Rental will be absolute and unconditional and will not be subject to, nor will the Corporation be entitled to assert, any rights of abatement, deduction, reduction, deferment, recoupment, setoff, offset, or counterclaim by the Corporation or any other person, nor will the same be abated, abrogated, waived, diminished, postponed, delayed, or otherwise modified under or by reason of any circumstance or occurrence that may arise or take place, irrespective of what statutory rights the Corporation may have to the contrary, including, but without limiting the generality of the foregoing:

- (i) Any damage to or destruction of part or all of the Facilities;
- (ii) The taking or damaging of part or all of the Facilities or any temporary or partial use thereof by any public authority or agency in the exercise of the power of eminent domain, sequestration, or otherwise;
- (iii) Any assignment, novation, merger, consolidation, transfer of assets, leasing, or other similar transaction of, by, or affecting the Corporation, except as otherwise provided in the Loan Agreement;
- (iv) Any change in the tax or other laws of the United States, the State, or any governmental authority;
- (v) The termination of the Ground Lease or the Facilities Lease, any failure of title or any lawful or unlawful prohibition of the Corporation's use of the Facilities or any portion thereof or the interference with such use by any person or any commercial frustration of purpose or loss or revocation of any permits, licenses, or other authorizations required for the operation of the Facilities; and
- (vi) Any failure of the Authority or the Trustee to perform and observe any agreement or covenant, expressed or implied, or any duty, liability, or obligation arising out of or in connection with the Loan Agreement, the invalidity, unenforceability, or disaffirmance of any of the Loan Agreement, the Indenture, or the Bonds or for any other cause similar or dissimilar to the foregoing.

Furthermore, the Corporation will covenant and agree that it will remain obligated under the Loan Agreement in accordance with its terms, and that it will not take or participate or acquiesce in any action to terminate, rescind, or avoid the Loan Agreement.

Tax Covenants of the Corporation

The Corporation will covenant to make such use of the proceeds of the Bonds, regulate investment of proceeds thereof, and take such other and further actions as may be required by the Code and applicable temporary, proposed, and final regulations and procedures, necessary to assure that interest on the Series 2004A Bonds, the

Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds is excludable from gross income for federal income tax purposes.

The Corporation will covenant to restrict the use of the proceeds of the Series 2004 Bonds and take other actions as may be required by the Code and will reasonably expect that the proceeds will not be used to cause the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds to constitute “arbitrage bonds” under Section 148 of the Code.

The Corporation will also covenant to maintain its status as an exempt organization under Section 501(c)(3) of the Code organized and operated exclusively for religious, charitable, scientific, and educational purposes and not to perform any act or enter into any agreement that will adversely affect its ability to maintain such status.

Corporate Existence

Under the Loan Agreement, the Corporation will covenant not to merge into, or consolidate with, one or more corporations, or allow one or more of such corporation to merge into it, or sell or convey all or substantially all of its assets to any person or entity or acquire all or substantially all of the assets of any person or entity, unless: (a) any successor corporation shall be a 501(c)(3) corporation organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Trustee an appropriate instrument, satisfactory to the Bond Insurer, the Authority, and the Trustee, containing the agreement of such successor corporation to assume, jointly and severally and *in solido*, the due and punctual payment of the principal of, premium, if any, and interest on all obligations of the Corporation (including, without limitation, the Bonds) according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Indenture, the Loan Agreement, and the Mortgage to be kept and performed by the Corporation, accompanied by an opinion of counsel as to the validity and enforceability of such assumption (which counsel and opinion, including without limitation the scope, form, substance, and other aspects thereof, are acceptable to the Bond Insurer, the Authority, and the Trustee); (b) immediately after such merger there would not be a default in the performance or observance of any covenant or condition of the Indenture, the Loan Agreement, the Ground Lease, the Facilities Lease, or the Mortgage; and (c) there shall be delivered to the Bond Insurer, the Authority, and the Trustee an opinion of Bond Counsel to the effect that to the effect that under existing laws, the consummation of such merger, whether or not contemplated on the original date of delivery of the Series 2004 Bonds, would not adversely affect the validity of the Bonds or the exclusion otherwise available from gross income of interest on the Series 2004A Bonds, the Series 2004B Bonds, or any Additional Bonds that are Tax-Exempt Bonds for federal or state income tax purposes.

Defaults and Remedies

Each of the following will be an “Event of Default” under the Loan Agreement:

(i) failure by the Corporation to make timely payment of any Payment under the Loan Agreement;

(ii) the occurrence of an Event of Default under the Indenture, the Mortgage, the Facilities Lease, or the Tax Regulatory Agreement;

(iii) the termination of the Facilities Lease;

(iv) failure by the Corporation to perform, observe, or comply with any other covenant, condition, or agreement on its part under the Loan Agreement (other than a failure to make any payment required under the Loan Agreement), and such failure shall continue for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Trustee; provided, however, that if such performance, observance, or compliance shall require work to be done, action to be taken, or conditions to be remedied, that by their nature cannot reasonably be done, taken, or remedied, as the case may be, within such thirty (30) day period, no Event of

Default will be deemed to have occurred or to exist if, and so long as the Corporation shall commence such performance, observance, or compliance within such period and shall diligently and continuously prosecute the same to completion; or

- (v) certain events of dissolution, liquidation, insolvency, or bankruptcy of the Corporation.

Whenever any Event of Default shall have occurred and be continuing, , any one or more of the following remedial steps may be taken with the consent of the Bond Insurer and shall be taken at the direction of the Bond Insurer:

- (i) the Authority or the Trustee may declare all installments of Payments to be immediately due and payable, whereupon the same will become immediately due and payable;

- (ii) the Authority or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Corporation under the Loan Agreement;

- (iii) the Authority or the Trustee may have access to and inspect, examine, and make copies of any and all books, accounts, and records of the Corporation;

- (iv) the Authority or the Trustee (or the owners of the Bonds in the circumstances permitted by the Indenture) may exercise any option and pursue any remedy provided by the Indenture; and/or

- (v) the Trustee may foreclose the lien of the Mortgage.

No Remedy Exclusive; Selective Enforcement

No remedy conferred upon or reserved to the Authority or the Trustee by the Loan Agreement will be intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Loan Agreement and as existing at law or in equity. No delay or omission to exercise any right or power accruing upon any event of nonperformance will impair any such right or power or be construed to be a waiver thereof, but any such right and power will be permitted to be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in the Loan Agreement, it will not be necessary under the Loan Agreement to give any notice, other than such notice as may be expressly required therein. In the event the Authority or the Trustee shall elect to selectively and successively enforce its rights under the Loan Agreement, such action will not be deemed a waiver or discharge of any other lien, encumbrance, or security interest securing payment of the indebtedness secured by the Loan Agreement until such time that it shall have been paid in full all sums secured under the Loan Agreement. The foreclosure of any lien provided pursuant to the Loan Agreement without the simultaneous foreclosure of all such liens will not merge the liens granted that are not foreclosed with any interest that the Authority or the Trustee might obtain as a result of such selective and successive foreclosure.

Indenture Overriding

All of the provisions of the Loan Agreement will be subject to and subordinate to the rights and remedies of the Bond Insurer, the Bondholders, and the Trustee pursuant to the Indenture. The Authority will have no power to waive any Event of default under the Loan Agreement, except with respect to indemnification and its administrative payments, without the consent of the Trustee and the Bond Insurer to such waiver.

Amendment of Agreement; Amendment of Facilities Lease or Ground Lease

The Authority and the Corporation, with the consent of the Bond Insurer but without the consent of the owners of any of the Bonds outstanding under the Indenture, will be permitted to enter into supplements to the Loan Agreement which shall not be inconsistent with the terms and provisions thereof for any of the following purposes:

(a) to cure any ambiguity or formal defect, inconsistency, or omission in the Loan Agreement or to clarify matters or questions arising thereunder; (b) to add covenants and agreements for the purpose of further securing the obligations of the Corporation thereunder; (c) to confirm as further assurance any mortgage or pledge of additional property, revenues, securities, or funds; (d) to conform the provisions of the Loan Agreement in connection with the provisions of any supplements or amendments to the Indenture; (e) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders; or (f) to conform the covenants and provisions of the Corporation contained in the Loan Agreement to any different financial statement presentation required by the Financial Accounting Standard Board that is different than the presentation required as of the Closing Date so long as the effect of such conformed covenants and provisions shall be substantially identical to the effect of the covenants and provisions as in effect on the Closing Date.

The Loan Agreement will be permitted to be amended with the written consent of the Bond Insurer and the owners of not less than a majority of the aggregate principal amount of Bonds then outstanding; provided, however, that no such amendment will be permitted to be adopted that shall decrease the percentage of owners of Bonds required to approve an amendment or that shall permit a change in the date of payment of the principal of or interest on any Bonds or of any redemption price thereof or the rate of interest thereon without the consent of the owners of all of the aggregate principal amount of the Bonds then Outstanding.

Subject to the terms and provisions of the Loan Agreement, with the written consent of the Bond Insurer, the Facilities Lease or the Ground Lease will be permitted to be amended or modified in any manner not inconsistent with the terms and provisions of the Loan Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Facilities Lease or the Ground Lease that does not have an adverse effect upon the interest of the Bondholders; (b) to grant to or confer upon the Authority or the Trustee, for the benefit of the Bondholders, any additional rights, remedies, powers, or authorities that lawfully may be granted to or conferred upon the Authority or the Trustee; (c) to more clearly identify the Facilities or to add to or subtract from the Facilities any property; (d) to amend or modify the Facilities Lease or the Ground Lease in any manner specifically required or permitted by the terms thereof, including as may be necessary to maintain the exclusion from gross income of interest on the Series 2004A Bonds, the Series 2004B Bonds, and any Additional Bonds that are Tax-Exempt Bonds for federal income tax purposes; (e) to make any amendment or modification required as a condition to obtaining any rating by Moody's or S&P with respect to the Bonds; (f) to make any amendment or modification required as a condition to the issuance of the Bond Insurance Policies; and (g) to amend or modify the Facilities or the Ground Lease in any other manner that, in the judgment of the Trustee, shall not be materially adverse to the interests of the owners of the Bonds, the Bond Insurer, or the Trustee and that does not involve a change described in the second succeeding paragraph.

In addition to amendments and modifications covered by the above paragraph, the Bond Insurer, the Authority, and the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, will have the right, from time to time, to consent to and approve any other amendment or modification of the Facilities Lease or the Ground Lease. Notice of the proposed modification or amendment will be required to be mailed by the Trustee to the Bond Insurer and to each of the owners of the Bonds at the address indicated on the registration books of the Trustee. If, within sixty (60) days, or such longer period as shall be prescribed by the Authority, as advised by the Corporation, following the mailing of such notice the owners of the requisite percentage in aggregate principal amount of the Bonds outstanding at the time of the execution of any such amendment or modification shall have consented to and approved such amendment or modification, no owner of any Bond will have any right to object to any of the terms and provisions contained therein or the operation thereof, or to enjoin or restrain the parties thereto from executing the same or from taking any action pursuant to the provisions of the Loan Agreement.

Nothing contained in the two preceding paragraphs will permit, or be construed as permitting, without the approval and consent of the Bond Insurer and all of the owners of the Bonds, (i) a reduction in the amount of, or the extension of the time for, any payment of Base Rental due under the Facilities Lease or any amount due under the Bond Insurance Policies; or (ii) the termination of the Facilities Lease or the Ground Lease prior to the expiration of its stated term.

APPENDIX "C"

AUCTION PROCEDURES

All of the terms used in this APPENDIX "C" are defined herein, in APPENDIX "A" hereto, or in the front section of this Official Statement. The headings below do not appear in the Indenture and have been included herein for convenience only.

Subject to the provisions of Article III of the Indenture, Auctions will be conducted on each Auction Date in the following manner.

Orders by Existing Holders and Potential Holders

(a) (i) Prior to 1:00 p.m. (New York City time) on each Auction Date:

(A) each Existing Holder of Auction Rate Bonds may submit to a Broker-Dealer information as to:

(1) the principal amount of Outstanding Auction Rate Bonds, if any, held by such Existing Holder that such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(2) the principal amount of Outstanding Auction Rate Bonds, if any, that such Existing Holder offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Existing Holder; and/or

(3) the principal amount of Outstanding Auction Rate Bonds, if any, held by such Existing Holder that such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Auction Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of Auction Rate Bonds which that such Potential Holder offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3), or (B) of this paragraph (i) is hereinafter referred to as an "**Order**" and collectively as "**Orders**," and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "**Bidder**" and collectively as "**Bidders**;" an Order containing the information referred to in (x) clause (A)(1) of this paragraph (i) is hereinafter referred to as a "**Hold Order**" and collectively as "**Hold Orders**," (y) clause (A)(2) or (B) of this paragraph (i) is hereinafter referred to as a "**Bid**" and collectively as "**Bids**" and (z) clause (A)(3) of this paragraph (i) is hereinafter referred to as a "**Sell Order**" and collectively as "**Sell Orders**."

(ii) (A) Subject to the provisions of subsection (b) of this Section, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Bid if the Auction Rate determined as provided in this Section shall be less than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds to be determined as set forth in clause (D) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein; or

(3) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds to be determined as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if the rate specified therein shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(B) Subject to the provisions of subsection (b) of this Section, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if Sufficient Clearing Bids do not exist.

(C) Subject to the provisions of subsection (b) of this Section, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding Auction Rate Bonds specified in such Bid if the Auction Rate determined as provided in this Section shall be higher than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Bonds as set forth in clause (E) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein.

Submission of Orders by Broker-Dealers to Auction Agent

(b) (i) Each Broker-Dealer shall submit in writing to the Auction Agent by the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each Order:

(A) the name of the Bidder placing such Order;

(B) the aggregate principal amount of Auction Rate Bonds that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of Auction Rate Bonds, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of Auction Rate Bonds, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of Auction Rate Bonds, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of one percent (1%).

(iii) If an Order or Orders covering all Outstanding Auction Rate Bonds held by any Existing Holder shall not be submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) Neither the Authority, the Trustee, nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of Auction Rate Bonds held by such Existing Holder, and, if the aggregate principal amount of Auction Rate Bonds subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder, the aggregate principal amount of Auction Rate Bonds subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder;

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder over the aggregate principal amount of Auction Rate Bonds subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Auction Rate Bonds subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Auction Rate Bonds equal to such excess;

(3) subject to subclauses (1) and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding Auction Rate Bonds, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder over the aggregate principal amount of Auction Rate Bonds subject to Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for Auction Rate Bonds is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Auction Rate Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Auction Rate Bonds not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof shall be rejected.

Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate

(c) (i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a “**Submitted Hold Order**,” a “**Submitted Bid**” or a “**Submitted Sell Order**,” as the case may be, or as a “**Submitted Order**” and collectively as “**Submitted Hold Orders**,” “**Submitted Bids**,” or “**Submitted Sell Orders**,” as the case may be, or as “**Submitted Orders**”) and shall determine:

(A) the excess of the total principal amount of Outstanding Auction Rate Bonds over the sum of the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Hold Orders (such excess being hereinafter referred to as the “**Available Auction Rate Bonds**”); and

(B) from the Submitted Orders whether the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate; exceeds or is equal to the sum of:

(1) the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and

(2) the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Sell Orders.

In the event such excess or such equality exists (other than because the sum of the principal amounts of Auction Rate Bonds in subclauses (A) and (B) above is zero because all of the Outstanding Auction Rate Bonds are the subject of Submitted Hold Orders), such Submitted Bids in this subclause (B) are hereinafter referred to collectively, as “**Sufficient Clearing Bids**,” and

(C) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (the “**Winning Bid Rate**”) which if:

(1) (aa) each such Submitted Bid from Existing Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates were rejected, would entitle such Existing Holders to continue to hold the principal amount of Auction Rate Bonds subject to such Submitted Bids; and

(2) (aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted, would result in such Existing Holders described in subclause (1) above continuing to hold an aggregate principal amount of Outstanding Auction Rate Bonds which, when added to the aggregate principal amount of Outstanding Auction Rate Bonds to be purchased by such Potential Holders described in this subclause (2), would equal not less than the Available Auction Rate Bonds.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall, by telecopy confirmed in writing, advise the Authority and the Trustee of the Maximum Auction Rate and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(A) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Bonds are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Period shall be equal to the Maximum Auction Rate; or

(C) if all Outstanding Auction Rate Bonds are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Period shall be equal to the All-Hold Rate.

Acceptance and Rejection of Submitted Sell Orders and Allocations of Auction Rate Bonds

(d) Existing Holders shall continue to hold the principal amount of Auction Rate Bonds that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to paragraph (i) of subsection (c) above, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (iv) and (v) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid;

(D) Each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Bonds subject to all such Submitted Bids shall be greater than the principal amount of Auction Rate Bonds (the "*remaining principal amount*") equal to the excess of the Available Auction Rate Bonds over the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Auction Rate Bonds subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Auction Rate Bonds obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding Auction Rate Bonds held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Bonds subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Auction Rate Bonds obtained by multiplying the excess of the aggregate principal amount of Available Auction Rate Bonds over the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clauses (B), (C), and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amounts of Outstanding Auction Rate Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding Auction Rate Bonds are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring such Potential Holders to purchase the aggregate principal amount of Auction Rate Bonds subject to such Submitted Bid; and

(C) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Auction Rate Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Auction Rate Bonds obtained by multiplying the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Auction Rate Bonds are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraphs (i) or (ii) of this subsection (d), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of Auction Rate Bonds that is not equal to Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of Auction Rate Bonds to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of Auction Rate Bonds purchased or sold by each Existing Holder or Potential Holder shall be equal to Twenty-Five Thousand Dollars (\$25,000) or any integral multiple thereof.

(v) If, as a result of the procedures described in paragraph (ii) of this subsection (d), any Potential Holder would be entitled or required to purchase less than Twenty-Five Thousand Dollars (\$25,000) principal amount of Auction Rate Bonds, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Bonds for purchase among Potential Holders so that only Auction Rate Bonds in principal amounts of Twenty-Five Thousand Dollars (\$25,000) or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more such Potential Holders not purchasing any Auction Rate Bonds.

(vi) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Auction Rate Bonds to be purchased by Potential Holders and the aggregate principal amount of Auction Rate Bonds to be purchased or sold by Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of Auction Rate Bonds to be sold differs from such aggregate principal amount of Auction Rate Bonds to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Auction Rate Bonds.

APPENDIX "D"

SETTLEMENT PROCEDURES - AUCTION MODE

Capitalized terms used herein shall have the respective meanings specified in the Indenture.

(a) Not later than 3:00 P.M. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Interest Accrual Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "*Seller's Broker-Dealer*") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Bonds, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "*Buyer's Broker-Dealer*") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Bonds, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Auction Rate Bonds to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Auction Rate Bonds to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Bonds and the principal amount of Auction Rate Bonds to be purchased from one or more Existing Owners on whose behalf such Seller's Broker-Dealer acted by one or more Potential Owners on whose behalf each of such Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Bonds to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Bonds to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Bonds and the principal amount of Auction Rate Bonds to be sold to one or more Potential Owners on whose behalf such Buyer's Broker-Dealer acted by one or more Existing Owners on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Owner on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Participant to pay to such Buyer's Broker-Dealer (or its Participant) through the Securities Depository the amount necessary to purchase the principal amount of Auction Rate Bonds to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Bonds;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Seller's Broker-Dealer (or its Participant) through the Securities Depository the principal amount of Auction Rate Bonds to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Accrual Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date, including, without limitation, Existing Owners deemed to have submitted Hold Orders pursuant to the Indenture; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Bonds received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to deliver such Auction Rate Bonds through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to pay through the Securities Depository to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary to purchase the Auction Rate Bonds to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Bonds.

(e) On the Business Day following each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling Auction Rate Bonds in an Auction fails to deliver such Auction Rate Bonds (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Bonds that is less than the principal amount of Auction Rate Bonds that otherwise was to be purchased by such Potential Owner. In such event, the principal amount of Auction

Rate Bonds to be so delivered shall be determined solely by such Broker-Dealer (but only in Authorized Denominations). Delivery of such lesser principal amount of Auction Rate Bonds shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Bonds which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Owner, Existing Owner or their respective Broker-Dealer or Participant to take delivery of or deliver, as the case may be, the principal amount of the Auction Rate Bonds purchased or sold pursuant to an Auction or otherwise.

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APPENDIX "E"

PROPOSED FORM OF BOND COUNSEL OPINION

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

\$60,985,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the

terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) pay the Prior Debt, (ii) demolish certain existing facilities and renovate, develop and construct the Facilities, (iii) fund the costs of marketing the Facilities; (iv) provide working capital for the Facilities, (v) fund a deposit to the Debt Service Reserve Fund, (vi) pay capitalized interest on the Bonds; (vii) fund a deposit to the Replacement Fund; and (viii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of August 1, 2004 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Facilities will be located from the Board of Supervisors for the University of Louisiana System pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004 (the "Ground Lease").

The Bonds are also entitled to the benefits of the Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004 (the "Mortgage") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has mortgaged its leasehold interest in and to the Land and the improvements located thereon, granted a security interest in certain movable property and assigned its rights to all leases and rents relating to the Facilities; and an Assignment of Agreements and Documents dated as of August 1, 2004 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board of Supervisors for the University of Louisiana System (the "Board") and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.
2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.
3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the

Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.

4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.

5. Interest on the Series 2004A Bonds and the Series 2004B Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Interest on the Series 2004C Bonds is included in the gross income of the owners thereof for federal income tax purposes.

7. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement and the Tax Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board or the Corporation fails to comply with the foregoing covenants, interest on the Series 2004A Bonds and the Series 2004B Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Borrower, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution and delivery by the Corporation of, the Agreement, the Ground Lease and the Mortgage and the valid and binding effect thereof on the Borrower; (iv) the Borrower being exempt from federal income tax under Section 501(c) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

We have also relied on the opinion of McGlinchey Stafford, LLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir & Clark, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization,

execution and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

APPENDIX "F"

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation
Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

COUNTERSIGNED:

Resident Licensed Agent

City, State

STD-RCS-6
4/95

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

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TAX REGULATORY AGREEMENT AND ARBITRAGE CERTIFICATE

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**"), University Facilities, Inc. (the "**Corporation**"), the Board of Supervisors for the University of Louisiana System (the "**Board**") and The Bank of New York Trust Company, N.A., in its capacity as Trustee (the "**Trustee**") under the Indenture (as defined herein) hereby enter into this Tax Regulatory Agreement and Arbitrage Certificate (together with the exhibits attached hereto, the "Tax Agreement") in connection with the issuance of the Authority's (i) \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A and (ii) \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (collectively, the "**Bonds**"). The representations of facts and circumstances and covenants of the Authority made herein are in part made pursuant to Treasury Regulations § 1.148-2(b)(2)(i).

I. General Provisions

1. Purpose of this Tax Agreement. The Authority, the Corporation and the Board are delivering this Tax Agreement to Bond Counsel with the understanding and acknowledgment that Bond Counsel will rely upon this Tax Agreement in rendering their opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code.
2. Status of the Authority, the Board, the Corporation and the University.
 - a. The Authority is a political subdivision of the State of Louisiana created pursuant to the authority of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16) (the "Act").
 - b. The Board is a public and constitutional corporation of the State of Louisiana (the "State"), created by Article VIII, Section 6(A) of the Louisiana Constitution of 1974, as amended, and statutes of the State.
 - c. Southeastern Louisiana University (the "University") is a public institution under the supervision of the Board. The University serves an integral educational function of the Board.
 - d. The Corporation is a Louisiana non-profit corporation, organized on a non-stock basis, that was created to exclusively promote, assist and benefit the mission of the University.
3. Authorization of the Bonds. The Authority is issuing the Bonds pursuant to the Act and the terms of the Indenture.
4. Purpose for the Bonds. The Authority is issuing the Bonds to loan the proceeds to the Corporation for the purpose of (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the

Facilities; (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund; (vi) paying capitalized interest on the Bonds, (vii) funding a deposit to the Replacement Fund; and (viii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

5. No Other Bonds. Except for the 2004C Bonds, there are no obligations heretofore issued or to be issued by or on behalf of any state, territory or possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia, that were or will be sold: (i) within 15 days of the date of sale of the Bonds; (ii) pursuant to the same plan of financing as the Bonds; and (iii) are payable directly or indirectly by the Corporation or the Board or any related person or from the same source or sources from which the Bonds are payable.
6. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed thereto in **Exhibit A** to this Tax Agreement. Any capitalized term not defined in **Exhibit A** to this Tax Agreement shall have the meaning ascribed thereto in Section 1.1 of the Indenture.

II. The Prior Debt

1. Description of the Prior Debt. The Prior Debt that will be refunded with the proceeds of the Bonds on the Redemption Date is described on Exhibit H. The Prior Debt is comprised of amounts borrowed by the Corporation pursuant to two Loan Agreements, each dated June 1, 2000, as part of the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000, of which a total of \$14,590,000 is currently outstanding.
2. Purpose of the Prior Debt.
 - a. Loan One.
 - i. The proceeds of one loan, in the original amount of \$8,265,000, were used to advance refund the Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds (University Facilities, Inc. Project) Series 1998 (the "Original Debt").
 - ii. The proceeds of the Original Debt were used to finance the project described in the Official Statement relating to the Bonds.
 - b. Loan Two. The proceeds of the second loan, in the original amount of \$7,680,000, were used to finance the project described in the Official Statement relating to the Bonds.
 - c. Proceeds of the Prior Debt. Unspent Sale Proceeds of the Prior Debt in the amount of \$7,921,611 are held in the Prior Debt Escrow. There are no other unspent Sale Proceeds or Investment Proceeds of the Prior Debt.

III. Description, Ownership and Use of the Facilities

1. **General.** The Authority, the Board and the Corporation recognize and acknowledge that, to ensure that the interest on the Bonds remains excludable from the gross income of the bondholders, the Bonds must satisfy the requirements to be treated as "qualified 501(c)(3) bonds" under Code Section 145. To ensure that the Bonds are and remain qualified 501(c)(3) bonds, the Authority, the Board and the Corporation make the acknowledgments, representations, warranties and covenants as noted and contained in this Article III.
2. **The Facilities.** As more fully described in the Official Statement relating to the issuance of the Bonds, the Facilities will consist of housing and related facilities on the land leased under the Ground Lease. The student housing and related facilities improvements will be owned by the Board as constructed and leased to the Corporation pursuant to the Ground Lease.
3. **Ownership of the Facilities.** Pursuant to the terms of the Ground Lease, the Board will lease the land on which the Facilities will be constructed to the Corporation, and the Corporation will renovate or construct the Facilities thereon. Pursuant to the terms of the Facilities Lease, the Corporation will lease the Facilities to the Board. The Ground Lease and the Facilities Lease will terminate upon payment in full of the Bonds. At that time, full, unencumbered ownership of the Facilities will vest in the Board.
4. **Contracts.** The Corporation has disclosed to Bond Counsel all its contracts and agreements and those of the Board relating to the management, maintenance and operation of the Facilities on **Exhibit D**. Except for those contracts and agreements listed on **Exhibit D**, the Corporation represents that there are no contracts or agreements relating to the management, maintenance and operation of the Facilities and the Corporation does not expect to enter into any such contracts or agreements.
5. **Not Private Activity Bonds.** The Board and the Corporation will not use the Facilities or cause the Facilities to be used in a manner that will result in the Bonds not meeting the requirements imposed upon qualified 501(c)(3) bonds.
 - a. The Board and the Corporation acknowledge that the Bonds will be considered "private activity bonds" if more than 5% of the Facilities is used by a Private Person in a trade or business or by the Corporation or any other Exempt Entity in an Unrelated Business.
 - b. The Board and the Corporation acknowledge that in determining whether all or a portion of the Facilities is used, directly or indirectly, in the trade or business of a Private Person for purposes of the "private business use test" under Section 141(b)(1) of the Code, use of the Facilities or any portion thereof by a Private Person pursuant to any agreement, including any management or other service contract must be examined.

- c. Except for Permitted Contracts the Board and the Corporation will not enter into any contract or agreement with respect to any portion of the Facilities without first disclosing such contract to the Authority.
- d. None of the Authority, the Corporation nor the Board knows of any reason that the Facilities, or any part thereof, will not be used as described in this Tax Agreement in the absence of (i) supervening circumstances not anticipated by the Authority, the Corporation or the Board at the date of issue of the Bonds, (ii) adverse circumstances beyond their control or (iii) obsolescence of such insubstantial parts or portions thereof as may occur as a result of normal use thereof.

IV. General Tax Matters

1. Form 8038. To the best of the knowledge of the Authority, the Corporation and the Board, the information shown on IRS Form 8038 that is included in the transcript of proceedings relating to the issuance of the Bonds is true, accurate and complete.
2. No adverse actions. The Authority, the Corporation and the Board will not knowingly take or permit to be taken any action that would have the effect, directly or indirectly, of causing the interest on any of the Bonds to be included in the gross income of the holders thereof for federal income tax purposes.
3. Filings. The Authority will comply with and make all filings required by all effective rules, rulings or Regulations promulgated by the Department of Treasury or the IRS with respect to obligations described in Section 103 and Sections 141-150 of the Code.
4. Information Reporting. The Authority will comply with the information reporting requirements of Section 149(e)(2) of the Code.
5. Federal Guarantee. The Authority, the Corporation and Board will not cause the Bonds to be treated as "Federally Guaranteed Obligations" for purposes of Section 149(b) of the Code, as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or IRS with respect to Federally Guaranteed Obligations described in Section 149(b) of the Code. Unless otherwise excepted under Section 149(b) of the Code, the Bonds will be considered federally guaranteed obligations if (i) the payment of principal and interest with respect to the Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (ii) 5% or more of the Bond Proceeds is (A) to be used in making loans, the payment of principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or (B) to be invested (directly or indirectly) in federally insured deposits or accounts or (iii) the payment of principal or interest on the Bonds is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). For purposes of determining whether the Bonds are federally guaranteed, a guarantee by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan

Mortgage Insurance Corporation, the Government National Mortgage Association or the Resolution Funding Corporation is not considered a "federal guarantee".

6. **Not Hedge Bonds.** The Corporation and the Trustee covenant that not more than fifty percent (50%) of the Bond Proceeds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.
7. **Payment of Costs of Issuance.** The Authority reasonably expects that at least 95% of the Costs of Issuance will have been paid by the date that is 180 days after the Date of Issue.
8. **Private Activity Bond Requirements Applicable to Qualified 501(c)(3) Bonds.**
 - a. At least 95% of the proceeds of the Bonds not used to refund the Prior Debt will be used to provide either land or property of a character subject to the allowance for depreciation under the Code, and substantially all amounts to be paid or incurred from the proceeds of the Bonds are, for federal income tax purposes, chargeable to a capital account related to the New Facilities or would be so chargeable either with a proper election by the Company (under Section 266 of the Code) or but for a proper election by the Company to deduct such amounts.
 - b. None of the proceeds of the Bonds will be used directly or indirectly to provide residential rental property for family units.
 - c. None of the proceeds of the Bonds will be used to provide a facility the primary purpose of which is retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment and no portion of the proceeds of the Bonds will be used to provide any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility, or racetrack. Furthermore, no portion of the proceeds of the Bonds will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.
 - d. No more than 2% of the proceeds of the Bonds will be used to pay Costs of Issuance of the Bonds.
 - e. The average maturity of the Bonds is 20.376 years, which does not exceed 120% of the average reasonably expected economic life of the Facilities financed with proceeds of the Bonds.
 - f. As required by Section 147(f) of the Code, the Bonds and the Facilities were the subject of a public hearing held on July 21, 2004, which was preceded by reasonable public notice, and were subsequently approved by the Louisiana Attorney General.

V. 501(c)(3) Status of the Corporation

1. General. The Corporation recognizes that it must be an organization described in Code section 501(c)(3) in order for the interest on the Bonds to be and remain excludable from the gross income of the bondholders.
2. Corporation Counsel Opinion. Attached hereto as **Exhibit I** is an opinion from Corporation Counsel that:
 - a. The Corporation is a not-for-profit corporation, duly organized and existing under the laws of the State of Louisiana;
 - b. The Corporation has received a written determination from the IRS that the Corporation is an organization that is described in Code section 501(c)(3) and not a private foundation as defined in Code section 509(a) (the "Corporation Determination Letter");
 - c. The Corporation Determination Letter has not been modified, limited or revoked and the Corporation is in compliance with all terms, conditions and limitations, if any, contained in the letter; and
 - d. The facts and circumstances that form the basis of the Corporation Determination Letter as represented to the IRS continue to exist and no material facts or circumstances have arisen that could affect the validity of the Corporation Determination Letter.
3. Representations, warranties and covenants. The Corporation hereby represents, warrants and covenants that:
 - a. The Corporation Counsel opinion referred to in Section V.2. of this Tax Agreement is based upon all material facts relating to the operations of the Corporation since the time of its organization.
 - b. The Corporation has not been audited by the Internal Revenue Service and the Corporation continues to be recognized as an organization described in Section 501(c)(3) of the Code.
 - c. Throughout the term of the Bonds, the Corporation shall do, or cause to be done, all things necessary to continue to be a not-for-profit corporation, duly organized and existing under the laws of the State of Louisiana.
 - d. The Corporation will not perform any act or enter into any agreement that adversely affects the federal income tax status of the Corporation, including its status as an organization described in Section 501(c)(3) of the Code and shall conduct its operations in a manner that will conform to the standards necessary to

continue to qualify the Corporation as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law.

- e. Throughout the term of the Bonds, the Corporation shall do, or cause to be done, all things necessary to continue to be classified as an organization described in Section 501(c)(3) of the Code that is not a private foundation as defined in Section 509(a) of the Code.
- f. The Corporation does not expect to perform any act, or enter into any agreement or transaction that would result in it no longer being an organization described in Section 501(c)(3) of the Code. To that end, the Corporation hereby covenants that it will follow all rulings and procedures outlined by the Regulations relating to organizations described in Section 501(c)(3) of the Code.
- g. The Corporation's ownership and operation of the Project is substantially related to and in furtherance of the Corporation's Exempt Purpose.

VI. Yield on the Bonds

- 1. Generally. For purposes of this Tax Agreement, Yield is calculated as set forth in Code section 148(b) and Treasury Regulations §§ 1.148-4 and 1.148-5. The Bonds are variable yield bonds under the Regulations. As provided in the Regulations, the Issuer hereby elects to compute the Yield on the Bonds separately for each Computation Period.
- 2. Issue Price.
 - a. Under Section 1.148-1(b) of the Treasury Regulations, the "issue price" of the Bonds is the first price at which a substantial amount of the Bonds is sold to the public. For this purpose, the term "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers.
 - b. The Underwriter has furnished a certificate, attached hereto as **Exhibit E**, which certifies (1) that all of the Bonds have been the subject of an initial bona fide offering to the public (exclusive of bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at prices equal to those amounts set forth on **Exhibit E**, (2) that such initial offering prices were established by a bona fide bid without regard to any amounts that would increase the Yield on any maturity of the Bonds above their market Yields, and (3) as to the prices (exclusive of accrued interest) at which a substantial amount of each maturity of Bonds were sold to the public (exclusive of bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers). Based on past financing practices, the Authority believes that the initial offering price of the Bonds is reasonable under customary standards applicable in the established tax-exempt market.
 - c. By reference to the Underwriter's certificate, the issue price of the Bonds is \$76,594,310.68.

3. **Bond Insurance Premiums; Qualified Guarantee.** In computing the Yield on the Bonds, the amount of the fees for the Bond Insurance is treated as qualified guarantee on the Bonds. This treatment is based upon representations made by the Underwriter on **Exhibit E** and the Bond Insurer on **Exhibit F** which together represent that the fees paid for the Bond Insurance were negotiated at arm's length and are within the normal range of charges charged by the Bond Insurer for the transfer of credit risk with respect to similar tax-exempt obligations, that the present value of interest saved as a consequence of the Bond Insurance exceeds the present value of the fees for the Bond Insurance, and that the fees for the Bond Insurance are not included in any direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt bonds in transactions in which the Bond Insurer has no involvement other than as a guarantor. The Authority believes that the fees for the Bond Insurance are reasonable based on past financing practices.

VII. Arbitrage

1. **General.** The Corporation, as advised by the Board, is given the right under section 4.11 of the Indenture to direct the investment of Bond Proceeds while held in the funds and accounts established under the Indenture. The Corporation acknowledges that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code. The Corporation hereby agrees and covenants that it shall not permit at any time or times any of the Bond Proceeds to be used in a manner that would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Corporation further agrees and covenants that it shall do and perform all acts and things necessary to ensure that the requirements of Section 148 of the Code are met.
2. **Reasonable Expectations.** This Article VII sets forth the reasonable expectations, statement of facts and representations of the Authority, the Board and the Corporation with respect to the amount, use and investment of the proceeds of the Bonds.
3. **Funds and Accounts.** The only funds and accounts relating to the Bonds are those listed below. Such funds and accounts are created under the Indenture and maintained with the Trustee:
 - a. Bond Proceeds Fund and a Costs of Issuance Account therein;
 - b. Debt Service Fund, and the following accounts therein:
 - (1) Interest Account
 - (2) Principal Account
 - c. Project Fund
 - d. Debt Service Reserve Fund

- e. Replacement Fund
 - f. Rebate Fund
 - g. Receipts Fund
 - h. Capitalized Interest Fund
 - i. Refunding Fund
 - j. Surplus Fund
4. Description of Funds. Under the terms of the Indenture, the funds listed above will be used as follows:
- a. The Bond Proceeds Fund. The Bond Proceeds Fund shall be used to receive the proceeds of the Bonds. On the Closing Date, the Trustee shall disburse amounts held in the Bond Proceeds Fund to the Refunding Fund, the Interest Account in the Debt Service Fund, the Capitalized Interest Fund, the Replacement Fund, the Project Fund and the Debt Service Reserve Fund the amount specified in the request and authorization delivered pursuant to Section 3.12 of the Indenture.
 - b. The Debt Service Fund.
 - (1) The Debt Service Fund is comprised of an Interest Account and a Principal Account.
 - (2) Moneys on deposit in the Debt Service Fund (and accounts therein) will be used solely and exclusively for the payment of debt service on the Bonds as it falls due at stated maturity or by redemption or upon acceleration, all as provided herein and in the Indenture.
 - c. The Project Fund. Moneys in the Project Fund will be applied to the payment of the Costs of the Facilities pursuant to the procedure established in Section 4.15 of the Indenture.
 - d. The Debt Service Reserve Fund. Moneys on deposit in the Debt Service Reserve Fund shall be maintained in an amount equal to the Debt Service Reserve Fund Requirement for the Bonds and will be transferred to the Interest Account or the Principal Account of the Debt Service Fund in such amount as shall be necessary to remedy any deficiency therein with respect to the Series 2004A Bonds, the Series 2004B Bonds or any Additional Bonds that are Tax-Exempt Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund is sufficient to pay in full all outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund and shall be available to pay all outstanding Bonds in accordance with their terms. If the balance of the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund

Requirement, all amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Interest Account.

- e. The Replacement Fund. The Replacement Fund will be initially funded with proceeds of the Bonds in an amount equal to \$3,215,215.08. The use of moneys on deposit in the Replacement Fund will be restricted to use solely to fund the cost of replacing any worn out, obsolete, inadequate, unsuitable or undesirable property, furniture, fixtures or equipment placed upon or used in connection with the Facilities.
 - f. The Rebate Fund. Moneys deposited and held in the Rebate Fund will be used to make all rebate payments owed to the United States under the Code in accordance with the provisions of Article VII of this Tax Agreement.
 - g. The Receipts Fund. There shall be deposited into the Receipts Fund all funds (i) received from or paid on behalf of the Board under the Facilities Lease, including daily, all rents, charges, and other amounts held in the deposit amount maintained by the Management Company under the Management Agreement; and (ii) all Lawfully Available Funds from the Board used to make Base Rental Payments pursuant to the Facilities Lease. Moneys on deposit in the Receipts Fund on the twenty-fifth (25th) day of each month will be applied by the Trustee in accordance with Section 4.8 of the Indenture.
 - h. The Capitalized Interest Fund. The Capitalized Interest Fund shall be funded on the date of delivery of the Bonds from the proceeds thereof in the amount of \$2,712,406.36. On each date on which the Trustee is required to transfer moneys in the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to the Indenture, prior to making any such transfer the Trustee shall transfer amounts on deposit in the Capitalized Interest Fund to the Interest Account of the Debt Service Fund in the amounts required by the Indenture or such lesser amount as shall then remain in the Capitalized Interest Fund. The Trustee shall reduce the amount required to be transferred from the Receipts Fund to the Interest Account of the Debt Service Fund pursuant to the Indenture by any amounts transferred to the Interest Account of the Debt Service Fund pursuant to the provisions of the Indenture. Earnings on amounts in the Capitalized Interest Fund shall be retained therein.
 - i. Refunding Fund. Amounts deposited in the Refunding Fund will be used to redeem the Prior Debt on the Refunding Date, which is within ninety (90) days of the Date of Issue.
 - j. Surplus Fund. Moneys deposited in the Surplus Fund will be transferred to the University upon satisfaction of the conditions set forth in Section 4.24 of the Indenture.
5. No other sinking or pledge fund. Except for the Debt Service Fund and the Debt Service Reserve Fund, there are no funds or accounts comprised of securities (within the meaning

of Section 165(g)(2)(A) or (B) of the Code), obligations, annuity contracts or investment-type property, established by or on behalf of the Authority, the Board or Corporation, that are reasonably expected to be used or generate earnings to be used to pay Debt Service on the Bonds, or that are reserved or pledged as collateral for payment of Debt Service on the Bonds, and for which there is reasonable assurance that amounts therein will be available to pay such Debt Service if the Board or the Corporation encounters financial difficulties; therefore, there is no other fund created or established or to be created or established that would be treated as a sinking fund in connection with the Bonds.

6. No Replacement Funds.

- a. Except for amounts in the Debt Service Fund and the Debt Service Reserve Fund, neither the Authority, the Board nor the Corporation expects to have on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used, directly or indirectly, for the purposes for which the Bonds are being issued.
- b. No portion of the Bond Proceeds will be used as a substitute for other funds that were otherwise to be used as a source of financing for the Facilities or for the payment of Debt Service on the Bonds and that have been or will be used to acquire directly or indirectly securities producing a Yield in excess of the Yield on the Bonds.
- c. The term of the Bonds is no longer than is reasonably necessary for the purposes of the Bonds.

7. Use of Bond Proceeds. This section sets forth the reasonable expectations of the Authority with respect to the use of the Bond Proceeds from the Bonds.

- a. On the basis of the facts, estimates and circumstances in existence on the date hereof, the Authority reasonably expects that the proceeds derived from the sale of the Bonds will be equal to \$76,594,310.68, that the Underwriters will retain \$662,615 as underwriter's discount, and that the Authority will receive \$75,931,695.68 (for purposes of this section 7, the "Bond Proceeds").
- b. The Bond Proceeds, together with \$70,790.64 currently held in the Debt Service fund relating to the Prior Debt (for purposes of this section 7, the "Available Amounts") are expected to be needed and fully expended as follows:
 - (1) \$483,872.41 of Bond Proceeds will be retained in the Cost of Issuance Account of the Bond Proceeds Fund to pay the Costs of Issuance of the Bonds;
 - (2) \$2,267,000 of Bond Proceeds will be wired to the Bond Insurer to pay the premium on the insurance policy on the Bonds;

- (3) \$94,933.33 of Bond Proceeds will be deposited in the Interest Account in the Debt Service Fund to pay accrued interest on the Bonds, if any.
- (4) \$5,265,837.50 of Bond Proceeds will be deposited into the Debt Service Reserve Fund;
- (5) \$2,712,406.36 of Bond Proceeds will be deposited into the Capitalized Interest Fund;
- (6) \$46,814,981.47 of Bond Proceeds will be deposited into the Project Fund, and together with interest thereon, will be used by the Corporation to pay the Costs of the Facilities;
- (7) \$15,077,449.53 of Bond Proceeds will be deposited into the Refunding Fund and, together with \$70,790.64 of Available Amounts will be used to redeem the Prior Debt on the Refunding Date; and
- (8) \$3,215,215.08 of Bond Proceeds will be deposited into the Replacement Fund.

8. Investment and Disposition of Amounts in Funds.

- a. **General Rule.** No Nonpurpose Investment may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in §1.148-5(e) of the Regulations) in excess of the Fair Market Value of such Nonpurpose Investment. No Nonpurpose Investment may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in §1.148-5(e) of the Treasury Regulations) less than the Fair Market Value of the Nonpurpose Investment.
- b. **Fair Market Value.** In general, the Fair Market Value of any Nonpurpose Investment is the price at which a willing buyer would pay to a willing seller to acquire the Nonpurpose Investment, with no amounts paid to artificially reduce or increase the Yield on such Nonpurpose Investment. **Exhibit C** to this Tax Agreement sets forth certain safe harbors for determining Fair Market Value. Other methods may be used to establish Fair Market Value, provided, however, that such methods comply with the requirements of §1.148-5(d)(6) of the Regulations.
- c. **Arm's Length Purchase and Sale.** If a Nonpurpose Investment is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the Yield on the Nonpurpose Investment, the Fair Market Value of the Nonpurpose Investment shall be the amount paid for the Nonpurpose Investment (without increase for transaction costs, except as otherwise provided in §1.148-5(e) of the Regulations). If a Nonpurpose Investment is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the Rebate Amount, the Fair Market Value of the Nonpurpose Investment shall be the amount realized from the sale or other

disposition of the Nonpurpose Investment (without reduction for transaction costs, except as otherwise provided in §1.148-5(e) of the Regulations).

- d. **Broker Compensation.** For purposes of computing the Yield on any Nonpurpose Investment which has been acquired through a broker or other intermediary obtaining bids for such Nonpurpose Investment, any compensation that is received by such broker or other intermediary, whether payable by or on behalf of the obligor or obligee under such Nonpurpose Investment, shall be treated as set forth in Regulations §1.148-5(e).

9. **Expectations with Regard to Certain Funds.**

- a. **The Project Fund.** The moneys in the Project Fund, together with investment earnings thereon, will be used, needed and fully expended to pay Costs of the Facilities by January 1, 2006. With respect to the expenditure of the Bond Proceeds deposited in the Project Fund for the Costs of the Facilities, the Corporation reasonably expects the following:

- (1) at least 85% of the Net Sale Proceeds of the Bonds, as defined in Reg. 1.148-1(b) of the Regulations, deposited in the Project Fund will be allocated to expenditures on the Facilities within three (3) years of the Date of Issue;
- (2) within six (6) months of this date, the Corporation will incur a substantial binding obligation to a third party to expend not less than 5% of the Net Sale Proceeds of the Bonds deposited in the Project Fund; and
- (3) the Corporation will proceed with due diligence to complete the Facilities and the allocation of the Net Sale Proceeds of the Bonds deposited in the Project Fund to expenditures on the Project substantially in accordance with the schedule attached hereto as **Exhibit G**.

- b. **The Debt Service Fund.**

- (1) The Debt Service Fund (including the Interest Account and the Principal Account) is used primarily to achieve a proper matching of revenues and debt service within each Bond Year. The Debt Service Fund will be depleted at least once annually except for a reasonable carryover amount not in excess of the greater of (A) the earnings on the Debt Service Fund for the immediately preceding Bond Year or (B) 1/12th of the principal and interest payments on the Bonds for the immediately preceding Bond Year.
- (2) Amounts deposited in the Debt Service Fund will be spent within thirteen months after the date of such deposit, and any investment earnings (net of losses) received from the investment or reinvestment of moneys held in such funds will be expended within one year after the date of accumulation thereof in the fund.

- c. The Debt Service Reserve Fund. The Debt Service Reserve Fund will be used only as a reserve for the payment of principal or interest on the Bonds in the event that no other moneys are available therefor. The total amount held in the Debt Service Reserve Fund at any time will not exceed the Debt Service Reserve Fund Requirement.
- d. The Refunding Fund. Amounts deposited in the Refunding Fund will be used to redeem the Prior Debt on the Refunding Date, which will be within ninety (90) days of the Date of Issue.
- e. The Replacement Fund. Amounts deposited in the Replacement Fund will be used to pay expenses that are directly related to capital expenditures incurred in connection with the construction or renovation of the Facilities. The total amount funded with Sales Proceeds of the Bonds and held in the Replacement Fund, together with amounts funded with Sales Proceeds of the Bonds and deposited in the Project Fund to finance working capital, at no time will exceed five percent of the Sales Proceeds of the issue.

10. Restrictions on Investments of Amounts in Certain Funds.

- a. The Project Fund. The Issuer hereby waives its right to invest the amounts deposited in the Project Fund in investments that have a Yield in excess of the Yield on the Bonds. Accordingly, the amounts deposited in the Project Fund may be invested only in Yield Restricted Obligations.
- b. The Capitalized Interest Fund. The Issuer hereby waives its right to invest the amounts deposited in the Capitalized Interest Fund in investments that have a Yield in excess of the Yield on the Bonds. Accordingly, the amounts deposited in the Capitalized Interest Fund may be invested only in Yield Restricted Obligations.
- c. The Debt Service Fund. Amounts deposited in the Debt Service Fund may be invested without regard to investment Yield limitations for a period not exceeding thirteen months from the date of the first deposit of such amounts in the Debt Service Fund. Such amounts are not subject to the rebate requirement described in Article VIII hereof. To the extent that amounts deposited in the Debt Service Fund are not spent as provided in Section VII.9.b(1) of this Tax Agreement, such amounts must be invested in Yield Restricted Obligations.
- d. The Debt Service Reserve Fund. Amounts deposited into the Debt Service Reserve Fund may be invested without regard to investment Yield. Investment earnings on amounts held in the Debt Service Reserve Fund are subject to the rebate requirement described in Article VIII.
- e. The Refunding Fund. The Issuer hereby waives its right to invest the amounts deposited in the Refunding Fund in investments that have a Yield in excess of the Yield on the Bonds. Accordingly, the amounts deposited in the Refunding Fund may be invested only in Yield Restricted Obligations.

- f. The Replacement Fund. The Issuer hereby waives its right to invest the amounts deposited in the Replacement Fund in investments that have a Yield in excess of the Yield on the Bonds. Accordingly, the amounts deposited in the Replacement Fund may be invested only in Yield Restricted Obligations.
 - g. The Rebate Fund. Amounts deposited into the Rebate Fund and the Receipts Fund (prior to their transfer out of the Receipts Fund) may be invested without regard to investment Yield limitations. Investment earnings on amounts held in these Funds are not subject to the rebate requirement described in Article VIII hereof.
 - h. Investment Earnings. The Issuer hereby waives its right to invest investment earnings on moneys in the Project Fund and Capitalized Interest Fund in investments that have a Yield in excess of the Yield on the Bonds. Accordingly, investment earnings in these funds may be invested only in Yield Restricted Obligations.
 - i. Yield Restricted Obligations. For purposes of this Tax Agreement, Yield Restricted Obligations shall mean Tax-Exempt Obligations or Nonpurpose Investments with a Yield not exceeding 0.125% above the Yield on the Bonds.
 - j. No Abusive Arbitrage Device. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and related regulations, enabling the Authority, the Corporation or any other person to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increases the burden on the market for tax-exempt obligations in any manner, including, without limitation, selling bonds that would not otherwise be sold, or selling more bonds, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.
11. Transferred Proceeds of the Prior Debt.
- a. As of the Refunding Date, the proceeds of the Prior Debt (the "Prior Debt Proceeds") that are held in the Prior Debt Escrow, in the amount of \$7,921,611, will become transferred Proceeds of the Bonds
 - b. The Issuer hereby covenants to remit any required Yield Reduction payment with respect to the Prior Debt Escrow at the time, and in the manner described in Regulation section 1.148-5(c)(2).

VIII. REBATE

- 1. General. The Board and the Corporation acknowledge that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with rebate requirement described in this section. To that end, the Board and the Corporation covenant to comply with the requirements of the Code relating to the rebate requirement as discussed in this Article

VIII. The Board and the Corporation acknowledge that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. The Board and the Corporation covenant that they will undertake to determine what is required with respect to the rebate provisions contained in Section 148(f) of the Code and the regulations promulgated thereunder and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or the regulations, the Board and/or the Corporation will undertake the methodology described in this Tax Agreement.

2. The Rebate Fund. There is created under the Indenture the Rebate Fund held by the Trustee. The Authority and the Corporation have agreed to keep the Rebate Fund separate and apart from all other funds and moneys held by any of the Authority, the Corporation and the Trustee.
3. Record Keeping. The Corporation shall maintain, or cause the Trustee to maintain, detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds of the Bonds, including: (i) purchase price; (ii) information establishing Fair Market Value on the date such investment became a Nonpurpose Investment; (iii) any accrued interest due on its purchase date; (iv) face amount; (v) coupon rate; (vi) frequency of interest payments; (vii) disposition price; (viii) accrued interest due on its disposition date; and (ix) disposition date. These records are required to facilitate the calculation of the Rebate Amount.
4. Rebate Amount Calculation and Payment.
 - a. The Corporation will prepare, or cause to be prepared, a calculation of the Rebate Amount within 45 days after each Computation Date.
 - b. On or before 45 days following each Computation Date, the Corporation shall pay to and deposit in the Rebate Fund an amount such that the balance held in the Rebate Fund equals the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date.
 - c. Not later than 60 days after each Installment Computation Date, the Corporation shall pay, or direct the Trustee to pay, to the United States, 90% of the Rebate Amount. The Corporation shall pay, or direct the Trustee to pay, to the United States, not later than 60 days after the Final Computation Date, 100% of the Rebate Amount.
 - d. Each payment required to be made hereto shall be mailed to the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by: (i) a copy of IRS Form 8038-T; (ii) the CUSIP number for the Bond with the latest maturity; and (iii) a statement summarizing the determination of the Rebate Amount. If such payment is made by the Corporation, the Corporation shall provide the Trustee with evidence of such payment and copies of the

accompanying materials required by this subsection. If such payment is to be made by the Trustee, the Corporation shall furnish to the Trustee the materials required by this subsection.

5. **Record Retention.** In connection with the calculation of the Rebate Amount, the Trustee shall maintain the following records:
 - a. The Trustee shall record all amounts paid to the United States pursuant to this Article. The Trustee shall furnish to the Authority and the Corporation copies of any materials filed with the IRS pertaining thereto and shall provide the Authority and the Corporation with all records in its possession that the Authority, the Corporation or the Rebate Analyst may request relating to the calculation of any Rebate Amount.
 - b. The Trustee or the Corporation shall retain records of the rebate calculations until six (6) years after the Final Computation Date.
 - c. The Trustee shall keep and record the data described in Section VI.3 herein pertaining to the investments of the Bond Proceeds.
6. **Rebate Analyst.**
 - a. A Rebate Analyst shall be appointed by the Corporation and retained by the Trustee to perform the rebate calculations required herein. The Rebate Analyst and each successor Rebate Analyst shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Corporation and the Trustee under which such Rebate Analyst will agree to discharge its duties pursuant to this Tax Agreement in a manner consistent with prudent industry practice. In lieu of the appointment of another party as Rebate Analyst, the Corporation and the Trustee may agree to have the Trustee serve as the Rebate Analyst hereunder.
 - b. The Trustee and the Authority may rely conclusively upon and shall be fully protected from all liability in relying upon the opinions, calculations, determination, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Corporation upon presentation of an invoice for services rendered in connection therewith.
7. **Spending Exceptions from Rebate Requirement.** Section 148(f)(4) of the Code and Section 1.148-7 of the Regulations provide for spending exceptions to the rebate requirement. These exceptions are the six-month exception, the eighteen-month exception, and the two-year exception. To the extent that Gross Proceeds of the Bonds are determined to have been allocated to expenditures in a manner which satisfies any of the spending exceptions, investment earnings allocable to such Proceeds need not be rebated to the United States.

IX. Tax Elections

1. Election To Waive Temporary Period for Certain Funds. The Issuer hereby waives its right to invest the Bond Proceeds, and investment earnings thereon, deposited in the following funds in investments that have a Yield in excess of the Yield on the Bonds:
 - a. The Project Fund;
 - b. The Capitalized Interest Fund;
 - c. The Refunding Fund; and
 - d. The Replacement Fund.

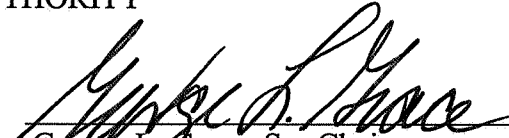
X. Miscellaneous

1. Term. This Tax Agreement shall be effective from the date of issuance of the Bonds through the date six (6) years after the Final Computation Date and will be effective at all times while the Bonds are outstanding.
2. Amendments. Notwithstanding any other provision hereof, any provision of this Tax Agreement may be amended or waived by an instrument in writing executed by the Authority, the Board, the Corporation and the Trustee, provided that there first shall have been provided to the Trustee a written opinion of Bond Counsel, in form and substance satisfactory to the Trustee and the Authority, that such amendment or waiver will not adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for purposes of federal income taxation.
3. Default; Remedies.
 - a. The failure of any party to this Tax Agreement to perform any of its required duties under any provision hereof shall constitute an event of default under this Tax Agreement.
 - b. Upon an occurrence of an event of default, the Authority or the Trustee may, in their discretion, proceed to protect and enforce their rights and the rights of the owners of the Bonds by pursuing any available remedy under and in accordance with the Indenture and the Loan Agreement, in addition to pursuing any other available remedy, including, but not limited to, a suit at law or in equity.

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IN WITNESS WHEREOF, the Authority, the Corporation, the Board and the Trustee have caused this Tax Agreement to be executed on their behalf by their duly authorized representative this 13th day of August, 2004.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT
AUTHORITY

By: 
George L. Grace, Sr., Chairman

[SEAL]

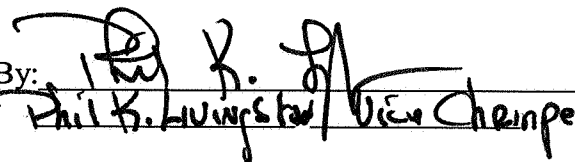
THE BANK OF NEW YORK TRUST
COMPANY, N.A.,
as Trustee

By: _____

BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM

By: 
Randy Moffett, Board Representative

UNIVERSITY FACILITIES, INC.

By: 
Phil K. Livingston / Vice Chairperson

IN WITNESS WHEREOF, the Authority, the Corporation, the Board and the Trustee have caused this Tax Agreement to be executed on their behalf by their duly authorized representative this 13th day of August, 2004.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT
AUTHORITY

By: _____
George L. Grace, Sr., Chairman

[SEAL]

THE BANK OF NEW YORK TRUST
COMPANY, N.A.,
as Trustee

By: Elizabeth Dean
VICE PRESIDENT

BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM

By: _____
Randy Moffett, Board Representative

UNIVERSITY FACILITIES, INC.

By: _____

Exhibit A to Tax Regulatory Agreement and Arbitrage Certificate Definitions

In addition to the words defined in this Tax Agreement and the Indenture, the following terms shall have the following meanings as used herein, unless the context requires a different meaning. In the case that the definition assigned to a term in this Tax Agreement or this Exhibit A differs from the definition assigned to that same term in any other document, the definition assigned by this Tax Agreement or this Exhibit A shall control for purposes of this Tax Agreement.

"Board" means Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities, or its legal successor as the management board of the University, acting on behalf of the University.

"Bond Counsel" means Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P. or such other nationally recognized counsel that is nationally recognized as expert in matters relating to the issuance of municipal bonds in this state that is acceptable to the Authority.

"Bond Insurer" means MBIA Insurance Corporation.

"Bond Owner" or **"Owner"** or **"Bondholder"** or **"Holder"** or any similar term, when used with reference to a Bond or Bonds means the registered owner of such Bond.

"Bond Proceeds" means all Proceeds of the Bonds.

"Bond Year" shall mean the twelve-month period ending on August 1, except that the first Bond Year shall begin on the Date of Issuance of the Bonds and end on August 1, 2005.

"Bond Yield" or **"Yield on the Bonds"** means the Yield of the Bonds calculated in accordance with Section 1.148-4 of the Regulations.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

"Computation Date" means an Installment Computation Date or the Final Computation Date.

"Computation Date Credit" means, on the last day of each Bond Year during which there are Gross Proceeds subject to the rebate requirements of Article VI hereof and on the Final Computation Date, the amount of \$1,000.

"Computation Period" means the period between computation periods.

"Corporation's Exempt Purpose" means the purpose of the Corporation upon which the Corporation's status as an organization described in Code section 501(c)(3) is based.

"Cost of Issuance" means all costs incurred in connection with the issuance of the Bonds other than fees paid to or on behalf of credit enhancers as fees for "qualified guarantees" as defined in Section 1.148-4(f) of the Regulations. Examples of Costs of Issuance include (but are not limited to):

- (a) underwriting fees;
- (b) counsel fees (including Bond Counsel, underwriters' counsel, Authority's counsel, Corporation counsel, Trustee's counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);
- (c) rating agency fees (except for any such fee that is paid in connection with or as a part of the fee for credit enhancement of the Bonds);
- (d) trustee fees incurred in connection with the issuance of the Bonds;
- (e) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing); and
- (f) fees to cover administrative costs and expenses incurred in connection with the issuance of the Bonds.

"Costs of the Facilities" means those costs incurred by the Corporation in connection with the demolition of certain existing facilities and the renovation, development and construction of the Facilities.

"Date of Issue" means August 13, 2004.

"Discharged" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due, if cash is available at the place of payment, and no interest accrues with respect to such Bonds after such date.

"Economic Accrual Method" (also known as the constant interest method or actuarial method) means the method of computing Yield that is based on the compounding of interest at the end of each compounding period.

"Exempt Entity" means any entity that is exempt from the payment of federal income taxes under Code section 501(c)(3) or as a disregarded entity that is owned by an entity that is exempt from the payment of federal income taxes under Code section 501(c)(3).

"Exempt Purpose" means the purpose of an Exempt Entity upon which the Exempt Entity's status as an organization described in Code section 501(c)(3) is based.

"Fair Market Value" shall have the meaning set forth in Section VII.8.b and Exhibit C to this Tax Agreement.

"Final Computation Date" means the date the last Bond is Discharged.

"Future Value" means the Value of a Receipt or Payment at the end of any interval as determined by using the Economic Accrual Method and equals the Value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over a period at a rate equal to the Yield on the Bonds, using the same compounding interval and financial conventions used to compute Bond Yield.

"Gross Proceeds" means any Proceeds or Replacement Proceeds of the Bonds.

"Indenture" means the Trust Indenture dated as of June 1, 2004, by and between the Authority and the Trustee, in connection with the issuance of the Bonds.

"Installment Computation Date" means the last day of the Bond Year ending on August 1, 2008 and the last day (August 1) of each succeeding Bond Year.

"Investment" means any Purpose Investment or Nonpurpose Investment, including any other tax-exempt bond.

"Investment Proceeds" means any amounts actually or constructively received from investing Gross Proceeds of the Bonds.

"Minor Portion" means an amount not exceeding the lesser of 5% of the Sale Proceeds or \$100,000.

"Nonpurpose Investment" means any security, obligation, annuity contract, or investment type property defined in Section 148(b) of the Code and 148-1(b) of the Regulations that is not a Tax-Exempt Obligation.

"Payments" means, for purposes of computing the Rebate Amount: (i) amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to a commingled fund); (ii) for a Nonpurpose Investment that is allocated to an issue on a date after it is actually acquired (e.g., an Investment that becomes allocable to Transferred Proceeds or to Replacement Proceeds) or that becomes subject to the rebate requirement of the Code on a date after it is actually acquired (e.g., an Investment allocated to a reasonably required reserve or replacement fund for a construction issue at the end of the two-year spending period), the Value of that Investment on that date; (iii) for a Nonpurpose Investment that was allocated to an issue at the end of the preceding computation period, the Value of that Investment at the beginning of the computation period; (iv) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of an issue that are subject to the rebate requirement of the Code, and on the final maturity date, a Computation Date Credit; and (v) Yield Reduction Payments on Nonpurpose investments made pursuant to Section 1.148-5(c) of the Regulations. For purposes of computing the Yield on an investment (including the Value of the Investment), Payment means amounts to be actually or constructively paid to acquire the Investment; provided, however, that payments made by a conduit borrower, such as the Company, are not treated as paid until the conduit borrower ceases to receive the benefit of earnings on those amounts.

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Payments on Investments, including Guaranteed Investment Contracts, are adjusted for Qualified Administrative Costs of acquiring a Nonpurpose Investment.

"Permitted Contract" shall mean any contract with respect to the Facilities that is described on **Exhibit B** to this Tax Agreement.

"Private Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust or unincorporated organization other than a governmental unit as that term is used in Section 141 of the Code or an Exempt Entity.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Purpose Investment" means an Investment that is acquired to carry out the governmental purpose of an issue. The Loan Agreement constitutes a Purpose Investment.

"Qualified Administrative Costs" means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, record keeping, custody and similar costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same Investment or a reasonably comparable Investment if acquired with a source of funds other than Gross Proceeds of tax-exempt bonds. However, for guaranteed investments, brokers' commissions or similar fees paid is not a Qualified Administrative Cost to the extent that the commissions exceed the safe harbor described in Regulation section 1.148-5(e)(2)(iii).

"Rebate Amount" means the excess of the Future Value of all Receipts with respect to the Investments in Nonpurpose Investments allocated to the Gross Proceeds of the Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments. Future Value is computed as of the Computation Date.

"Rebate Analyst" means the firm of certified public accountants, Bond Counsel or other specialist in the calculation of arbitrage rebate chosen in accordance with Section VI.6 hereof to determine the Rebate Amount, if any.

"Rebate Payment Date" means any date on which a payment of a Rebate Amount is required to be paid to the United States pursuant to section VI.4(b) of this Tax Agreement.

"Receipts" means, for purposes of computing the Rebate Amount: (a) amounts actually or constructively received from a Nonpurpose Investment (including amounts treated as received from a commingled fund) such as earnings and return of principal; (b) for a Nonpurpose Investment that ceases to be allocated to an issue before its disposition or redemption date (e.g., an Investment that becomes allocable to transferred Proceeds of another issue or that ceases to be allocable to the issue pursuant to the universal cap under Section 1.148-6 of the regulations) or that ceases to be subject to the rebate requirement of the Code on a date earlier than its disposition or redemption date (e.g., an Investment allocated to a fund initially subject to the {B0289314.3}

rebate requirement of the code but that subsequently qualifies as a bona fide debt service fund), the Value of that Nonpurpose Investment on that date; and (c) for a Nonpurpose Investment that is held at the end of a computation period, the Value of that Investment at the end of that period. For purposes of computing Yield on an Investment, receipts means amounts to be actually or constructively received from the Investment, such as earnings and return or principal (including the Value of an Investment). Receipts on Investments, including Guaranteed Investment Contracts, are adjusted (reduced) for Qualified Administrative Costs.

"Refunding Date" means September 15, 2004.

"Regulation" or **"Regulations"** means the final Income Tax Regulations promulgated by Department of the Treasury and applicable to the Bonds, including Sections 1.148-0 through 1.148-11 and Sections 1.149, 1.150-2 relating to arbitrage compliance.

"Replacement Proceeds" means the amount described in Section 1.148-1(c) of the Regulations.

"Sale Proceeds" means any amounts actually or constructively received from the sale of the Bonds and accrued interest other than Pre-Issuance Accrued Interest.

"Series 2004C Bonds" means the Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, and authorized to be issued by the Issuer in the aggregate principal amount of \$925,000, including such Series 2004C Bonds issued in exchange for other such Series 2004C Bonds pursuant to this Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2004C Bonds pursuant to the Indenture.

"Rebate Fund" means the fund of that name created under Section 4.8 of the Supplemental Indenture.

"Tax-Exempt Obligation" means any obligation the interest on which is excludable from gross income under section 103(a) of the Code, any interest in a regulated investment company the income of which is at least 95% excludable to the holder under Section 103(a) of the Code, and any certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program, but does not include any interest in a "specified private activity bond" within the meaning of section 57(a)(5)(C) of the Code.

"Transferred Proceeds" means the amount described in Section 1.148-9 of the Regulations.

"Underwriter" means Morgan Keegan & Company, Inc.

"Unrelated Business" means a trade or business carried on by an Exempt Entity that is not substantially related to the Exempt Entity's Exempt Purpose.

"Value" means Value as determined under Section 1.148-4(e) of the Regulations for a Bond and Value determined under Section 1.148-5(d) for an Investment.

"Yield" means, for purposes of determining the Yield on the Bonds, the Yield computed under the Economic Accrual Method using consistently applied compounding intervals of not more than one year. Yield shall be calculated in accordance with the Regulations. A short first compounding interval may be used. Yield is expressed as an annual percentage rate that is calculated to at least four decimal places. Other reasonable, standard financial conventions, such as the 30 days per month/360 days per year convention, may be used in computing Yield but must be consistently applied. The Yield on a fixed yield issue is the discount rate that, when used in computing the present Value as of the issue date of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the issue and amounts reasonably expected to be paid as fees for qualified guarantees on the issue, produces an amount equal to the present Value, using the same discount rate, of the aggregate issue price of bonds of the issue as of the issue date. In the case of obligations purchased or sold at a substantial discount or premium or in the case of variable rate obligations, the Regulations prescribe certain special yield calculation rules. For purposes of determining the Yield on an Investment, the Yield computed under the Economic Accrual Method, using the same compounding interval and financial conventions used to compute the Yield on the Bonds should be used.

"Yield Reduction Payment" means a payment to the United States with respect to an Investment which is treated as a Payment for that Investment that reduces the Yield on that Investment in accordance with Section 1.148-5(c) of the Regulations. Yield Reduction Payments include Rebate Amounts paid to the United States.

Exhibit B to Tax Regulatory Agreement and Arbitrage Certificate

Permitted Contracts

Certain Management Contracts described in Revenue Procedure 97-13.

Pursuant to Rev. Proc. 97-13, a management or other service contract between the Corporation and a Private Person will not result in the related portion of the Facilities being used in the trade or business of that Private Person if the guidelines listed in (1) through (4) below are satisfied:

1. The contract provides for reasonable compensation for services rendered and is not based, in whole or in part, on a share of net profits from the operation of the Facilities. Furthermore, the service provider may not receive an ownership interest in the Facilities. Reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties is not by itself to be treated as compensation. Permitted compensation arrangements include arrangements where:
 - (A) at least 95 percent of the compensation is based on a periodic fixed fee for each annual period during the term (a fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award, equal to a single, stated dollar amount, under which compensation automatically increases when a gross revenue or expense target, but not both, is reached), provided, that a contract with this compensation arrangement must have a term not exceeding the lesser of (i) 15 years or (ii) 80 percent of the reasonably expected useful life of the related portion of the Facilities;
 - (B) at least 80 percent of the compensation is based on a periodic fixed fee for each annual period during the term, provided, that a contract with this compensation arrangement must have a term not exceeding the lesser of (i) 10 years or (ii) 80 percent of the reasonably expected useful life of the related portion of the Facilities;
 - (C) (i) at least 50 percent of the compensation is based on a periodic fixed fee, (ii) 100 percent of the compensation is based on a capitation fee, or (iii) 100 percent of the compensation is based on a combination of a capitation fee and a periodic fixed fee, for each annual period during the term, provided, that a contract with this compensation arrangement must have a term not exceeding 5 years and, in addition, the contract must be terminable by the Authority, the Board or Corporation on reasonable notice, without penalty or cause, at the end of the third year of the contract term;
 - (D) all compensation is based on (i) a per-unit fee or (ii) a combination of a per-unit fee and a periodic fixed fee, provided that a contract with this compensation arrangement must have a term not exceeding 3 years and, in addition, the contract must be terminable by the Authority, the Board or Corporation on reasonable notice, without penalty or cause, at the end of the second year of the contract term; or

(E) all compensation is based on (i) a percentage of fees charged, or (ii) a combination of a per-unit fee and a percentage of revenue or expense fee, provided, that a contract with this compensation arrangement must have a term not exceeding 2 years and, in addition, the contract must be terminable by the Authority, the Board or Corporation on reasonable notice, without penalty or cause, at the end of the first year of the contract term, and provided further that this compensation arrangement is available only for (i) contracts where the provider provides services to third parties, and (ii) management contracts for the Facilities during a start-up period where there are insufficient operations to estimate annual gross revenues and expenses.

2. Not more than 20 percent of the voting power of the Authority, the Board or Corporation is vested in the service provider, its directors, officers, shareholders and employees.
3. Overlapping board members of the Authority, the Board or Corporation and the service provider do not include the chief executive officers of the service provider or the Authority, the Board or Corporation or their respective governing bodies.
4. The Authority, the Board or Corporation and the service provider are not Related Parties.

Exhibit C to Tax Regulatory Agreement and Arbitrage Certificate

Fair Market Value

The following describes certain safe harbors that apply for purposes of determining the Fair Market Value of the obligations described below:

1. **Certificates of Deposit.** The purchase of certificates of deposit with fixed interest rates, fixed payment schedules and substantial penalties for early withdrawal will be deemed to be an Investment purchased at its Fair Market Value on the purchase date if the Yield on the certificate of deposit is not less than:
 - (i) The Yield on reasonably comparable direct obligations of the United States; and
 - (ii) The highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

2. **Guaranteed Investments Contracts.** A Guaranteed Investment Contract ("GIC") is a Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract). The purchase price of a GIC is treated at its Fair Market Value on the purchase date if all of the following conditions are satisfied:
 - (i) A bona fide solicitation in writing for a specified GIC, is timely forwarded to all potential providers. The solicitation must have specified the material terms of the GIC, including the collateral security requirements for the GIC, if any, and, unless the moneys invested pursuant to such investment will be held in a float fund or a debt service reserve fund, the Corporation's reasonably expected draw-down schedule for the moneys to be invested. The solicitation must also include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the company or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the Corporation or any other person for purposes of satisfying Treasury Regulations Section 1.148-5(d)(6)(iii)(B)(1) or (2).
 - (ii) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

- (iii) At least three reasonably competitive providers (i.e., having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the Date of Issue or financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the Corporation or Trustee uses an agent to conduct the bidding, the agent may not bid.
- (iv) The determination of the terms of the GIC takes into account the Corporation's reasonably expected drawdown schedule for the amounts to be invested.
- (v) The provider of the GIC certifies the administrative costs that it is paying, or expects to pay, to third parties in connection with the GIC and such administrative costs are Qualified Administrative Costs of Investment.
- (vi) The GIC has a Yield at least equal to the highest yielding of the qualifying bids received from the bidders that have no material financial interest in the Bonds. If the GIC is not the highest-yielding of the qualifying bids, the Authority or the Corporation must have significant non-tax reasons, such as creditworthiness of the bidder, for failure to purchase the highest-yielding GIC offered.
- (vii) The Yield on the GIC is no less than the Yield available from the provider thereof at the time such GIC was entered into on reasonably comparative investment contracts offered to other persons, if any, from a source of funds other than gross proceeds of an issue of tax-exempt obligations.
- (viii) The terms of the GIC, including collateral security requirements, are commercially reasonable.
- (ix) The Corporation retains, or directs the Trustee to retain, until three years after the last outstanding Bond is retired, (i) a copy of the GIC contract, (ii) a receipt or other record of the amount actually paid for the GIC and a copy of the provider's certification described in (vii), (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results.

3. United States Treasury Securities - State and Local Government Series. If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities - State and Local Government Series ("SLGS") obligations), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation

Exhibit D to Tax Regulatory Agreement and Arbitrage Certificate
Contracts Relating To Facilities

None.

Exhibit E to Tax Regulatory Agreement and Arbitrage Certificate

Underwriters Certificate

The undersigned, being the original purchaser of \$60,985,000 of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A and Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Bonds") hereby represents (1) that the reoffering prices of the Bonds set forth below, plus accrued interest, represent the maximum initial offering prices at which a substantial amount of each maturity of the Bonds was sold to the public (exclusive of bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) through a bona fide public offering and (2) that such initial offering prices were established by a bona fide bid without regard to any amounts which would increase the Yield on any maturity of the Bonds above its market Yield:

2004A Bonds

Maturity Date August 1	Principal Amount Due	Reoffering Price
2007	\$ 180,000	103.305
2008	\$ 1,015,000	102.875
2009	\$ 1,170,000	102.151
2010	\$ 1,325,000	102.691
2011	\$ 1,500,000	103.316
2012	\$ 1,680,000	105.899
2013	\$ 1,885,000	101.430
2014	\$ 1,960,000	100.571
2015	\$ 2,040,000	107.810
2016	\$ 2,140,000	98.780
2017	\$ 2,230,000	97.916
2018	\$ 2,320,000	97.914
2019	\$ 2,415,000	98.037
2021	\$ 5,160,000	105.886
2022	\$ 2,785,000	98.304
2024	\$ 5,970,000	103.931
2025	\$ 3,225,000	98.303
2027	\$ 6,920,000	100.000
2028	\$ 3,720,000	96.529
2031	\$ 11,345,000	99.411

2004B Bonds

Maturity Date August 1	Principal Amount Due	Reoffering Price
2034	\$ 15,000,000	100.000

The undersigned further represents that the present value of the cost of the Municipal Bond Insurance Policy of MBIA Insurance Corporation for the Bonds is less than the present value of interest reasonably expected to be saved as a result of the Municipal Bond Insurance Policy using the Yield on the Bonds (determined with regard to the cost of the Municipal Bond Insurance Policy) as the discount rate in determining such present value.

Morgan Keegan and Company, Inc.


By: Hugh C. Tanner
Title: Managing Director

Exhibit F to Tax Regulatory Agreement and Arbitrage Certificate
Certificate of Bond Insurer



Capital Strength. Triple-A Performance. **TAX CERTIFICATE**

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

Southeastern Louisiana University
303 Texas Avenue, Room 214
Hammond, Louisiana 70402

RE: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004A

\$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004B
(the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing financial guaranty insurance policies (the "Policies") securing the payment of principal and interest on the Obligations.

This is to advise you that:

1. The Policies are unconditional obligations of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the Southeastern Louisiana University (the "Issuer");
2. The insurance premiums in the amounts of \$1,697,000 for Series A and \$570,000 for Series B, represent the charge for a transfer of credit risk and were determined in arm's length negotiations and are required to be paid as a condition to the issuance of the Policies;
3. No portion of such premiums represent an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;
4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policies; and
5. To the extent the Insurer is called upon to make any payment under the Policies, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: August 13, 2004

MBIA Insurance Corporation



Assistant Secretary

Exhibit G to Tax Regulatory Agreement and Arbitrage Certificate

Project Construction Schedule

<u>Date</u>	<u>Construction Draw</u>
8/13/2004	\$3,701,853.47
9/1/2004	3,139,420.34
10/1/2004	4,764,367.35
11/1/2004	5,677,627.76
12/1/2004	5,499,160.76
1/1/2005	3,923,500.55
2/1/2005	3,877,782.29
3/1/2005	2,954,518.10
4/1/2005	2,422,999.52
5/1/2005	2,172,647.14
6/1/2005	1,922,914.16
7/1/2005	1,673,799.43
8/1/2005	1,671,716.28
9/1/2005	2,050,808.49
10/1/2005	93,797.85
11/1/2005	93,681.12
12/1/2005	93,564.52
1/1/2006	93,448.08
2/1/2006	93,331.77
3/1/2006	93,215.62
4/1/2006	93,099.61
5/1/2006	92,983.74
6/1/2006	92,868.01
7/1/2006	92,752.43
8/1/2006	92,637.00
9/1/2006	92,521.70
10/1/2006	92,406.56
TOTAL	\$46,663,423.65

Exhibit H to Tax Regulatory Agreement and Arbitrage Certificate

Description of Prior Debt Being Refunded

Final

\$76,910,000

Southeastern Louisiana University
 Student Housing Revenue Bonds, Series 2004
 Fixed Rate and Variable Rate

Summary Of Bonds Refunded

Issue	Maturity	Type of Bond	Coupon	Maturity Value	Call Date	Call Price
2000 Ref	07/01/2005	Term 1 VRDN	6.000%	185,000	09/15/2004	100.000%
2000 Ref	07/01/2006	Term 1 VRDN	6.000%	190,000	09/15/2004	100.000%
2000 Ref	07/01/2007	Term 1 VRDN	6.000%	200,000	09/15/2004	100.000%
2000 Ref	07/01/2008	Term 1 VRDN	6.000%	210,000	09/15/2004	100.000%
2000 Ref	07/01/2009	Term 1 VRDN	6.000%	220,000	09/15/2004	100.000%
2000 Ref	07/01/2010	Term 1 VRDN	6.000%	230,000	09/15/2004	100.000%
2000 Ref	07/01/2011	Term 1 VRDN	6.000%	245,000	09/15/2004	100.000%
2000 Ref	07/01/2012	Term 1 VRDN	6.000%	260,000	09/15/2004	100.000%
2000 Ref	07/01/2013	Term 1 VRDN	6.000%	270,000	09/15/2004	100.000%
2000 Ref	07/01/2014	Term 1 VRDN	6.000%	280,000	09/15/2004	100.000%
2000 Ref	07/01/2015	Term 1 VRDN	6.000%	295,000	09/15/2004	100.000%
2000 Ref	07/01/2016	Term 1 VRDN	6.000%	315,000	09/15/2004	100.000%
2000 Ref	07/01/2017	Term 1 VRDN	6.000%	350,000	09/15/2004	100.000%
2000 Ref	07/01/2018	Term 1 VRDN	6.000%	325,000	09/15/2004	100.000%
2000 Ref	07/01/2019	Term 1 VRDN	6.000%	365,000	09/15/2004	100.000%
2000 Ref	07/01/2020	Term 1 VRDN	6.000%	380,000	09/15/2004	100.000%
2000 Ref	07/01/2021	Term 1 VRDN	6.000%	405,000	09/15/2004	100.000%
2000 Ref	07/01/2022	Term 1 VRDN	6.000%	420,000	09/15/2004	100.000%
2000 Ref	07/01/2023	Term 1 VRDN	6.000%	445,000	09/15/2004	100.000%
2000 Ref	07/01/2024	Term 1 VRDN	6.000%	465,000	09/15/2004	100.000%
2000 Ref	07/01/2025	Term 1 VRDN	6.000%	490,000	09/15/2004	100.000%
2000 Ref	07/01/2026	Term 1 VRDN	6.000%	515,000	09/15/2004	100.000%
2000 Ref	07/01/2027	Term 1 VRDN	6.000%	540,000	09/15/2004	100.000%
Subtotal	-	-	-	\$7,600,000	-	-
2000 NM	07/01/2005	Term 1 VRDN	2.150%	195,000	09/15/2004	100.000%
2000 NM	07/01/2006	Term 1 VRDN	2.150%	205,000	09/15/2004	100.000%
2000 NM	07/01/2007	Term 1 VRDN	2.150%	215,000	09/15/2004	100.000%
2000 NM	07/01/2008	Term 1 VRDN	2.150%	225,000	09/15/2004	100.000%
2000 NM	07/01/2009	Term 1 VRDN	2.150%	235,000	09/15/2004	100.000%
2000 NM	07/01/2010	Term 1 VRDN	2.150%	245,000	09/15/2004	100.000%
2000 NM	07/01/2011	Term 1 VRDN	2.150%	260,000	09/15/2004	100.000%
2000 NM	07/01/2012	Term 1 VRDN	2.150%	270,000	09/15/2004	100.000%
2000 NM	07/01/2013	Term 1 VRDN	2.150%	285,000	09/15/2004	100.000%
2000 NM	07/01/2014	Term 1 VRDN	2.150%	295,000	09/15/2004	100.000%
2000 NM	07/01/2015	Term 1 VRDN	2.150%	310,000	09/15/2004	100.000%
2000 NM	07/01/2016	Term 1 VRDN	2.150%	325,000	09/15/2004	100.000%
2000 NM	07/01/2017	Term 1 VRDN	2.150%	345,000	09/15/2004	100.000%
2000 NM	07/01/2018	Term 1 VRDN	2.150%	365,000	09/15/2004	100.000%
2000 NM	07/01/2019	Term 1 VRDN	2.150%	385,000	09/15/2004	100.000%
2000 NM	07/01/2020	Term 1 VRDN	2.150%	400,000	09/15/2004	100.000%
2000 NM	07/01/2021	Term 1 VRDN	2.150%	425,000	09/15/2004	100.000%
2000 NM	07/01/2022	Term 1 VRDN	2.150%	440,000	09/15/2004	100.000%
2000 NM	07/01/2023	Term 1 VRDN	2.150%	460,000	09/15/2004	100.000%
2000 NM	07/01/2024	Term 1 VRDN	2.150%	480,000	09/15/2004	100.000%
2000 NM	07/01/2025	Term 1 VRDN	2.150%	510,000	09/15/2004	100.000%
2000 NM	07/01/2026	Term 1 VRDN	2.150%	115,000	09/15/2004	100.000%
Subtotal	-	-	-	\$6,990,000	-	-
Total	-	-	-	\$14,590,000	-	-

Final | Issue Summary | 8/ 4/2004 | 2:36 PM

Exhibit I to Tax Regulatory Agreement and Arbitrage Certificate

Corporation Counsel Opinion

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August 13, 2004

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Facilities & Community Development Authority
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MBIA Insurance Corporation
113 King Street
Armonk, NY 10504

Opinion of Counsel

- Re:** \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and** \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and** \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We are counsel for University Facilities, Inc. (the "**Corporation**"). In connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Articles of Incorporation, the Bylaws, and the minute book of the Corporation.
2. The Trust Indenture (the "**Indenture**") dated as of August 1, 2004, by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the "**Trustee**").
3. The Ground and Buildings Lease Agreement (the "**Ground Lease**") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), on behalf of Southeastern Louisiana University (the "**University**") and the Corporation.
4. The Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004, between the Corporation and the Board.

5. The Loan Agreement (the "***Loan Agreement***") dated as of August 1, 2004, by and between the Authority and the Corporation.
6. The Mortgage, Assignment of Leases and Security Agreement (the "***Mortgage***") dated as of August 1, 2004, by the Corporation in favor of the Trustee.
7. The Assignment of Agreements and Documents (the "***Assignment of Agreements and Documents***") dated as of August 1, 2004, by the Corporation in favor of the Trustee.
8. The Development Agreement (the "***Development Agreement***") dated as of August 1, 2004, between the Corporation and Capstone Development Corp.
9. The Management Agreement (the "***Management Agreement***") dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management,, LLC.
10. The Tax Regulatory Agreement and Arbitrage Certificate (the "***Tax Agreement***") dated as of August 13, 2004, by and among the Authority, the Corporation, the Board, and the Trustee.
11. The Bond Purchase Agreement dated as of August 5, 2004, and the Bond Purchase Agreement dated as of August 13, 2004, (collectively, the "***Bond Purchase Agreement***") each among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the "***Underwriter***").
12. The indemnity letter (the "***Corporation Indemnity Letter***") dated as of August 5, 2004, 2004, from the Corporation to the Authority, the Underwriter, and MBIA Insurance Corporation.
13. The Official Statement (the "***Official Statement***") dated August 10, 2004, relating to the Series 2004 Bonds.
14. The UCC-1 Financing Statements to be filed under the Loan Agreement and under the Mortgage and the Assignment of Agreements and Documents (collectively, the "***Corporation Financing Statements***").

The Ground Lease, the Facilities Lease, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, the Development Agreement, the Management Agreement, the Tax Agreement, the Bond Purchase Agreement, and the Corporation Indemnity Letter are hereinafter referred to collectively as the "***Corporation Documents***."

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

- (i) the Corporation has been duly organized, is validly existing as a nonprofit corporation under the laws of the State of Louisiana no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;
- (ii) the Corporation has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Corporation Documents and to own its properties and carry on its business, and the Corporation has all licenses and permits necessary to conduct the operation of the Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Corporation Documents;
- (iii) the Corporation is authorized to conduct business in each jurisdiction in which the failure so to qualify would materially adversely affect its business including the State;
- (iv) the execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder have been duly authorized by all necessary action on the part of the Corporation, and the Corporation Documents constitute legal, valid, and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;
- (v) the execution and delivery of the Corporation Documents by the Corporation and the performance by the Corporation of

its obligations thereunder do not violate any provision of law or any regulation applicable to the Corporation or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Corporation or any of its activities or property and do not conflict with or result in any breach of, or constitute a default under, any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or, to the best of our knowledge after due inquiry, any agreement or instrument to which the Corporation is a party or by which it is bound;

- (vi) neither the issuance and sale of the Series 2004 Bonds, nor the consummation of any other of the transactions contemplated in the Corporation Documents, nor the fulfillment of the terms thereof will result in the creation of any lien, pledge, charge, or encumbrance upon any of the assets of the Corporation other than those expressly contemplated by such documents;
- (vii) the Corporation has duly approved the Indenture and has duly approved, executed, and authorized the use of the Official Statement by the Underwriter in connection with the offering and sale of the Series 2004 Bonds;
- (viii) to the best of our knowledge after due inquiry, all consents, approvals, and authorizations, if any, of any governmental authority required in connection with the acquisition, construction, furnishing, and equipping of the New Facilities (as such term is defined in the Bond Purchase Agreement), the renovation of the Renovated Facility (as such term is defined in the Bond Purchase Agreement), the demolition of the Old Facilities (as such term is defined in the Bond Purchase Agreement); and the repayment of the Prior Debt (as such term is defined in the Bond Purchase Agreement) and the execution and delivery and the performance by the Corporation of its obligations under the Corporation Documents have been obtained;

- (ix) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect (i) the transactions contemplated by, any of the Corporation Documents or (ii) the exclusion of the interest on the Series 2004A Bonds or the Series 2004B Bonds from the gross income of the registered owners thereof;

- (x) the Corporation has a written determination from the Internal Revenue Service that it has been determined to be an organization that is exempt from federal income taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), by virtue of being an organization described in §501(c)(3) of the Code, the Corporation is not a "private Corporation," as defined in §509(a) of the Code, and its use of the Facilities does not constitute an "unrelated trade or business" as such term is defined in Section 513 (a) of the Code) and, to the best of our knowledge after due inquiry, the Corporation has conducted its operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization; and

- (xi) nothing has come to our attention that leads us to believe that, as of the date thereof and as of the date hereof, the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; we do not express any opinion or belief as to the financial statements and other financial and statistical information and data contained in the Official Statement or as to any information under the captions "**THE AUTHORITY**" or "**TAX EXEMPTION**" in the Official Statement

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions

Opinion of Counsel for University Facilities, Inc.

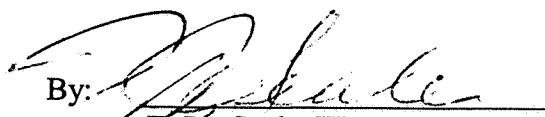
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August 13, 2004

expressed herein shall be only for the purpose contemplated by the Corporation Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Sincerely,

SEALE & ROSS, A PROFESSIONAL LAW CORP.

By: 
T. Jay Seale, III

CONTINUING DISCLOSURE AGREEMENT

BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee,

relating to the

\$60,985,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004A**

\$15,000,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004B**

and

\$925,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004C**

DATED AS OF AUGUST 1, 2004

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CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, made and entered into as of August 1, 2004, is by and between the BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM (the "**Board**"), acting on behalf of Southeastern Louisiana University (the "**University**") and THE BANK OF NEW YORK TRUST COMPANY, N.A. (the "**Trustee**"), a national banking association duly organized and existing under the laws of the United States of America and duly authorized and empowered to accept and execute trusts under and by virtue of the laws of the United States of America, as Trustee.

WITNESSETH:

WHEREAS, this Continuing Disclosure Agreement is being executed and delivered in connection with the issuance and delivery by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") of its \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**"), its \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**"), and its \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**") and together with the Series 2004A Bonds and the Series 2004 B Bonds, the "**Series 2004 Bonds**") for the purpose of providing funds (i) to finance the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "**New Facilities**"), (b) renovating an existing student housing facility (the "**Renovated Facility**"), and (c) demolishing four existing student housing facilities (the "**Old Facilities**"), all located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana, (ii) to fund the costs of marketing the New Facilities and the Renovated Facility (collectively, the "**Facilities**"), (iii) to provide working capital for the Facilities, (iv) to fund interest on the Series 2004 Bonds during the construction and renovation of the Facilities, (v) to provide funds to repay certain indebtedness (the "**Prior Debt**") of University Facilities, Inc. (the "**Corporation**"), (vi) to fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, (vii) to fund the Replacement Fund for the Facilities, and (viii) to pay the costs of issuing the Series 2004 Bonds; and

WHEREAS, the Series 2004 Bonds are being issued under and are secured by a Trust Indenture (the "**Indenture**") of even date herewith by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the "**Trustee**"), and the proceeds of the Series 2004 Bonds are being loaned to the Corporation by the Authority pursuant to a Loan Agreement of even date herewith by and between the Authority and the Corporation; and

WHEREAS, the land on which the Facilities will be constructed or renovated (the "**Land**") and the Facilities will be leased to the Corporation pursuant to a Ground and Buildings Lease (the "**Ground Lease**") dated as of August 1, 2004, between the Board, as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004, between the Corporation, as lessor, and the Board, as lessee; and

WHEREAS, Rule 15c2-12 (the "**Rule**") adopted by the Securities and Exchange Commission imposes certain requirements relating to the continuing disclosure of certain financial information and operating data relating to the Facilities and the Board; and

WHEREAS, the parties hereto have determined to enter into this Continuing Disclosure Agreement in order to assure that such requirements as applied are fully satisfied on a continuing basis,

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Board, the Trustee, and the Dissemination Agent hereby agree as follows:

Section 1. Definitions. In addition to the words and terms defined in the Indenture or elsewhere defined in this Continuing Disclosure Agreement, the following words and terms as used herein, whether or not the words have initial capitals, shall have the following meanings, unless the context or use indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined:

"**Annual Report**" means any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

"**Beneficial Owner**" means any Person that (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2004 Bonds, including Persons holding Series 2004 Bonds through nominees, depositories, or other intermediaries, or (ii) is treated as the owner of any Series 2004 Bonds for federal income tax purposes (collectively, the "**Beneficial Owners**").

"**Board**" means the Board of Supervisors for the University of Louisiana System, and its successors and assigns, acting on behalf of the University.

"**Board Representative**" means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Agreement; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Trustee, and, if the Trustee is not the Dissemination Agent, the Dissemination Agent have been notified in writing.

"**Business Day**" means any day other than a Saturday, a Sunday, or any other day on which banking institutions in the City of New York, New York, or any city in which the principal corporate office of the Trustee is located are required or authorized by law or executive order to be closed or on which the New York Stock Exchange is closed.

"**Corporation**" means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State, and its successors and assigns.

"**Dissemination Agent**" means the Board acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Board and that has filed with the Trustee a written acceptance of such designation.

"**Fiscal Year**" means the twelve month period commencing on the first day of July of a calendar year and ending on the last day of June of the next calendar year, as such may be changed from time to time upon (i) written notice of the Board to the Trustee and, if the Board is not the Dissemination Agent, to the Dissemination Agent and (ii) compliance with the provisions of Section 3(a) hereof.

"**Indenture**" means the Trust Indenture of even date herewith by and between the Authority and the Trustee, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

"**Listed Event**" means any of the events described in Section 5(a) hereof (collectively, the "**Listed Events**").

"**Loan Agreement**" means the Loan Agreement of even date herewith by and between the Authority and the Corporation, as the same may be amended or supplemented from time to time in accordance with the provisions thereof and of the Indenture.

"**MSRB**" means the Municipal Securities Rulemaking Board and its lawful successors.

"**NRMSIRs**" shall mean all nationally recognized municipal securities information repositories for purposes of the Rule (each, a "**NRMSIR**"). The NRMSIRs currently approved by the SEC are set forth in Exhibit "B" attached hereto and made a part hereof.

"**Obligated Person**" means any Person who is either generally or through an enterprise, fund, or account of such Person committed by contract or other arrangement to support all or part of the Series 2004 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"**Owners**" means the Persons in whose names any of the Series 2004 Bonds are registered on the books for the registration of the Series 2004 Bonds and for the registration of transfer of the Series 2004 Bonds kept and maintained by the Trustee as bond registrar (each, an "**Owner**").

"**Participating Underwriter**" means any of the original underwriters of the Series 2004 Bonds required to comply with the Rule in connection with offering of the Series 2004 Bonds.

"**Person**" means any individual, partnership, corporation, trust, or unincorporated organization, and any government or agency or political subdivision thereof.

"**Qualifying Beneficial Owner**" means each Beneficial Owner who or that (i) beneficially owns not less than Five Hundred Thousand Dollars (\$500,000) in aggregate principal amount of outstanding Series 2004 Bonds and (ii) provides a written certificate to the Trustee, or, if the Trustee is not the Dissemination Agent, the Dissemination Agent (upon which certificate the Trustee or the Dissemination Agent, as the case may be, may conclusively rely, (a) certifying that he, she, or it owns not less than Five Hundred Thousand Dollars (\$500,000) in aggregate principal amount of outstanding Series 2004 Bonds, (b) requesting a copy of each Annual Report and notice of each Listed Event provided hereunder, and (c) providing his, her, or its mailing address (collectively, the "**Qualifying Beneficial Owners**").

"**Repository**" means each NRMSIR and each SID (collectively, the "**Repositories**").

"**Rule**" means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**SEC**" means the United States Securities and Exchange Commission and its lawful successors.

"**Series 2004 Bonds**" means, collectively, the \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, the \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, and the \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C.

"**State**" means the State of Louisiana.

"**SID**" means any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Continuing Disclosure Agreement, there is no SID.

"**Trustee**" means The Bank of New York Trust Company, N.A., Jacksonville, Florida, or such other trustee and/or co-trustee as at the time may be serving as such under the Indenture.

Section 2. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Board, the Trustee, and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Series 2004 Bonds and in order to assist the Participating Underwriters in complying with the Rule. The Board, the Trustee, and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices, or disclosures provided or required under this Continuing Disclosure

Agreement, and has no liability to any Person, including any Owner or Beneficial Owner of the Series 2004 Bonds, with respect to the Rule.

Section 3. Provision of Annual Reports. (a) Not later than six (6) months after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2005, the Board shall, or shall cause the Dissemination Agent to, provide to each Repository and each Qualifying Beneficial Owner an Annual Report that is consistent with the requirements of Section 4 hereof and shall notify the Trustee, or, if the Trustee is not the Dissemination Agent, cause the Dissemination Agent to notify the Trustee that it has done so. In each case, 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 4 hereof; provided that the audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they shall not be available by that date, it being understood that if the audited financial statements shall not be available at the time of filing of the Annual Report, unaudited financial statements shall be included in the Annual Report. If the Fiscal Year shall change, the Board shall give prompt written notice thereof to the Trustee and, if the Board shall not be the Dissemination Agent, to the Dissemination Agent and shall give notice of such change in the same manner as for a Listed Event under Section 5(c) hereof.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories and the Qualifying Beneficial Owners, the Board shall provide the Annual Report to the Trustee and if the Board shall not be the Dissemination Agent, to the Dissemination Agent. If by such date the Trustee shall not have received a copy of the Annual Report, the Trustee shall contact the Board and the Dissemination Agent to determine if the Board shall be in compliance with the first sentence of this subsection (b).

(c) If the Trustee shall be unable to verify that an Annual Report shall have been provided to the Repositories by the date required in subsection (a), the Trustee shall send a notice either to each Repository or to the MSRB and the SID, if any, in substantially the form attached hereto as Exhibit "A."

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) file a report with the Board, if the Board shall not be the Dissemination Agent, the Authority and the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. (a) The Annual Report shall contain, or include by reference, the audited financial statements relating to the Facilities for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles (if such audited financial statements shall not be available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available). The Annual Report shall also contain a certificate of the Vice President for Administration and Finance of the University as to the percentage occupancy of the Facilities for the applicable academic year and, except for the first Annual Report, for the immediately preceding academic year.

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Board is an Obligated Person, that have been filed with each of the Repositories or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The Trustee shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any of the following Listed Events, contact the Board Representative, inform such person of such Listed Event, and request that the Board promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (c) hereof.

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Series 2004 Bonds;
- (vii) modifications to the rights of Bondholders;
- (viii) optional, contingent, or unscheduled bond calls;
- (ix) defeasances (notice of a legal defeasance should include disclosure that the Series 2004 Bonds have been escrowed to maturity or to a call, as well as disclosure of the timing of the maturity or call);
- (x) release, substitution, or sale of property securing repayment of the Series 2004 Bonds; and
- (xi) rating changes.

(b) Whenever the Board shall obtain knowledge of the occurrence of a Listed Event, because of a notice from the Trustee pursuant to subsection (a) above or otherwise, the Board shall, as soon as possible, determine if the occurrence of such Listed Event would be material under applicable federal securities laws. If the Board shall determine that the occurrence of such Listed Event **would not be material** under applicable federal securities laws, it shall promptly so notify the Authority, each Participating Underwriter, the Trustee and, if the Board shall not be the Dissemination Agent, the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (c) hereof. If the Board shall determine that the occurrence of a Listed Event **would be material** under applicable federal securities laws, it shall promptly so notify the Authority, each Participating Underwriter, the Trustee, and, if the Board shall not be the Dissemination Agent, the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (c) hereof and shall specify whether or not a copy of such notice is to be mailed to any Beneficial Owners of the Series 2004 Bonds (but only to such Beneficial Owner(s) that have supplied the Dissemination Agent with his, her, its, or their mailing address(es)) by the Dissemination Agent.

(c) If the Dissemination Agent shall have been instructed by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence employing text authorized for such purpose by the Board either with each Repository or with the MSRB and the SID, if any, with a copy to the Corporation, the Board, and each Qualifying Beneficial Owner. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(iv) and (v) of this Section 5 need not be given under this subsection any earlier than the notice, if any, of the underlying event is given to the Owners of affected Series 2004 Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Board's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2004 Bonds..

Section 7. Dissemination Agent. The Board or the Trustee may, from time to time, appoint or engage a successor Dissemination Agent to assist the Board in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any discharge shall be effective only after the Dissemination Agent shall have been paid any fees and expenses owed to it in accordance with the schedule agreed upon by the Board and the Dissemination Agent in connection with services rendered by it hereunder. The Dissemination Agent (if other than the Board in its capacity as Dissemination Agent) shall not be responsible in any manner for the content, sufficiency, or accuracy of any notice or report prepared by the

Board pursuant to this Continuing Disclosure Agreement. If at any time there shall not be any other designated Dissemination Agent, the Board shall be the Dissemination Agent.

Section 8. Amendment; Waiver. (a) Notwithstanding any other provision of this Continuing Disclosure Agreement, the Board, the Trustee, and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Board) and any provision of this Continuing Disclosure Agreement may be waived, provided the following conditions are satisfied:

(i) If the amendment or waiver shall relate to the provisions of Sections 3(a), 4, or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an Obligated Person with respect to the Series 2004 Bonds, or the type of business conducted;

(ii) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2004 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment or waiver either (A) is approved by the Owners of the Series 2004 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (B) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Series 2004 Bonds; and

(iv) Such amendment or waiver shall not impair the Board's obligations to pay to the Dissemination Agent its fees and expenses in accordance with the schedule agreed upon by the Board and the Dissemination Agent in connection with services rendered by it hereunder.

(b) In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by Board. In addition, if the amendment shall relate to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Report for the year in which the change shall be made should present a comparison, in narrative form and also, if feasible, in quantitative form, between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Board shall choose to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Board shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Board or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Trustee may, and, at the request of any Participating Underwriter or the Owner of any Outstanding Bond, shall, or any Owner or Beneficial Owner of the Series 2004 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. **A DEFAULT UNDER THIS CONTINUING DISCLOSURE AGREEMENT SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE GROUND LEASE, THE FACILITIES LEASE, THE INDENTURE, OR THE LOAN AGREEMENT, AND THE SOLE REMEDY UNDER THIS CONTINUING DISCLOSURE AGREEMENT IN THE EVENT OF**

ANY FAILURE OF THE BOARD OR THE DISSEMINATION AGENT TO COMPLY WITH THIS CONTINUING DISCLOSURE AGREEMENT SHALL BE AN ACTION TO COMPEL PERFORMANCE.

Section 11. Duties, Immunities, and Liabilities of Trustee and Dissemination Agent. Article IX of the Indenture is hereby made applicable to this Continuing Disclosure Agreement as if this Continuing Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Board in its capacity as Dissemination Agent) and the Trustee shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and, to the extent permitted by State law, the Board agrees to indemnify and save the Dissemination Agent, the Trustee, and their officers, directors, employees, and agents, harmless against any loss, expense and liabilities which any of them may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's negligence or willful misconduct. The obligations of the Board under this Section shall survive resignation or removal of the Trustee and/or the Dissemination Agent and payment of the Series 2004 Bonds.

Section 12. Addresses for Notices, etc. Notices or communications to or among any of the parties to this Continuing Disclosure Agreement shall be given as follows:

- To the Board: Board of Supervisors of the University of Louisiana System
1201 North Third Street, Suite 7-300
Baton Rouge, Louisiana 70802
Attention: Assistant Vice President for Facilities Planning

- with copies to: Southeastern Louisiana University
Western Avenue
Friendship Circle (SLU Box 10709)
Hammond, Louisiana 70402
Attention: Vice President for Administration and Finance

- and: Southeastern Louisiana University
Auxiliary Services
SLU Box 11850
Hammond, Louisiana 70402
Attention: Director of Auxiliary Services

- To the Trustee: The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

- To the Corporation: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director

Any party may, by written notice to the other parties listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Authority, the Board, the Trustee, the Dissemination Agent, the Participating Underwriters, and Owners and Beneficial Owners from time to time of the Series 2004 Bonds, and shall create no rights in any other Person.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Payment of Fees and Expenses of the Dissemination Agent. The Dissemination Agent, if the Board shall not be the Dissemination Agent, shall have no obligation to perform any of its duties hereunder unless and until it shall have been paid all sums owed to it by Board in accordance with any agreement relating to the same between the Board and the Dissemination Agent.

Section 16. Governing Law. The effect and meanings of this Continuing Disclosure Agreement and the rights of all parties hereunder shall be governed by and construed according to the laws of the State, exclusive of the State's rules regarding choice of law.


[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

**BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA
SYSTEM**

By 
Randy Moffett, Board Representative

**BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA
SYSTEM, as Dissemination Agent**

By 
Randy Moffett, Board Representative

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THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

By Elizabeth Dean
VICE PRESIDENT

EXHIBIT "A"

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: Louisiana Local Government Environmental Facilities and Community Development Authority

Name of Bond Issues: Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A

and Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B

and Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C

Name of the Corporation: University Facilities, Inc.

Name of the Board: Board of Supervisors for the University of Louisiana System

Date of Series 2004A Bonds: August 1, 2004
Date of Series 2004B Bonds: August 13, 2004
Date of Series 2004C Bonds: August 1, 2004

Date of Issuance: August 13, 2004

NOTICE IS HEREBY GIVEN that the Board has not [provided/cause to be provided] an Annual Report with respect to the Series 2004 Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of August 1, 2004, between the Board and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent. The Board has advised the undersigned that it anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

**THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee,
on behalf of BOARD OF SUPERVISORS FOR THE UNIVERSITY OF
LOUISIANA SYSTEM**

cc: Corporation
Board

EXHIBIT "B"

NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES APPROVED BY THE SEC:

Bloomberg Municipal Repository

100 Business Drive Park
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Fax: (609) 279-5962
E-mail: munis@bloomberg.com
[http://www.bloomberg.com/
markets/rates/municontacs.html](http://www.bloomberg.com/markets/rates/municontacs.html)

Standard & Poor's Securities Evaluations, Inc.

55 Water Street, 45th Floor
New York, New York 10041-0003
Telephone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com
[http://www.jjkenny.com/jjkenny/
pser_descrip_data_rep.html](http://www.jjkenny.com/jjkenny/pser_descrip_data_rep.html)

FT Interactive Data

Attention: NRMSIR
100 William Street
New York, New York 10038
Telephone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com
<http://www.interactivedata.com>

DPC Data, Inc.

One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com
<http://www.dpcdata.com>

STATE OF LOUISIANA)
)
TANGIPAHOA PARISH)

COLLATERAL ASSIGNMENT
(DEVELOPER)

This COLLATERAL ASSIGNMENT, made and entered into as of the first day of August, 2004, by CAPSTONE DEVELOPMENT CORP. (the "*Developer*"), a corporation organized and existing under the laws of the State of Alabama, in favor of UNIVERSITY FACILITIES, INC. (the "*Corporation*"), a non-profit corporation organized and existing under the laws of the State of Louisiana (the "*State*").

WITNESSETH:

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority has issued its Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A in the principal amount of \$60,985,000 (the "*Series 2004A Bonds*"), its Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B in the principal amount of \$15,000,000 (the "*Series 2004B Bonds*"), and its Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C in the principal amount of \$925,000 (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and the Series 2004B Bonds, the "*Series 2004 Bonds*") for the purpose, *inter alia*, of financing the cost of (a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "*New Facilities*"), (b) renovating an existing student housing facility (the "*Renovated Facility*"), and (c) demolishing four existing student housing facilities (the "*Old Facilities*"), all located on the campus of Southeastern Louisiana University (the "*University*") in Tangipahoa Parish, Hammond, Louisiana; and

WHEREAS, the Corporation and the Developer have entered into a Development Agreement (the "*Development Agreement*") dated as of August 1, 2004, pursuant to which the Developer has agreed to build the New Facilities, renovate the Renovated Facility, and demolish the Old Facilities (collectively, the "*Project*"); and

WHEREAS, the Developer and Capstone Building Corp. (the "*General Contractor*") have entered into a Standard Form of Agreement Between Owner and Contractor dated as of February 24, 2004, and a Standard Form of Agreement Between Owner and Contractor dated as of May 20, 2004, and anticipate entering into a third contract pursuant to which the General Contractor has agreed to complete the Project (collectively, the "*Construction Contract*"); and

WHEREAS, the Developer and A Joint Venture of Bruce Herrington Architect P.C. and Design Collective, Inc. (the "*Architect*") have entered into a Standard Form of Agreement Between Owner and Architect (the "*Architect's Agreement*") dated as of December 1, 2003, pursuant to which the Architect has agreed to provide certain architectural and engineering services in connection with the construction of the New Facilities and the renovation of the Renovated Facility, including the provision of certain Plans and Specifications (together with any and all amendments thereof and/or supplements thereto, the "*Plans*") therefor;

WHEREAS, in order to secure its obligations under the Development Agreement, the Developer wishes to assign to the Corporation all of its right, title, and interest in and to the Construction Contract and the Architect's Agreement; and

NOW, THEREFORE, to induce the Corporation to enter into the Development Agreement and to secure the performance by the Developer of its agreements under the Development Agreement, and for and in consideration of the sum of One and No/100 Dollars (\$1.00) paid by the Authority to the Corporation this date, and for other valuable consideration, the receipt of which is acknowledged, the parties hereto agree as follows:

Section 1. Creation of Security Interest; Description of the Construction Documents. The Developer hereby grants to the Corporation a present and continuing security interest in the following collateral (the "**Construction Documents**"), and in its expectancy to acquire the Construction Documents in the ordinary course of business:

- (a) the Construction Contract;
- (b) the Architect's Agreement;
- (c) all accounts, books, records, and other property relating or referring to any of the foregoing; and

(d) all proceeds of any and all of the foregoing and, to the extent not otherwise included, all payments under insurance (whether or not the Corporation is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of damage to, loss with respect to, or otherwise with respect to, any of the foregoing.

Section 2. Present Assignment; Enforcement. **THIS INSTRUMENT IS A PRESENT ASSIGNMENT OF THE DEVELOPER'S RIGHTS IN THE CONSTRUCTION DOCUMENTS.** The Corporation shall have the right, power, and privilege (but shall be under no duty) immediately to exercise all of the rights and privileges of the Developer. Notwithstanding the foregoing, until the occurrence of a default or an event of default under the Development Agreement (an "**Event of Default**") or the occurrence of an event or circumstance which with the lapse of time or the giving of notice or both would constitute an Event of Default (a "**Default Condition**"), the Developer may exercise such rights and privileges. In the event of the occurrence of an Event of Default or a Default Condition, the Corporation may at its option, then or thereafter and subject to the provisions of the Construction Documents do any one or more of the following: make, control, or modify either of the Construction Documents upon such terms and for such periods of time and upon such conditions as the Corporation may deem fit and proper; enforce or cancel either of the Construction Documents now in effect or hereafter in effect; collect, demand, sue for, attach, levy, recover and receive, compromise and adjust, and execute and deliver receipts and releases for all amounts payable under the Construction Documents; from or out of any other funds of the Developer deposited with the Corporation, pay and discharge all expenses or charges in the satisfaction of any obligation of the Developer under either of the Construction Documents or that it may be advisable for the Corporation to pay or expend in order to prevent or cure a default under either of the Construction Documents, including, but without limitation, reasonable attorneys' fees and costs for any other services that may be required; and otherwise do whatsoever ought to be done with respect to the Construction Documents as fully as the Developer could do if personally present. The Corporation shall, after payment of all of the foregoing charges and expenses, credit the net amount of income which it may receive by virtue of this Assignment to any amounts due the Corporation from the Developer, with all the rights, powers, privileges, and authority so created, shall not, prior to exercise or enforcement thereof by the Corporation, be deemed or construed to obligate the Corporation to appear in or defend any action or proceeding relating to the Construction Documents, to take any action hereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty, or liability under the Construction Documents.

Section 3. Power of Attorney. The Developer does hereby irrevocably constitute and appoint the Corporation the true and lawful attorney, coupled with an interest, of the Developer and in the name, place, and stead of the Developer to undertake its enforcement rights under the Construction Documents and to collect and/or pay all amounts payable under the Construction Documents. This Assignment shall constitute a direction to and full authority to such other party or parties to the Construction Documents to render performance to or for the Corporation and/or to pay all such amounts to the Corporation or its appointed agent. A written demand by the Corporation on each such person for such performance and/or payment shall be sufficient to warrant such person's rendering all future performance and/or make all future payments of such amounts directly to the Corporation or its appointed agent without the necessity for further consent by the Developer. Each such person shall be entitled to rely upon a written demand by the Corporation for such performance and/or payment and shall be fully protected from any claims by the Developer for all performance rendered and/or payments made to the Corporation or its appointed agent after receipt of such written demand. The foregoing rights, powers, and privileges are to be irrevocable and continuing, and shall be exclusive in the Corporation so long as any part of the Development Agreement shall remain unperformed.

Section 4. Term of Assignment. Upon completion of the Project, this Assignment shall become null and void and of no further force and effect, but the affidavit, certificate, letter, or statement of any officer, agent, or attorney of the Corporation indicating that any part of the Development Agreement remains unperformed shall be and constitute

conclusive evidence of the validity, effectiveness, and continuing force of this Assignment, and any person may, and is hereby authorized to, rely thereon. The Developer hereby authorizes and directs the parties named in the Construction Documents or any other or future party, upon receipt from the Corporation of written notice to the effect that the Developer is in default under the Development Agreement, to render performance to the Corporation or its appointed agent and to continue so to do until otherwise notified by the Corporation.

Section 5. Representations and Warranties. The Developer hereby represents and warrants to the Corporation that (a) the Developer is the sole owner of the "Owner's" interest under the Construction Documents and has the full and complete right, title, and authority to sell, assign, transfer, and set over the same and to grant and confer upon the Corporation the rights, interests, liens, power, and authorities herein granted and conferred; (b) the Developer has not executed any prior assignment of the Construction Documents; (c) the Developer has not performed any act or executed any other instrument which might prevent the Corporation from enjoying and exercising any of its rights and privileges evidenced hereby; (d) the Developer has not executed or granted any modifications to any existing Construction Documents except as previously disclosed to the Corporation; (e) all existing Construction Documents are valid and in full force and effect; (f) there are no defaults or events of default now existing under either of the Construction Documents and no event has occurred which with the passage of time or the giving of notice, or both, would constitute such a default or event of default.

Section 6. No Additional Encumbrances, Amendments, etc. The Developer agrees that, so long as any part of the Developer agreement shall remain unperformed, the Developer will make no further assignment, pledge, or disposition either of the Construction Documents or any part of either thereof; nor will the Developer cancel or terminate either of the Construction Documents so as to effect directly or indirectly, proximately or remotely, a termination or diminution of the obligations of the other party or parties thereunder; nor will the Developer, except to the extent required by the terms of either of the Construction Documents, consent to an assignment of the interest and estate of the other party or parties under either of the Construction Documents; and any such acts, if done or permitted to be done without the prior written consent of the Corporation, shall be null and void and shall constitute an Event of Default.

Section 7. Performance of Corporation's Obligations Under the Construction Documents; Further Assurances. The Developer covenants with the Corporation to observe and perform all the obligations imposed upon it under the Construction Documents and not to do or permit to be done anything to impair the security thereof; to exercise any option or election contained in or relating to either of the Construction Documents which the Corporation shall require; at the Corporation's request, to assign and transfer to the Corporation by specific assignment of rights and documents, in the form of this Assignment any and all subsequent Construction Documents (it being understood and agreed that no such specific assignment shall be required for such subsequent Construction Documents to be covered by and included within this Assignment as provided herein); and to execute and deliver at the request of the Corporation all such further assurances and assignments in the rights and documents covered by the Construction Documents as the Corporation shall from time to time require.

Section 8. Corporation Not Liable for Losses; Indemnification. The Corporation shall not be liable for any loss sustained by the Developer resulting from any act or omission of the Corporation in exercising its rights and remedies under this Assignment unless such loss is caused by the willful misconduct and bad faith of the Corporation, nor shall the Corporation be obligated to perform or discharge any obligation, duty, or liability under the Construction Documents or under or by reason of this Assignment or the exercise of rights or remedies hereunder. The Developer shall and does hereby agree to indemnify the Corporation for, and to hold the Corporation harmless from, any and all liability, loss, or damage which may or might be incurred under either of the Construction Documents or under or by reason of this Assignment or the exercise of rights or remedies hereunder and from any and all claims and demands whatsoever which may be asserted against the Corporation by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in either of the Construction Documents. Should the Corporation incur any such liability under either of the Construction Documents or under or by reason of this Assignment or the exercise of rights or remedies hereunder or in defense of any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby, and the Developer shall reimburse the Corporation therefor immediately upon demand. This Assignment shall not operate to place responsibility upon the Corporation for the carrying out of any of the terms and conditions of either of the Construction Documents.

Section 9. No Waiver by the Corporation. Nothing contained herein and no act done or omitted by the Corporation pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by the Corporation of its rights and remedies under the Development Agreement or a waiver or curing of any Event of Default, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by the Corporation under the terms of the Development Agreement. The right of the Corporation to enforce any other security for the Development Agreement held by it may be exercised by the Corporation either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

Section 10. Corporation Deemed a Creditor of Other Parties to the Construction Documents. The Corporation shall be and is deemed to be the creditor of the other party or parties under the Construction Documents in respect of any and all claims for damages, assignments for the benefit of creditors, and bankruptcy, reorganization, insolvency, dissolution, or receivership proceedings affecting such party or parties (without obligation on the part of the Corporation, however, to file or make timely filings in such proceeding or otherwise to pursue creditor's rights therein). The Developer hereby assigns to the Corporation any and all damages and any and all money received in connection with such assignment for the benefit of creditors or in any such bankruptcy, reorganization, insolvency, dissolution, or receivership proceeding with option to the Corporation to apply such damages or any money received by the Corporation as such creditor in reduction of any obligations owed to the Corporation under the Development Agreement in such order as the Corporation, in its sole and absolute discretion, may determine. The Developer hereby appoints the Corporation its attorney-in-fact to appear in any action and/or to collect any such money or payment.

Section 11. Effect of Waivers and Consents by the Corporation. The Corporation may at any time and from time to time in writing (a) waive compliance by the Developer with any covenant herein made by the Developer to the extent and in the manner specified in such writing; (b) consent to the Developer's doing any act which hereunder the Developer is prohibited from doing, or consent to the Developer's failing to do any act which hereunder the Developer is required to do, to the extent and in the manner specified in such writing; or (c) release any part of the Construction Documents, or any interest therein from this Assignment. No such act shall in any way impair the rights of the Corporation hereunder except to the extent specifically agreed to by the Corporation in such writing.

Section 12. Corporation's Rights Not Impaired. The rights and remedies of the Corporation hereunder shall not be impaired by any indulgence, including but not limited to (a) any renewal, extension, or modification which the Corporation may grant with respect to the Development Agreement, or (b) any surrender, compromise, release, renewal, extension, exchange, or substitution which the Corporation may grant in respect of either of the Construction Documents or any part thereof or any interest therein.

Section 13. Parties Included. Whenever one of the parties hereto is named or referred to herein, the heirs, representatives, successors, endorsees, and assigns of such party shall be included, and all covenants and agreements contained in this Assignment, by or on behalf of the Developer or the Corporation, shall bind and inure to the benefit of their respective heirs, representatives, successors, endorsees, and assigns, whether so expressed or not.

Section 14. Headings. The headings of the articles, sections, paragraphs, and subdivisions of this Assignment are for convenience of reference only, are not to be considered a part hereof, and shall not limit or expand or otherwise affect any of the terms hereof.

Section 15. Invalid Provisions to Affect No Others. A determination that any provision of this Assignment is unenforceable or invalid shall not affect the enforceability or validity of any other provision hereof, and any determination that the application of any provision of this Assignment to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

Section 16. Changes, etc. Neither this Assignment nor any term hereof may be changed, waived, discharged, or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought. Any agreement hereafter made by the Developer and the Corporation relating to this Assignment shall be superior to the rights of the holder of any intervening lien or encumbrance.

Section 17. Addresses for Notices, etc. All notices and other communications provided for hereunder shall be in writing and shall be deemed given or furnished when mailed certified mail, return receipt requested, to the Corporation at SLU Box 10709, Hammond, Louisiana 70402 (Attention: Executive Director) and to the Developer at 431 Office Park Drive, Birmingham, Alabama 35223 (Attention: President). Either party hereto may change the address for said notice by appropriately notifying the other party in writing.

Section 18. Governing Law. This Assignment is made by the Developer and accepted by the Corporation in the State, with reference to the laws of the State, and shall be construed, interpreted, enforced, and governed by and in accordance with such laws (excluding the principles thereof governing conflicts of law).

Section 19. Entire Agreement. This Assignment and the documents expressly referred to herein embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to the subject matter.

Section 20. Required Consents to Amendments. The Developer covenants and agrees not to amend, modify, or supplement this Assignment, the Development Agreement, or any of the Construction Documents without the prior written consent of the Corporation, the Trustee, and MBIA Insurance Corporation (the "**Bond Insurer**").

Section 21. Third Party Beneficiary. The Bond Insurer shall be and is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any right, remedy, or claim conferred, given, or granted hereunder.

Section 22. Limitation on Rights of the Bond Insurer. Notwithstanding anything contained in this Assignment to the contrary, all rights of the Bond Insurer hereunder to receive notices, to give approvals, to make requests, or to consent or give instruction or direction with respect to declarations, extensions, remedies, waivers, rescissions, actions, or amendments shall be suspended for so long as the Bond Insurer shall be in default under any of its obligations under its bond insurance policies insuring the payment of the Series 2004 Bonds.

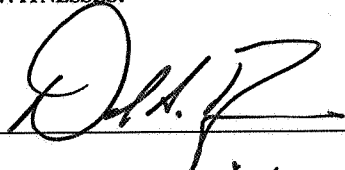
Section 23. Enforceability. The Developer represents and warrants to the Corporation that this Assignment and each of the Construction Documents is valid and enforceable against the Developer in accordance with its terms.

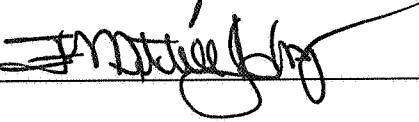
Section 24. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Developer has caused these presents to be executed as of the day and year first hereinabove written.

WITNESSES:






DEVELOPER:

CAPSTONE DEVELOPMENT CORP.

By



William E. Davenport, II, Senior Vice President

AUCTION AGENCY AGREEMENT

by and among

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer**

**THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee**

and

**THE BANK OF NEW YORK,
as Auction Agent**

Dated as of August 1, 2004

Relating to

\$15,000,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B**

AUCTION AGENCY AGREEMENT

THIS AUCTION AGENCY AGREEMENT (the "Agreement"), dated as of August 1, 2004, by and among LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY, a political subdivision of the State of Louisiana (together with any successors and assigns, the "Issuer"), THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as Trustee under the Indenture described below (together with any successors and assigns, the "Trustee"), and THE BANK OF NEW YORK, a New York banking corporation (together with any successors and assigns, the "Auction Agent"), acting not in its individual capacity but solely as agent for the Issuer.

WHEREAS, the Issuer proposes to issue its \$15,000,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B");

WHEREAS, the Series 2004B will be issued pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and the Trustee; and

WHEREAS, the Trustee is entering into this Agreement at the direction of the Issuer pursuant to the Indenture.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuer, the Trustee, and the Auction Agent hereby agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Terms Defined by Reference to Indenture.

Capitalized terms not defined herein shall have the respective meanings specified in the Indenture.

Section 1.2 Terms Defined Herein.

As used herein, in the exhibits hereto and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

- (a) "Auction" shall have the meaning specified in Section 2.1 hereof.
- (b) "Auction Procedures" shall mean the Auction Procedures set forth in Section 3.15 of the Indenture.
- (c) "Authorized Auction Agent Officer" shall mean each Vice President, Assistant Vice President and Assistant Treasurer of the Auction Agent assigned to its Dealing and Trading Group

of its Corporate Trust Department and every other officer or employee of the Auction Agent designated as an “Authorized Auction Agent Officer” for purposes of this Agreement, by this Agreement or in a communication to the Trustee and the Issuer.

(d) “Authorized Issuer Officer” shall mean the person(s) at the time designated to act under this Agreement and the Loan Agreement and Trust Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

(e) “Authorized Trustee Representative” shall mean each officer, employee or agent of the Trustee designated as an “Authorized Trustee Representative” for purposes of this Agreement in a communication to the Auction Agent and the Issuer.

(f) “Bond Insurer” shall mean MBIA Insurance Corporation, or any successor thereto.

(g) “Broker-Dealer” shall mean a Person listed on Exhibit A hereto as such may be amended from time to time.

(h) “Broker-Dealer Agreement” shall mean each agreement between the Auction Agent and a Broker-Dealer relating to the Series 2004B, substantially in the form attached hereto as Exhibit B.

(i) “Broker-Dealer Fee” shall have the meaning specified in Section 4.5(a) hereof.

(j) “Broker-Dealer Fee Rate” shall mean the rate per annum at which the service charges to be paid to the Broker-Dealers in connection with the Auctions accrue pursuant to Section 4.5(b) hereof.

(k) “Existing Owner Registry” shall mean the register maintained by the Auction Agent pursuant to Section 2.2 hereof.

(l) “Notice of Bonds Outstanding” shall mean a notice substantially in the form of Exhibit C hereto.

(m) “Notice of Continuation of Auction Period” shall mean a notice substantially in the form of Exhibit D hereto.

(n) “Notice of Failure to Deliver or Make Payment” shall mean a notice substantially in the form of Exhibit A to the Broker-Dealer Agreement.

(o) “Notice of Fee Rate Change” shall mean a notice substantially in the form of Exhibit E hereto.

(p) “Notice of Interest Rate” shall mean a notice substantially in the form of Exhibit F hereto.

(q) “Notice of Payment Default” shall mean a notice substantially in the form of Exhibit G hereto.

(r) “Notice of Transfer” shall mean a notice substantially in the form of Exhibit B to the Broker-Dealer Agreement.

(s) “Participant” shall mean a member, or participant in, the Securities Depository.

(t) “Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, incorporated organization or government or any agency or political subdivision thereof.

(u) “Settlement Procedures” shall mean the settlement procedures attached as Exhibit D to the Broker-Dealer Agreement.

Section 1.3 Rules of Construction.

Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect the meaning, construction or effect of any provision of this Agreement.

(c) The words “hereof”, “herein”, “hereto” and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

Section 2.1 Purpose; Incorporation by Reference of Auction Procedures and Settlement Procedures.

(a) The Indenture provides that the interest rate on the Series 2004B for each Interest Accrual Period after the Initial Period shall, except under certain conditions, be the rate per annum that results from implementation of the Auction Procedures. The Auction Agent has been duly appointed as auction agent for purposes of implementing the Auction Procedures for the Series 2004B. The Auction Agent accepts such appointment as auction agent and agrees to follow the Auction Procedures and the procedures set forth in this Article II for the purpose of determining the

Auction Rate for the Series 2004B. Each periodic operation of the Auction Procedures is hereinafter referred to as an "Auction".

(b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

Section 2.2 Preparation for Each Auction; Maintenance of Existing Owner Registry.

(a) A list of Broker-Dealers is attached as Exhibit A hereto. Not later than seven days prior to any Auction Date for which any change in such list of Broker-Dealers is to be effective, the Trustee, at the direction of an Authorized Issuer Officer, will notify the Auction Agent in writing of such change and, if any such change is the addition of a Broker-Dealer to such list, shall cause to be delivered to the Auction Agent, for execution by the Auction Agent, a Broker-Dealer Agreement signed by such Broker-Dealer. The Auction Agent shall have entered into a Broker-Dealer Agreement with each Broker-Dealer prior to the participation of any such Broker-Dealer in any Auction.

(b) In the event that the Auction Date for an Auction shall be changed after the Auction Agent has given the notice of such Auction Date pursuant to the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to the Broker-Dealers not later than 9:15 a.m. on the earlier of the new Auction Date or the old Auction Date.

(c) (i) The Auction Agent shall maintain a current registry of Persons that are Broker-Dealers, compiled initially on the date of delivery of the Series 2004B, and that hold Series 2004B for purposes of dealing with the Auction Agent in connection with an Auction (such registry being herein referred to as the "Existing Owner Registry"). Such Persons shall constitute the "Existing Owners" for purposes of dealing with the Auction Agent in connection with an Auction. The Auction Agent shall indicate in the Existing Owner Registry for each Existing Owner the identity of the Broker-Dealer which submitted the most recent Order in any Auction which resulted in such Existing Owner continuing to hold or purchasing Series 2004B. Pursuant to the Broker-Dealer Agreements, the Broker-Dealers have agreed to provide to the Auction Agent prior to the execution of this Agreement the names and addresses of the Persons who are to be initially listed on the Existing Owner Registry as constituting the initial Existing Owners of the Series 2004B for purposes of dealing with the Auction Agent in connection with an Auction. The Auction Agent may rely conclusively upon, as evidence of the identities of the Existing Owners, such list, the results of each Auction and notices from any Existing Owner, Participant of any Existing Owner or Broker-Dealer of any Existing Owner as described in Section 2.2(c)(iii) hereof.

(ii) The Trustee shall notify the Auction Agent in writing when any notice of redemption or Conversion of the Series 2004B is sent to the Securities Depository as the owner of the Series 2004B not later than 11:00 a.m. on the date such notice is sent. Such notice with respect to a redemption shall be substantially in the form of Notice of Bonds Outstanding. In the event the Auction Agent receives from the Trustee written notice of any partial redemption of Series 2004B, the Auction Agent shall, at least two Business Days prior to the next Auction, request each

Participant to disclose to the Auction Agent (upon selection by such Participant of the Existing Owners whose Series 2004B are to be redeemed) the aggregate principal amount of such Series 2004B of each such Existing Owner, if any, which are to be redeemed; provided the Auction Agent has been furnished with the name and telephone number of a person or department at such Participant from which it is to request such information. Upon any refusal of an agent member of a Participant to release such information, the Auction Agent may continue to treat such Existing Owner as the owner of the principal amount of Series 2004B shown on the Existing Owner Registry.

(iii) The Auction Agent shall be required to register in the Existing Owner Registry a transfer of Series 2004B from an Existing Owner to another Person only if (A) such transfer is made to a Person through a Broker-Dealer and if (B)(i) such transfer is pursuant to an Auction or (ii) the Auction Agent has been notified in writing (1) in a notice substantially in the form of a Notice of Transfer by such Existing Owner, the Participant of such Existing Owner or the Broker-Dealer of such Existing Owner of such transfer or (2) in a notice substantially in the form of a Notice of Failure to Deliver or Make Payment by the Broker-Dealer of any Person that purchased or sold Series 2004B in an Auction of the failure of such Series 2004B to be transferred as a result of the Auction. The Auction Agent is not required to accept any Notice of Transfer or Notice of Failure to Deliver or Make Payment delivered prior to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) The Auction Agent may request that the Broker-Dealers, as set forth in the Broker-Dealer Agreements, provide the Auction Agent the aggregate principal amount of Series 2004B held by such Broker-Dealers for purposes of the Existing Owner Registry. Except as permitted by Section 2.10 hereof, the Auction Agent shall keep confidential any such information and shall not disclose any such information so provided to any Person other than the relevant Broker-Dealer, the Issuer and the Trustee, provided that the Auction Agent reserves the right to disclose any such information if (i) it is ordered to do so by a court of competent jurisdiction or a regulatory body, judicial or quasi judicial agency or authority having the authority to compel such disclosure, (ii) it is advised by counsel that its failure to do so would be unlawful or (iii) failure to do so would expose the Auction Agent to liability, loss, claim or damage for which the Auction Agent has not received indemnity satisfactory to it.

(e) The Auction Agent shall send by telecopy or other means a copy of any Notice of Bonds Outstanding received from the Trustee to each Broker-Dealer in accordance with Section 4.3 of the applicable Broker-Dealer Agreement.

Section 2.3 All-Hold Rate and Maximum Auction Rate.

(a) Not later than 9:30 a.m. on each Auction Date, the Auction Agent shall calculate the All Hold Rate and the Maximum Auction Rate and provide notice thereof to the Issuer, the Trustee and the Broker-Dealers by telephone or other electronic communication acceptable to the parties.

(b) (i) If, on any Auction Date for an Auction Period, an Auction is not held for any reason:

- (A) if the Series 2004B have an Auction Period of greater than 180 days, the Standard Auction Period shall automatically convert to an Auction Period of seven (7) days;
- (B) an Auction shall be deemed to have occurred on the scheduled Auction Date;
- (C) the Auction Rate for the deemed Auction to be in effect for the next succeeding Auction Period shall be equal to the Auction Rate for the preceding Auction Period; and
- (D) the succeeding Auction Period shall begin on the calendar day following the scheduled Auction Date; provided, however, in the event that any succeeding Auction is not held for any reason, then the rate of interest on the Series 2004B for the succeeding Auction Periods shall be the Maximum Auction Rate until an Auction can be held.

(ii) If the ownership of the Series 2004B is no longer maintained in book-entry form by the Securities Depository, the Auction Rate on the Series 2004B shall be the Maximum Auction Rate commencing on the date that the book entry-only system for the Series 2004B is discontinued.

(iii) If a Payment Default shall have occurred, the Trustee shall forthwith notify the Auction Agent in writing and upon receipt of such notice by the Auction Agent, the Auction Procedures shall be suspended. The rate of interest on the Series 2004B shall be the Non-Payment Rate on the Auction Date for (A) each subsequent Auction Period commencing after such occurrence and during the continuance of such a Payment Default, and (B) any subsequent Auction Period commencing less than two Business Days after the cure or waiver of any Payment Default in accordance with the Indenture. The Auction Rate on the Series 2004B for each Interest Accrual Period commencing at least two Business Days after any waiver or cure of a Payment Default shall be determined through implementation of the Auction Procedures.

(iv) If a proposed Fixed Rate Conversion under Section 3.21 of the Indenture or a proposed Variable Rate Conversion under Section 3.22 of the Indenture under the circumstances described in Section 4(A) (iii) – (v) of the Notice of Conversion to a Variable Rate attached as Exhibit L to the Indenture shall have failed, then the rate of interest for the Series 2004B shall be the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date, and the Auction Agent shall provide written notice thereof, by delivery or telecopy or similar means, to the Trustee no later than 12:00 noon on the Business Day immediately following such failed Fixed Rate Conversion Date or Variable Rate Conversion Date.

(v) If a Conversion of the Series 2004B has been effected, as provided in the Indenture, no further Auctions for such Series 2004B shall be held.

Section 2.4 Auction Schedule.

The Auction Agent shall conduct Auctions in accordance with the schedule set forth below. Such schedule may be changed by the Auction Agent at the written direction of the Trustee and the Market Agent to reflect then currently accepted market practices for similar auctions. The Auction Agent shall give written notice of any such change to each Broker-Dealer. Such notice shall be given prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective. Notwithstanding the foregoing, the Auction Agent will follow The Bond Market Association's Market Practice U.S. Holiday Recommendations for shortened trading days for bond markets (the "BMA Recommendation") unless the Auction Agent is instructed otherwise by the Market Agent or the Trustee. In the event of a BMA Recommendation on an Auction Date, the Submission Deadline will be 11:30 A.M. instead of 1:00 P.M. and as a result other notice of Auction results will occur at an earlier time.

<u>Time</u>	<u>Event</u>
By 9:30 A.M.	Auction Agent advises the Trustee and the Broker-Dealers of the All-Hold Rate and the Maximum Auction Rate to be used in determining the Auction Rate under the Auction Procedures, the Indenture and this Agreement.
9:30 A.M. - 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3.15(c)(i) of the Indenture. Submission Deadline is 1:00 P.M.
As soon as practical after 1:00 P.M.	Auction Agent makes determinations pursuant to Section 3.15(c)(i) of the Indenture. Auction Agent then advises the Issuer and the Broker-Dealers of the Auction Rate as provided in Section 3.15(c)(ii).
By approximately 3:00 P.M. but not later than the close of business	Auction Agent advises the Trustee of results of the Auction as provided in Section 3.15(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected as provided in Section 3.15(d) of the Indenture.

The Auction Agent shall follow the notification procedures set forth in paragraph (a) of the Settlement Procedures. The Auction Agent, unless instructed otherwise in writing by the Market Agent or the Trustee, is authorized to release the Winning Bid Rate after each Auction for public dissemination.

Section 2.5 Changes in Auction Period or Auction Date.

- (a) *Changes in Auction Period.*

(i) The Auction Agent shall mail any notice delivered to it pursuant to Section 3.18(a) of the Indenture to the Existing Owners within two Business Days of receipt thereof.

(ii) The Auction Agent shall deliver any certificate delivered to it pursuant to Section 3.18(b) of the Indenture to the Broker-Dealers not later than 3:00 p.m. on the Business Day immediately preceding the next Auction Date by telecopy or similar means.

(iii) If, after delivery to the Auction Agent of the notice referred to in Section 3.18(a) of the Indenture, the Auction Agent fails to receive the certificate referred to in Section 3.18(b) of the Indenture by 11:00 a.m. on the Business Day immediately preceding the next Auction Date, the Auction Agent shall deliver a Notice of Continuation of Auction Period to the Broker-Dealers not later than 3:00 p.m. on such Business Day by telecopy or similar means.

(iv) If, after delivery to the Auction Agent of the notice referred to in Section 3.18(a) and the certificate referred to in Section 3.18(b) of the Indenture, one of the conditions described in Section 3.18(b) of the Indenture is not met, the Auction Agent shall deliver a Notice of Interest Rate to the Broker-Dealers not later than 3:00 p.m. on such Auction Date by telephone confirmed in writing the next Business Day.

(b) *Changes in Auction Date.* The Auction Agent shall mail any notice delivered to it pursuant to Section 3.19 of the Indenture to the Broker-Dealers within three Business Days of its receipt thereof.

Section 2.6 Notice of Fee Rate Change.

If the Broker-Dealer Fee Rate is changed pursuant to the terms of Section 4.5(b) hereof, the Auction Agent shall mail a Notice of Fee Rate Change to the Broker-Dealers and the Trustee within two Business Days of such change.

Section 2.7 Notice to Existing Owners.

The Auction Agent shall be entitled to rely conclusively, and shall be fully protected in so relying, upon the address of each Broker-Dealer as provided in Section 4.3 of the applicable Broker-Dealer Agreement in connection with any notice to each Broker-Dealer, as an Existing Owner, required to be given by the Auction Agent.

Section 2.8 Payment Defaults.

(a) The Auction Agent shall deliver a copy of any notice received by it from the Trustee to the effect that a Payment Default has occurred to the Broker-Dealers on the Business Day of the receipt thereof or as soon practicable thereafter by telecopy or other similar means.

(b) The Auction Agent shall deliver a copy of any notice received by it from the Trustee to the effect that a Payment Default has been cured to the Broker-Dealers on the Business Day of the receipt thereof or as soon as practicable thereafter by telecopy or other similar means.

Section 2.9 Broker-Dealers.

(a) If the Auction Agent is provided with a copy of a Broker-Dealer Agreement which has been manually signed, with any person listed on Exhibit A hereto, it shall enter into such Broker-Dealer Agreement with such person.

(b) The Auction Agent may, at the written direction of an Authorized Trustee Representative, which shall have the written approval of an Authorized Issuer Officer, enter into a Broker-Dealer Agreement with any other person who requests to be selected to act as a Broker-Dealer. The Auction Agent shall have entered into a Broker-Dealer Agreement with each Broker-Dealer prior to the participation of any such Broker-Dealer in any Auction. The Auction Agent shall only be required to enter into a Broker-Dealer Agreement if such Broker-Dealer Agreement is in substantially the form attached hereto as Exhibit B and has been duly executed and delivered by the proposed Broker-Dealer.

(c) The Auction Agent shall terminate any Broker-Dealer Agreement as set forth therein if so directed in writing by an Authorized Issuer Officer.

Section 2.10 Access to and Maintenance of Auction Records.

The Auction Agent shall afford to the Trustee, the Issuer, the Bond Insurer and their respective agents, accountants and counsel, access at reasonable times and at the sole expense of the Trustee, the Bond Insurer or Issuer, as applicable, during normal business hours to all books, records, documents and other information concerning the conduct and results of Auctions; provided that any such agent, accountant or counsel shall furnish the Auction Agent with a letter from an Authorized Trustee Representative, an Authorized Issuer Officer or a Bond Insurer representative requesting that the Auction Agent afford such access. The Auction Agent shall not be responsible or liable for any actions of the Trustee, the Issuer, the Bond Insurer or their respective agents, accountants, and counsel for passing on confidential information as a result of access to such records and information. The Auction Agent shall maintain records relating to any Auction for a period of two years after such Auction (unless requested by the Trustee or the Issuer to maintain such records for a longer period not in excess of a total of four years), and such records shall, in reasonable detail, accurately and fairly reflect the actions taken by the Auction Agent hereunder. At the end of such period, the Auction Agent shall deliver such records to the Trustee if so requested in writing.

Section 2.11 Conversion of the Series 2004B.

Pursuant to the Indenture, the Issuer may cause the method of determining the interest rate on the Series 2004B to be changed pursuant to a Fixed Rate Conversion or a Variable Rate Conversion. Assuming a successful conversion on a Fixed Rate Conversion Date or a Variable Rate Conversion Date, upon written notice thereof delivered to the Auction Agent, the Auction Agent shall no longer conduct Auctions with respect to the Series 2004B. If, however, the Auction Agent receives a notice of failed Fixed Rate Conversion or a Variable Rate Conversion, the Auction Agent shall conduct the Auction on the Auction Date next succeeding the Fixed Rate Conversion

Date or Variable Rate Conversion Date applicable to the failed conversion and continue to conduct Auctions thereafter as provided in the Indenture and this Agreement.

Section 2.12 Notice of Conversion.

Pursuant to Sections 3.21 and 3.22 of the Indenture, the Trustee shall send a notice of Conversion to the Auction Agent. The Trustee shall also make available to the Securities Depository such other information as the Securities Depository may reasonably require in order to effect the conversion.

ARTICLE III

**REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE
AND THE ISSUER**

Section 3.1 Representations and Warranties of the Trustee.

The Trustee represents and warrants to the Auction Agent and the Issuer that:

(a) The Trustee has been duly incorporated and is validly existing and in good standing as a banking corporation under the laws of the state of New York.

(b) This Agreement has been duly and validly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the Auction Agent and the Issuer, constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles;

(c) The execution, delivery and performance of this Agreement by the Trustee do not and will not conflict with, or result in a violation of, the terms, conditions or provisions of, or constitute a default under any law, decree, order, rule or regulation of any court or governmental agency having jurisdiction over the Trustee, or any agreement, indenture, instrument, mortgage or undertaking to which the Trustee is a party or by which it is bound; and

(d) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the Trustee which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Trustee of its obligations under this Agreement have been obtained.

Section 3.2 Representations and Warranties of the Issuer.

The Issuer represents and warrants to the Auction Agent and the Trustee that:

(a) This Agreement has been duly and validly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Auction Agent and the

Trustee, constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles;

(b) The execution, delivery and performance of this Agreement by the Issuer do not and will not conflict with, or result in a violation of, the terms, conditions or provisions of, or constitute a default under any law, decree, order, rule or regulation of any court or governmental agency having jurisdiction over the Issuer, or any agreement, indenture, instrument, mortgage or undertaking to which the Issuer is a party or by which it is bound; and

(c) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the Issuer which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under this Agreement have been obtained.

ARTICLE IV

THE AUCTION AGENT

Section 4.1 Duties and Responsibilities.

(a) The Auction Agent is acting solely as agent of the Issuer hereunder and owes no duties, fiduciary or otherwise, to any other Person by reason of this Agreement and no implied duties, fiduciary or otherwise, shall be read into this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are expressly set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent. Subject to the limitations set forth in this Article, in the event of a conflict between any provisions of this Agreement and any other agreement governing the Auction Agent, the Auction Agent shall be entitled to act in accordance with the provision contained herein.

(c) In the absence of willful misconduct or gross negligence on its part, the Auction Agent whether acting directly or through agents, attorneys, nominees or custodians as provided in Section 4.2(d) hereof shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been grossly negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment. In no event shall the Auction Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever.

(d) The Auction Agent shall not agree to any amendment to a Broker-Dealer Agreement without the prior written consent of the Issuer, which consent shall not be unreasonably withheld.

(e) The Auction shall not be: (i) required to, and does not, make any representations or have any responsibilities as to the validity, accuracy, value or genuineness of any signatures, endorsements, other than its own, on any document delivered pursuant to or as contemplated by this Agreement; (ii) obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with indemnity satisfactory to the Auction Agent; and (iii) responsible for or liable in any respect on account of the identity, authority or rights of any Person executing or delivering or purporting to deliver any document under this Agreement, any Broker-Dealer Agreement, or any other instrument executed in connection with the transactions contemplated herein.

(f) This Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; acts of terrorism; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities computer (hardware or software) or communications service; accidents; labor disputes; and acts of civil or military authority or governmental actions; it being understood that the Auction Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 4.2 Rights of the Auction Agent.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized hereby and upon any written instruction, notice, request, direction, consent, report, certificate, or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any such communication authorized hereby (including but not limited to, any telephone communication or other electronic communication acceptable to the parties) authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee, the Issuer or by a Broker-Dealer or any agent thereof. The Auction Agent may record telephone communications with the Trustee, the Issuer or with any of the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents, attorneys, nominees or custodians and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, nominee or custodian appointed by it with due care hereunder.

(e) The Auction Agent shall have no obligation to enforce or monitor or liability in respect of the registration or exemption therefrom of the Series 2004B (or any beneficial ownership

interest therein) under any federal or state securities laws or in respect of any transfer of the Series 2004B (or any beneficial ownership interest therein) pursuant to the terms of this Agreement, any Broker-Dealer Agreement or any other document contemplated by any thereof, including, but not limited to, compliance with any such laws in regards to any such registration, exemption or transfer or in respect of any of the DTC's procedures applicable to transactions between itself and its agent members or others.

Section 4.3 Auction Agent's Disclaimer.

The Auction Agent makes no representation as to the correctness of the recitals in, and assumes no responsibility for, the validity, accuracy or adequacy of, this Agreement (other than its enforceability against the Auction Agent), the Broker-Dealer Agreements, the Series 2004B, any offering document used to make offers or sales thereof or any other agreement or instrument executed in connection with the transactions contemplated herein.

Section 4.4 Compensation.

(a) The Auction Agent shall be entitled to receive a fee for all services rendered by it under this Agreement and the Broker-Dealer Agreements as agreed to from time to time by the Auction Agent and the Issuer.

(b) To the maximum extent permitted by applicable State law, the Issuer shall indemnify and hold harmless the Auction Agent and its directors, officers, employees and agents against any loss, liability or expense incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of its agency hereunder or under the Broker-Dealer Agreements, including the reasonable costs and expenses of defending itself, and its directors, officers, employees and agents, against any claim or liability in connection with the exercise or performance of any of its duties hereunder or thereunder and of enforcing this indemnification provision.

Section 4.5 Compensation of Broker-Dealers.

(a) Unless the Series 2004B are no longer maintained in the Book-Entry System, not later than 2:00 p.m. on each Business Day following each (i) Auction Rate Adjustment Date with respect to each Auction Period of not greater than 180 days, or (ii) calendar quarter when the Auction Period is greater than 180 days, the Trustee shall pay to the Auction Agent solely from moneys available in the Operating Fund an amount (the "Broker-Dealer Fee") equal to the product of (A) a fraction, the numerator of which is the number of days since the latter of the closing date or the date the fee was last paid and the denominator of which is 360 times (B) the Broker-Dealer Fee Rate times (C) the aggregate principal amount of Outstanding Series 2004B at the close of business on the first Business Day of such period. The Auction Agent shall advise the Trustee of the Broker-Dealer Fee not later than 4:00 p.m. on the Business Day prior. The Auction Agent shall apply such monies as set forth in the Broker-Dealer Agreements.

(b) The Auction Agent shall pay the Broker-Dealer Fee as provided in Section 4.5(a) above solely out of amounts received by the Auction Agent pursuant to the Indenture. The "Broker-

Dealer Fee Rate” shall be the prevailing rate received by Broker-Dealers for rendering comparable services to others. If so requested, the Auction Agent shall advise the Issuer and the Trustee at least annually of the prevailing rate. The Broker-Dealer Fee Rate may be adjusted from time to time with the approval of an Authorized Issuer Officer upon a written request of the Broker-Dealer delivered to the Trustee and the Issuer. The initial Broker-Dealer Fee Rate shall be 0.25 of 1% per annum. If the Broker-Dealer Fee Rate is changed pursuant to the terms hereof, the Trustee shall notify the Auction Agent thereof in writing. Any changes in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

Section 4.6 Representations and Warranties of the Auction Agent. The Auction Agent hereby represents and warrants that:

(a) this Agreement has been duly and validly authorized, executed and delivered by the Auction Agent and constitutes the legal, valid and binding limited obligation of the Auction Agent;

(b) to the best of its knowledge, neither the execution and delivery of this Auction Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Auction Agreement will conflict with, or violate or result in a breach of the terms, conditions or provisions of, or constitute a default under the organizational documents of the Auction Agent, any law or regulation, or any order or decree of any court or public Issuer having jurisdiction over the Auction Agent, or any mortgage, resolution, contract, agreement or undertaking to which the Auction Agent is a party or by which it is bound; and

(c) any approvals, consents and orders of any governmental issuer, legislative body, board, agency or commission having jurisdiction over the Auction Agent which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Auction Agent of its obligations under this Agreement have been obtained.

ARTICLE V

MISCELLANEOUS

Section 5.1 Term of Agreement.

(a) This Agreement shall terminate on the earlier to occur of (i) the satisfaction and discharge of the Indenture, (ii) the resignation or removal of the Auction Agent pursuant to the provisions of Section 3.20 of the Indenture and (iii) Conversion of the Series 2004B as provided in the Indenture. Notwithstanding the foregoing, the provisions of Article II shall terminate upon the delivery of certificates representing the Series 2004B pursuant to the Indenture.

(b) Except as otherwise provided in this Section 5.1(b), the respective rights and duties of the Trustee, the Issuer and the Auction Agent under this Agreement shall cease upon termination of this Agreement. The representations and warranties of the Trustee and the Issuer under Article III, the rights of the Auction Agent and the Broker-Dealers to receive payment pursuant to Sections

4.4 and 4.5, respectively, hereof and the Issuer's obligations to the Auction Agent under Section 4.4(b) hereof shall survive the termination of this Agreement. Upon termination of this Agreement, the Auction Agent shall promptly deliver to the Trustee copies of all books and records maintained by it with respect to the Series 2004B in connection with its duties hereunder upon written request of the Trustee. Notwithstanding anything contained herein to the contrary, in the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving 30 days notice to the Issuer Bond Issuer and the Trustee, and may cease performing its duties under the Indenture and the Auction Agreement even if a successor Auction Agent has not been appointed.

Section 5.2 Communications.

Except for (i) communications authorized to be made by telephone (which shall be deemed to include such other electronic means of communication acceptable to the parties using such means) pursuant to this Agreement or the Auction Procedures and (ii) communications in connection with Auctions (other than those expressly required to be in writing), all notices, requests and other communications to either party hereunder shall be in writing (including telecopy or other electronic communication acceptable to the parties) and shall be given to such party, addressed to it, at its address, email address or telecopier number set forth below:

If to the Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Corporate Trust Division

Telephone No.: (904) 645-1943
Facsimile No.: (904) 645-1930

If to the Issuer:

Louisiana Local Government Environmental Facilities and Community
Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809-2233
Attention: Executive Director

Telephone No.: (225) 924-6150
Facsimile No.: (225) 924-6171

If to the Auction Agent:

The Bank of New York
101 Barclay Street, 7W
New York, New York 10286
Attention: Corporate Trust Dept. - Dealing & Trading Group

Telephone No.: (212) 815-3450
Facsimile No.: (212) 815-3440

If to the Bond Insurer:

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Insured Portfolio Management

Telephone No.: (914) 765-3740
Facsimile No.: (914) 765-3555

or such other address, email address or telecopier number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective (i) if given by telecopy when such telecopy is transmitted to the telecopies specified herein, or (ii) if given by another means when delivered at the address specified herein. Communications shall be given on behalf of the Trustee by an Authorized Trustee Representative, on behalf of the Issuer by an Authorized Issuer Officer and on behalf of the Auction Agent by an Authorized Auction Agent Officer.

Section 5.3 Entire Agreement.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written, or inferred, between the parties relating to the subject matter hereof except for agreements relating to the compensation of the Auction Agent.

Section 5.4 Benefits.

Nothing in this Agreement, express or implied, shall give to any Person, other than the Trustee, acting on behalf of the Bondholders, the Issuer and the Auction Agent and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement, provided however the Bond Insurer shall be a third party beneficiary hereunder.

The rights, privileges, immunities and protections granted to the Trustee in the Indenture and the standard of care imposed upon the Trustee in the Indenture shall apply with equal force and effect to the duties and obligations of the Trustee under this Agreement.

Section 5.5 Amendment; Waiver.

This Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by duly authorized representatives of the parties hereto and consented to by the Bond Insurer. Failure of any party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by any other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach. The Auction Agent may, but shall have no obligation to, execute any amendment or waiver which effects its rights, powers, immunities or indemnities hereunder.

Section 5.6 Successors and Assigns.

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of the Trustee, the Issuer and the Auction Agent. This Agreement may not be assigned by any party hereto absent the prior written consent of the other parties hereto and the Bond Insurer, which consents shall not be unreasonably withheld or delayed.

Section 5.7 Severability.

If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 5.8 Execution in Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

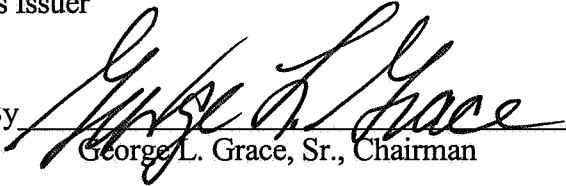
Section 5.9 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana; provided, however, that the rights, powers and duties of the Auction Agent shall be construed in accordance with the laws of the State of New York. The parties hereto irrevocably waive all right to trial by jury in any action, proceeding on counterclaim arising out of this Auction Agreement or the transactions contemplated hereby.

[Execution follows on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Auction Agency Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer

By 
George L. Grace, Sr., Chairman

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By _____
Name: _____
Title: _____

THE BANK OF NEW YORK, as Auction Agent

Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Auction Agency Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer

By _____
George L. Grace, Sr., Chairman

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By Elizabeth Dean
Name: Elizabeth Dean
Title: VICE PRESIDENT

THE BANK OF NEW YORK, as Auction Agent

By _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Auction Agency Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer

By _____
George L. Grace, Sr., Chairman

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By _____
Name: _____
Title: _____

THE BANK OF NEW YORK, as Auction Agent

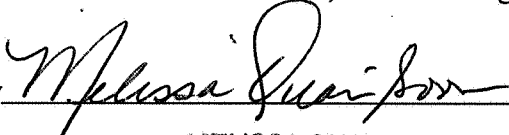
By  _____
Name: MELISSA QUAN-SOON
Title: ASSISTANT VICE-PRESIDENT

EXHIBIT A

LIST OF BROKER-DEALERS

Morgan Keegan & Company, Inc.

EXHIBIT B

FORM OF BROKER-DEALER AGREEMENT

[ATTACHED]

BROKER-DEALER AGREEMENT

between

The Bank of New York,
as Auction Agent

and

MORGAN KEEGAN & COMPANY, INC.
as Broker-Dealer

Dated as of August 1, 2004

Relating to

\$15,000,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT (the "Agreement") is entered into and dated as of August 1, 2004, by and between The Bank of New York, a New York banking corporation, (together with any successors and assigns, the "Auction Agent"), as agent for the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana (together with any successors and assigns, the "Issuer"), and MORGAN KEEGAN & COMPANY, INC., a municipal securities dealer (together with any successors and assigns, "BD").

WHEREAS, the Issuer proposes to issue its \$15,000,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds") pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee");

WHEREAS, the Trustee has entered into an Auction Agency Agreement, dated as of August 1, 2004, with the Auction Agent and the Issuer (the "Auction Agency Agreement") pursuant to which the Auction Agent has agreed to execute and deliver this Broker-Dealer Agreement; and

WHEREAS, the Indenture provides that the Series 2004B will bear interest at the Auction Rate during each Interest Accrual Period after the initial Interest Period, which Auction Rate, except under certain circumstances, shall be determined by the Auction Agent pursuant to the Auction Procedures; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD hereby agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Terms Defined by Reference to Indenture and Auction Agency Agreement.

Capitalized terms not defined herein or in the exhibits hereto shall have the respective meanings specified in the Indenture and the Auction Agency Agreement.

Section 1.2. Terms Defined Herein.

As used herein, in the exhibits hereto and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

- (a) "Auction" shall mean periodic operation of Auction Procedures.
- (b) "Authorized Auction Agent Officer" shall mean each Vice President, Assistant Vice President and Assistant Treasurer of the Auction Agent assigned to its Dealing and Trading Group of its Corporate Trust Department and every other officer or employee of the Auction Agent designated as an "Authorized Auction Agent Officer" for purposes of this Agreement, in this Agreement or in a communication to BD.
- (c) "BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.
- (d) "Broker-Dealer Agreement" or "Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.
- (e) "Notice of Failure to Deliver or Make Payment" shall mean a notice substantially in the form of Exhibit A hereto.
- (f) "Notice of Transfer" shall mean a notice substantially in the form of Exhibit B hereto.
- (g) "Order Form" shall mean the form to be submitted by any Broker-Dealer on or prior to any Auction Date substantially in the form of Exhibit C hereto.
- (h) "Settlement Procedures" shall mean the settlement procedures attached hereto as Exhibit D.

Section 1.3. Rules of Construction.

Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect the meaning, construction or effect of any provision of this Agreement.
- (c) The words "hereof", "herein", "hereto" and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II
THE AUCTION

Section 2.1. Purpose; Incorporation by Reference of Auction Procedures and Settlement Procedures.

(a) The Auction Agent shall conduct Auctions on each Auction Date in accordance with the Auction Procedures for the purpose of determining the Auction Rate for the Series 2004B during each Interest Accrual Period after the Initial Period.

(b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, to assume the obligations of and to be subject to the limitations and restrictions placed upon a Broker-Dealer under this Agreement. BD understands that other Persons meeting the requirements of a Broker-Dealer contained in the Auction Agency Agreement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

Section 2.2. Preparation for Each Auction.

(a) Not later than 9:30 a.m. on each Auction Date, the Auction Agent shall calculate the All-Hold Rate and the Maximum Auction Rate and shall provide notice by telephone or other electronic communication acceptable to the parties thereof to the Broker-Dealers, the Authority and the Trustee.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice of such Auction, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than 9:15 a.m. on the earlier of the new Auction Date or the old Auction Date. Thereafter, BD shall use its best efforts to promptly notify its customers who are Existing Owners of such change in the Auction Date.

(c) From time to time upon request of the Auction Agent, BD shall provide the Auction Agent with a statement in writing of the aggregate amount of Series 2004B held by BD as an Existing Owner for its own account or otherwise.

(d) The Auction Agent shall send to BD by telecopy or other means a copy of any Notice of Bonds Outstanding received from the Trustee in the manner prescribed under Section 4.3 hereof.

Section 2.3. Auction Schedule; Method of Submission of Orders.

(a) The Auction Agent shall conduct Auctions in accordance with the schedule set forth below. Such schedule shall be changed by the Auction Agent if directed in writing by the Trustee and the Market Agent, to reflect then currently accepted market practices for similar auctions. The

Auction Agent shall give written notice of any such change to BD. Such notice shall be given prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective. Notwithstanding the foregoing, the Auction Agent will follow The Bond Market Association's Market Practice U.S. Holiday Recommendations for shortened trading days for bond markets (the "BMA Recommendation") unless the Auction Agent is instructed otherwise to the Market Agent or the Trustee. In the event of a BMA Recommendation on an Auction Date, the Submission Deadline will be 11:30 A.M. instead of 1:00 P.M. and as a result the notice of Auction results will occur at an earlier time.

<u>Time</u>	<u>Event</u>
By 9:30 A.M.	Auction Agent advises the Trustee, the Authority and the Broker-Dealers of the All-Hold Rate and the Maximum Auction Rate to be used in determining the Auction Rate under the Auction Procedures, the Indenture and the Auction Agency Agreement.
9:30 A.M. - 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3.15(c)(i) of the Indenture. Submission Deadline is 1:00 P.M.
As soon as practical after 1:00 P.M.	Auction Agent makes determinations pursuant to Section 3.15(c)(i) of the Indenture. Auction Agent then advises the Corporation and the Broker-Dealers of the Auction Rate as provided in Section 3.15(c)(ii).
By approximately 3:00 P.M. but not later than the close of business	Auction Agent advises the Trustee of results of the Auction as provided in Section 3.15(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected as provided in Section 3.15(d) of the Indenture.

The Auction Agent shall follow the notification procedures set forth in paragraph (a) of the Settlement Procedures. The Auction Agent, unless instructed otherwise in writing by the Market Agent or the Trustee, is authorized to release the Winning Bid Rate after each Auction for public dissemination.

(b) BD agrees to maintain a list of Potential Owners and to contact such Potential Owners on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing by delivering an Order Form. BD shall submit a separate Order to the Auction Agent for each Potential Owner or Existing

Owner on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of any such Potential Owners or Existing Owners.

(d) BD shall deliver to the Auction Agent (i) a Notice of Transfer with respect to any transfer of Series 2004B made through BD by an Existing Owner to another Person other than in connection with an Auction, and (ii) a Notice of Failure to Deliver or Make Payment with respect to (A) a seller's failure to deliver any of the Series 2004B to any Person that purchased Series 2004B through BD pursuant to a prior Auction, or (B) a purchaser's failure to make payment to any Person that sold and delivered Series 2004B through BD pursuant to a prior Auction; provided, however, the Auction Agent shall not be required to accept any such notice(s) delivered by BD in connection with an Auction unless received prior to 3:00 p.m. on the Business Day next preceding the related Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

Section 2.4. Notices.

(a) On each Auction Date, the Auction Agent shall provide notification to BD of the information set forth in paragraph (a) of the Settlement Procedures. Upon the request by BD, by approximately 10:30 a.m. on the Business Day next succeeding each Auction Date, the Auction Agent shall notify BD in writing of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall provide notification to each Existing Owner or Potential Owner (on whose behalf BD submitted an Order) of the information set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD all notices and certificates that the Auction Agent is required to deliver to BD at such times and in such manner set forth in the Auction Agency Agreement.

Section 2.5. Service Charge To Be Paid To BD.

(a) Not later than 2:00 p.m. on the Business Day following each (i) Auction Rate Adjustment Date with respect to each Auction Period of not greater than 180 days, or (ii) calendar quarter when the Auction Period is greater than 180 days, the Auction Agent shall pay to BD a fee, in immediately available funds, from monies received from the Trustee, in an amount equal to the product of (A) a fraction, the numerator of which is the number of days since the latter of the closing date or the date the fee was last paid and the denominator of which is 360, times (B) the Broker-Dealer Fee Rate (as defined in Section 4.5 of the Auction Agency Agreement), times (C) the aggregate principal amount of Series 2004B placed by BD in such period that were (x) the subject of Submitted Bids of Existing Owners submitted by BD and continued to be held as a result of such submission and (y) the subject of Submitted Bids of Potential Owners submitted by BD and purchased as a result of such submission, plus (I) the aggregate principal amount of Series 2004B subject to valid Hold Orders submitted to the Auction Agent by BD, plus (II) the aggregate principal

amount of Series 2004B that were covered by Hold Orders deemed to have been submitted by Existing Owners that were acquired by such Existing Owners through BD.

(b) For purposes of subparagraph (a) above, if any Existing Owner who acquired Series 2004B through the BD transfers those Series 2004B to another Person other than in connection with an Auction, then BD shall continue to be the Broker-Dealer through which the Series 2004B so transferred were acquired; provided, however, that if the transfer was effected by, or if the transferee is a Broker-Dealer other than BD, then such other Broker-Dealer shall be the Broker-Dealer through which such Series 2004B were acquired.

Section 2.6. Settlement.

(a) If BD fails to instruct its Participant to deliver the Series 2004B against payment therefore with respect to a Bid or Sell Order submitted on behalf of any Existing Owner that was accepted, BD may deliver to a Potential Owner on whose behalf BD submitted a Bid that was accepted, the Series 2004B in a principal amount less than such amount specified in such Bid. Notwithstanding the foregoing terms of this Section 2.6(a), any delivery or nondelivery of Series 2004B which departs from the results of an Auction (as determined by the Auction Agent) shall have no effect unless and until notice in writing of such delivery or nondelivery shall have been provided to the Auction Agent in accordance with Section 2.3(e) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.6(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any duty or liability with respect to the failed delivery or nonpayment of Series 2004B sold or purchased by an Existing Owner, a Potential Owner or its respective Participant pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment of the fees paid pursuant to Section 2.5 hereof as a result of any failed delivery or nonpayment described in this Section 2.6(b).

ARTICLE III

THE AUCTION AGENT; REPRESENTATIONS AND WARRANTIES

Section 3.1. Duties and Responsibilities.

(a) The Auction Agent is acting solely as agent of the Issuer hereunder and owes no duties, fiduciary or otherwise, to any other Person by reason of this Agreement or the Auction Agency Agreement and no implied duties, fiduciary or otherwise, shall be read into this Agreement or the Auction Agency Agreement against the Auction Agent.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent. Subject to the limitations set forth in this Article, in the event of a conflict between any provisions of this Agreement and any other agreement governing the Auction Agent, the Auction Agent shall be entitled to act in accordance with the provision contained herein.

(c) In the absence of willful misconduct or gross negligence on its part, the Auction Agent, whether acting directly or through agents, attorneys, nominees or custodians as provided in Section 3.15(d), shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been grossly negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment. In no event shall the Auction Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever.

(d) The Auction Agent shall not be: (i) required to, and does not, make any representations or have any responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own; (ii) obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with indemnity satisfactory to the Auction Agent; and (iii) responsible for or liable in any respect on account of the identity, authority or rights of any Person executing or delivering or purporting to execute or deliver any document under this Agreement, the Auction Agency Agreement or any other instrument or agreement executed in connection with the transactions contemplated herein.

Section 3.2. Rights of the Auction Agent.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any such communication authorized hereby (including but not limited to, any telephone communication or other electronic communication acceptable to the parties) authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or any agent thereof. The Auction Agent may record telephone communications with BD.

(b) The Auction Agent may consult with counsel of its choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents, attorneys, nominees or custodians and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, nominee or custodian appointed by it with due care hereunder.

(e) The Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of

God; earthquakes; fires; floods; wars; civil or military disturbances; acts of terrorism; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; and acts of civil or military authority or governmental actions; it being understood that the Auction Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(f) The Auction Agent shall have no obligation to enforce or monitor or liability in respect of the registration or exemption therefrom of the Series 2004B (or any beneficial ownership interest therein) under any federal or state securities laws or in respect of any transfer of the Series 2004B (or any beneficial ownership interest therein) pursuant to the terms of this Agreement, any Broker-Dealer Agreement or any other document contemplated by any thereof, including, but not limited to, compliance with any such laws in regards to any such registration, exemption or transfer or in respect of any of the DTC's procedures applicable to transactions between itself and its agent members or others.

Section 3.3. The Auction Agent's Disclaimer.

The Auction Agent makes no representation as to and assumes no responsibility for the correctness of the recitals in, or the validity, accuracy or adequacy of, this Agreement, the Auction Agency Agreement, the Series 2004B, any offering document used to make offers or sales thereof or any other agreement or instrument executed in connection with the transactions contemplated herein with respect to the other parties hereto or thereto.

Section 3.4. Representations and Warranties of BD.

BD represents and warrants to the Auction Agent that:

(a) This Agreement has been duly and validly authorized, executed and delivered by BD and, assuming due authorization, execution and delivery by the Auction Agent, constitutes the legal, valid and binding obligation of BD, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles;

(b) The execution, delivery and performance of this Agreement by BD do not and will not conflict with, or result in a violation of, the terms, conditions or provisions of, or constitute a default under any law, decree, order, rule or regulation of any court or governmental agency having jurisdiction over the Trustee, or any agreement, indenture, instrument, mortgage or undertaking to which BD is a party or by which it is bound; and

(c) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over BD which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by BD of its obligations under this Agreement have been obtained.

ARTICLE IV
MISCELLANEOUS

Section 4.1. Termination.

Either party may terminate this Agreement at any time on thirty (30) days' notice to the other party. This Agreement and any other Broker-Dealer Agreements shall automatically terminate upon (i) the termination of the Auction Agency Agreement or (ii) a conversion of the Series 2004B to another methodology for determining the rate of interest thereon as provided in the Indenture.

Section 4.2. Participant.

Either (i) BD is, and shall remain until the termination of this Agreement, a participant in, or member of, the Securities Depository, or (ii) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to resign as a participant in, or member of, the Securities Depository, and/or to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two business days notice prior to the effective date of such change.

Section 4.3. Communications.

Except for (i) communications authorized to be made by telephone (which shall be deemed to include such other electronic means of communication acceptable to the parties using such means) pursuant to this Agreement or the Auction Procedures and (ii) communications in connection with Auctions (other than those expressly required to be in writing), all notices, requests and other communications to either party hereunder shall be in writing (including telecopy or similar writing or other electronic communication acceptable to the parties) and shall be given to such party, addressed to it, at its address, telecopier number or email address set forth below and, where appropriate, reference the particular Auction to which such notice relates:

If to BD:

Morgan Keegan & Company, Inc.
50 North Front Street
Memphis, Tennessee 38103
Attention: Thomas Galvin

Facsimile No.: (901) 579-4233
Telephone No.: (901) 579-4363

If to the Auction Agent:

The Bank of New York
101 Barclay Street, 7W
New York, New York 10286
Attention: Corporate Trust Department – Dealing & Trading Group

Telephone No.: (212) 815-3450
Facsimile No.: (212) 815-3440

If to Bond Insurer:

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Insured Portfolio Management

Telephone No.: (914) 765-3740
Facsimile No.: (914) 765-3555

or such other address, telecopier number or email address as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective (i) if given by telecopy when such telecopy is transmitted to the telecopier specified herein, or (ii) if given by any other means when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Auction Agent Officer. BD may record, by tape or otherwise, telephone communications with the Auction Agent.

Section 4.4. Entire Agreement.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

Section 4.5. Benefits.

Nothing in this Agreement, express or implied, shall give to any Person, other than the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement. The Bond Insurer is a third party beneficiary of this Agreement.

Section 4.6. Amendment; Waiver.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by an

authorized representative of the parties hereto. This Agreement may not be amended without first obtaining the prior written consent of the Issuer and the Bond Insurer.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute any amendment or waiver which effects its rights, powers, immunities or indemnities hereunder.

Section 4.7. Successors and Assigns.

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party and the Bond Insurer, which consents shall not be unreasonably withheld or delayed.

Section 4.8. Severability.

If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 4.9. Execution in Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.10. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana; provided, however, that the rights, powers and duties of the Auction Agent shall be construed in accordance with the laws of the State of New York. The parties hereto irrevocably waive all right to trial by jury in any action, proceeding on counterclaim arising out of this Agreement or the transactions contemplated hereby.

[Execution follows on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

Bank of New York, as Auction Agent

By: _____

Name: _____

Title: _____

MORGAN KEEGAN & COMPANY, INC., as
Broker-Dealer

By _____

Name: _____

Title: _____

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE OF FAILURE TO DELIVER OR MAKE PAYMENT

Complete either I or II

- I. We are a Broker-Dealer for ___ (the "Purchaser"), which purchased \$___* of the Series 2004B in the Auction held on ___ from the seller of such Series 2004B.
- II. We are a Broker-Dealer for ___ (the "Seller"), which sold \$___* of the Series 2004B in the Auction held on ___ to the purchaser of such Series 2004B.

We hereby notify you that (check one)--

___ The Seller failed to deliver such Series 2004B to the Purchaser.

___ The Purchaser failed to make payment to the Seller upon delivery of such Series 2004B.

Name:
(Name of Broker-Dealer)

By _____
Name _____
Title _____

* Series 2004B may only be transferred in Units of \$25,000.

EXHIBIT B

(To be used only for transfers made other than pursuant to an Auction)

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) SERIES 2004B

NOTICE OF TRANSFER

We are (check one):

- the Existing Owner named below;
- the Broker-Dealer named below; or
- the Participant for such Existing Owner.

We hereby notify you that such Existing Owner has transferred \$____* of the above-referenced bonds to _____.

(Name of Existing Owner)

(Name of Broker-Dealer)

(Name of Participant)

By _____
Name _____
Title _____

* Series 2004B may only be transferred in Units of \$25,000.

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

ORDER FORM

AUCTION DATE _____

The undersigned Broker-Dealer submits the following Orders on behalf of the Bidder(s)
indicated below:

BIDS BY EXISTING OWNERS

<u>EXISTING OWNER*</u>	<u>PRINCIPAL AMOUNT OF BONDS (\$25,000 OR MULTIPLES)</u>	<u>BID RATE</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____

*Existing Owners may be described by name or other reference as determined in the sole discretion
of the Broker-Dealer.

\$15,000,000
 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
 COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
 LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
 PROJECT) SERIES 2004B

BIDS BY POTENTIAL OWNERS

<u>POTENTIAL OWNER*</u>	<u>PRINCIPAL AMOUNT OF BONDS (\$25,000 OR MULTIPLES)</u>	<u>BID RATE</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____
11. _____	_____	_____
12. _____	_____	_____
13. _____	_____	_____
14. _____	_____	_____
15. _____	_____	_____

*Potential Owners may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

NOTES:

1. If one or more Orders covering in the aggregate more than the outstanding principal amount of Series 2004B held by any Existing Owner are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.
2. A Hold or Sell Order may be placed only by an existing Owner covering a principal amount of Series 2004B not greater than the principal amount currently held by such Existing Owner.
3. Potential Owners may only make Bids, each of which must specify a rate. If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate specified herein.
4. Bids may contain no more than three figures to the right of the decimal point (.001 of 1%).
5. An Order must be submitted in principal amounts of \$25,000 or integral multiples thereof.

NAME OF BROKER-DEALER: _____

AUTHORIZED SIGNATURE: _____

TOTAL NUMBER OF ORDERS ON THIS ORDER FORM: _____

Submit to:

_____ Bank

Telephone: _____

Facsimile: _____

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture.

(a) Not later than 3:00 P.M. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Interest Accrual Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Series 2004B, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Series 2004B, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Series 2004B to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Series 2004B to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Series 2004B and the principal amount of Series 2004B to be purchased from one or more Existing Owners on whose behalf such Seller's Broker-Dealer acted by one or more Potential Owners on whose behalf each of such Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Series 2004B to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Series 2004B to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Series 2004B and the principal amount of Series 2004B to be sold to one or more Potential Owners on whose behalf such Buyer's Broker-

Dealer acted by one or more Existing Owners on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Owner on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Participant to pay to such Buyer's Broker-Dealer (or its Participant) through the Securities Depository the amount necessary to purchase the principal amount of Series 2004B to be purchased pursuant to such Bid against receipt of such principal amount of Series 2004B;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Seller's Broker-Dealer (or its Participant) through the Securities Depository the principal amount of Series 2004B to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Accrual Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date, including, without limitation, Existing Owners deemed to have submitted Hold Orders pursuant to the Indenture; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Series 2004B received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-

Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to deliver such Series 2004B through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to pay through the Securities Depository to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary to purchase the Series 2004B to be purchased pursuant to (b)(ii) above against receipt of such Series 2004B.

(e) On the Business Day following each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling Series 2004B in an Auction fails to deliver such Series 2004B (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Series 2004B that is less than the principal amount of Series 2004B that otherwise was to be purchased by such Potential Owner. In such event, the principal amount of Series 2004B to be so delivered shall be determined solely by such Broker-Dealer (but only in Authorized Denominations). Delivery of such lesser principal amount of Series 2004B shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Series 2004B which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with

the provisions of the Auction Agent and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Owner, Existing Owner or their respective Broker-Dealer or Participant to take delivery of or deliver, as the case may be, the principal amount of the Series 2004B purchased or sold pursuant to an Auction or otherwise.

EXHIBIT C

NOTICE OF SERIES 2004B OUTSTANDING

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that \$_____ aggregate principal amount of Series 2004B were Outstanding at the close of business on the immediately preceding Record Date. Such aggregate principal amount of Series 2004B, less \$_____ aggregate principal amount of Series 2004B to be redeemed by the Issuer pursuant to the Indenture, for a net aggregate principal amount of Series 2004B of \$_____, will be available on the next Auction scheduled to be held on _____.

Terms used herein have the meanings set forth in the Indenture relating to the above-referenced issue.

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By _____
Title: _____
Date: _____

EXHIBIT D

NOTICE OF CONTINUATION OF AUCTION PERIOD

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that a condition for the establishment of a change in the length of one or more Auction Periods for the captioned Series 2004B has not been met. An Auction will therefore be held on the next Auction Date (_____) and the length of the next succeeding Auction Period shall be a Standard Auction Period.

THE BANK OF NEW YORK, as Auction Agent

By _____
Title: _____
Date: _____

EXHIBIT E

NOTICE OF FEE RATE CHANGE

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that the Broker-Dealer Fee Rate has been changed in accordance with Section 4.5(b) of the Auction Agency Agreement. The new Broker-Dealer Fee Rate shall be ___ of ___% per annum.

Terms used herein have the meanings set forth in the Indenture relating to the above-referenced issue.

THE BANK OF NEW YORK, as Auction Agent

By _____
Title: _____
Date: _____

Approval of Fee Rate Change:

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer

By _____
Executive Director
Date: _____

EXHIBIT F

NOTICE OF INTEREST RATE

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that a condition for the establishment of a change in the length of one or more Auction Periods for the captioned Series 2004B has not been met. The Interest Rate for the Auction Period commencing on _____ shall be the Maximum Auction Rate and such Auction Period shall remain an Auction Period of __ days.

THE BANK OF NEW YORK, as Auction Agent

By _____
Title: _____
Date: _____

EXHIBIT G

NOTICE OF PAYMENT DEFAULT

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE IS HEREBY GIVEN that a Payment Default has occurred and not been cured. Determination of the interest rate on the Series 2004B pursuant to the Auction Procedures will be suspended. The interest rate on the Series 2004B for each Auction Period commencing after such occurrence and during the continuance thereof to and including the subsequent Auction Period, if any, during which, or commencing less than two Business Days after, such Payment Default is waived or cured in accordance with the Indenture will equal the Non-Payment Rate on the Auction Date for each such subsequent Auction Period.

Terms used herein have the meanings set forth in the Indenture relating to the above-referenced issue.

THE BANK OF NEW YORK, as Auction
Agent

By _____
Title: _____
Date: _____

BROKER-DEALER AGREEMENT

between

The Bank of New York,
as Auction Agent

and

MORGAN KEEGAN & COMPANY, INC.
as Broker-Dealer

Dated as of August 1, 2004

Relating to

\$15,000,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT (the "Agreement") is entered into and dated as of August 1, 2004, by and between The Bank of New York, a New York banking corporation, (together with any successors and assigns, the "Auction Agent"), as agent for the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana (together with any successors and assigns, the "Issuer"), and MORGAN KEEGAN & COMPANY, INC., a municipal securities dealer (together with any successors and assigns, "BD").

WHEREAS, the Issuer proposes to issue its \$15,000,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds") pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee");

WHEREAS, the Trustee has entered into an Auction Agency Agreement, dated as of August 1, 2004, with the Auction Agent and the Issuer (the "Auction Agency Agreement") pursuant to which the Auction Agent has agreed to execute and deliver this Broker-Dealer Agreement; and

WHEREAS, the Indenture provides that the Series 2004B will bear interest at the Auction Rate during each Interest Accrual Period after the initial Interest Period, which Auction Rate, except under certain circumstances, shall be determined by the Auction Agent pursuant to the Auction Procedures; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD hereby agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Terms Defined by Reference to Indenture and Auction Agency Agreement.

Capitalized terms not defined herein or in the exhibits hereto shall have the respective meanings specified in the Indenture and the Auction Agency Agreement.

Section 1.2. Terms Defined Herein.

As used herein, in the exhibits hereto and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

- (a) "Auction" shall mean periodic operation of Auction Procedures.
- (b) "Authorized Auction Agent Officer" shall mean each Vice President, Assistant Vice President and Assistant Treasurer of the Auction Agent assigned to its Dealing and Trading Group of its Corporate Trust Department and every other officer or employee of the Auction Agent designated as an "Authorized Auction Agent Officer" for purposes of this Agreement, in this Agreement or in a communication to BD.
- (c) "BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.
- (d) "Broker-Dealer Agreement" or "Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.
- (e) "Notice of Failure to Deliver or Make Payment" shall mean a notice substantially in the form of Exhibit A hereto.
- (f) "Notice of Transfer" shall mean a notice substantially in the form of Exhibit B hereto.
- (g) "Order Form" shall mean the form to be submitted by any Broker-Dealer on or prior to any Auction Date substantially in the form of Exhibit C hereto.
- (h) "Settlement Procedures" shall mean the settlement procedures attached hereto as Exhibit D.

Section 1.3. Rules of Construction.

Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect the meaning, construction or effect of any provision of this Agreement.
- (c) The words "hereof", "herein", "hereto" and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II
THE AUCTION

Section 2.1. Purpose; Incorporation by Reference of Auction Procedures and Settlement Procedures.

(a) The Auction Agent shall conduct Auctions on each Auction Date in accordance with the Auction Procedures for the purpose of determining the Auction Rate for the Series 2004B during each Interest Accrual Period after the Initial Period.

(b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, to assume the obligations of and to be subject to the limitations and restrictions placed upon a Broker-Dealer under this Agreement. BD understands that other Persons meeting the requirements of a Broker-Dealer contained in the Auction Agency Agreement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

Section 2.2. Preparation for Each Auction.

(a) Not later than 9:30 a.m. on each Auction Date, the Auction Agent shall calculate the All-Hold Rate and the Maximum Auction Rate and shall provide notice by telephone or other electronic communication acceptable to the parties thereof to the Broker-Dealers, the Authority and the Trustee.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice of such Auction, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than 9:15 a.m. on the earlier of the new Auction Date or the old Auction Date. Thereafter, BD shall use its best efforts to promptly notify its customers who are Existing Owners of such change in the Auction Date.

(c) From time to time upon request of the Auction Agent, BD shall provide the Auction Agent with a statement in writing of the aggregate amount of Series 2004B held by BD as an Existing Owner for its own account or otherwise.

(d) The Auction Agent shall send to BD by telecopy or other means a copy of any Notice of Bonds Outstanding received from the Trustee in the manner prescribed under Section 4.3 hereof.

Section 2.3. Auction Schedule; Method of Submission of Orders.

(a) The Auction Agent shall conduct Auctions in accordance with the schedule set forth below. Such schedule shall be changed by the Auction Agent if directed in writing by the Trustee and the Market Agent, to reflect then currently accepted market practices for similar auctions. The

Auction Agent shall give written notice of any such change to BD. Such notice shall be given prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective. Notwithstanding the foregoing, the Auction Agent will follow The Bond Market Association's Market Practice U.S. Holiday Recommendations for shortened trading days for bond markets (the "BMA Recommendation") unless the Auction Agent is instructed otherwise to the Market Agent or the Trustee. In the event of a BMA Recommendation on an Auction Date, the Submission Deadline will be 11:30 A.M. instead of 1:00 P.M. and as a result the notice of Auction results will occur at an earlier time.

<u>Time</u>	<u>Event</u>
By 9:30 A.M.	Auction Agent advises the Trustee, the Authority and the Broker-Dealers of the All-Hold Rate and the Maximum Auction Rate to be used in determining the Auction Rate under the Auction Procedures, the Indenture and the Auction Agency Agreement.
9:30 A.M. - 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3.15(c)(i) of the Indenture. Submission Deadline is 1:00 P.M.
As soon as practical after 1:00 P.M.	Auction Agent makes determinations pursuant to Section 3.15(c)(i) of the Indenture. Auction Agent then advises the Corporation and the Broker-Dealers of the Auction Rate as provided in Section 3.15(c)(ii).
By approximately 3:00 P.M. but not later than the close of business	Auction Agent advises the Trustee of results of the Auction as provided in Section 3.15(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected as provided in Section 3.15(d) of the Indenture.

The Auction Agent shall follow the notification procedures set forth in paragraph (a) of the Settlement Procedures. The Auction Agent, unless instructed otherwise in writing by the Market Agent or the Trustee, is authorized to release the Winning Bid Rate after each Auction for public dissemination.

(b) BD agrees to maintain a list of Potential Owners and to contact such Potential Owners on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing by delivering an Order Form. BD shall submit a separate Order to the Auction Agent for each Potential Owner or Existing

Owner on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of any such Potential Owners or Existing Owners.

(d) BD shall deliver to the Auction Agent (i) a Notice of Transfer with respect to any transfer of Series 2004B made through BD by an Existing Owner to another Person other than in connection with an Auction, and (ii) a Notice of Failure to Deliver or Make Payment with respect to (A) a seller's failure to deliver any of the Series 2004B to any Person that purchased Series 2004B through BD pursuant to a prior Auction, or (B) a purchaser's failure to make payment to any Person that sold and delivered Series 2004B through BD pursuant to a prior Auction; provided, however, the Auction Agent shall not be required to accept any such notice(s) delivered by BD in connection with an Auction unless received prior to 3:00 p.m. on the Business Day next preceding the related Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

Section 2.4. Notices.

(a) On each Auction Date, the Auction Agent shall provide notification to BD of the information set forth in paragraph (a) of the Settlement Procedures. Upon the request by BD, by approximately 10:30 a.m. on the Business Day next succeeding each Auction Date, the Auction Agent shall notify BD in writing of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall provide notification to each Existing Owner or Potential Owner (on whose behalf BD submitted an Order) of the information set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD all notices and certificates that the Auction Agent is required to deliver to BD at such times and in such manner set forth in the Auction Agency Agreement.

Section 2.5. Service Charge To Be Paid To BD.

(a) Not later than 2:00 p.m. on the Business Day following each (i) Auction Rate Adjustment Date with respect to each Auction Period of not greater than 180 days, or (ii) calendar quarter when the Auction Period is greater than 180 days, the Auction Agent shall pay to BD a fee, in immediately available funds, from monies received from the Trustee, in an amount equal to the product of (A) a fraction, the numerator of which is the number of days since the latter of the closing date or the date the fee was last paid and the denominator of which is 360, times (B) the Broker-Dealer Fee Rate (as defined in Section 4.5 of the Auction Agency Agreement), times (C) the aggregate principal amount of Series 2004B placed by BD in such period that were (x) the subject of Submitted Bids of Existing Owners submitted by BD and continued to be held as a result of such submission and (y) the subject of Submitted Bids of Potential Owners submitted by BD and purchased as a result of such submission, plus (I) the aggregate principal amount of Series 2004B subject to valid Hold Orders submitted to the Auction Agent by BD, plus (II) the aggregate principal

amount of Series 2004B that were covered by Hold Orders deemed to have been submitted by Existing Owners that were acquired by such Existing Owners through BD.

(b) For purposes of subparagraph (a) above, if any Existing Owner who acquired Series 2004B through the BD transfers those Series 2004B to another Person other than in connection with an Auction, then BD shall continue to be the Broker-Dealer through which the Series 2004B so transferred were acquired; provided, however, that if the transfer was effected by, or if the transferee is a Broker-Dealer other than BD, then such other Broker-Dealer shall be the Broker-Dealer through which such Series 2004B were acquired.

Section 2.6. Settlement.

(a) If BD fails to instruct its Participant to deliver the Series 2004B against payment therefore with respect to a Bid or Sell Order submitted on behalf of any Existing Owner that was accepted, BD may deliver to a Potential Owner on whose behalf BD submitted a Bid that was accepted, the Series 2004B in a principal amount less than such amount specified in such Bid. Notwithstanding the foregoing terms of this Section 2.6(a), any delivery or nondelivery of Series 2004B which departs from the results of an Auction (as determined by the Auction Agent) shall have no effect unless and until notice in writing of such delivery or nondelivery shall have been provided to the Auction Agent in accordance with Section 2.3(e) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.6(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any duty or liability with respect to the failed delivery or nonpayment of Series 2004B sold or purchased by an Existing Owner, a Potential Owner or its respective Participant pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment of the fees paid pursuant to Section 2.5 hereof as a result of any failed delivery or nonpayment described in this Section 2.6(b).

ARTICLE III

THE AUCTION AGENT; REPRESENTATIONS AND WARRANTIES

Section 3.1. Duties and Responsibilities.

(a) The Auction Agent is acting solely as agent of the Issuer hereunder and owes no duties, fiduciary or otherwise, to any other Person by reason of this Agreement or the Auction Agency Agreement and no implied duties, fiduciary or otherwise, shall be read into this Agreement or the Auction Agency Agreement against the Auction Agent.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent. Subject to the limitations set forth in this Article, in the event of a conflict between any provisions of this Agreement and any other agreement governing the Auction Agent, the Auction Agent shall be entitled to act in accordance with the provision contained herein.

(c) In the absence of willful misconduct or gross negligence on its part, the Auction Agent, whether acting directly or through agents, attorneys, nominees or custodians as provided in Section 3.15(d), shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been grossly negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment. In no event shall the Auction Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever.

(d) The Auction Agent shall not be: (i) required to, and does not, make any representations or have any responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own; (ii) obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with indemnity satisfactory to the Auction Agent; and (iii) responsible for or liable in any respect on account of the identity, authority or rights of any Person executing or delivering or purporting to execute or deliver any document under this Agreement, the Auction Agency Agreement or any other instrument or agreement executed in connection with the transactions contemplated herein.

Section 3.2. Rights of the Auction Agent.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any such communication authorized hereby (including but not limited to, any telephone communication or other electronic communication acceptable to the parties) authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or any agent thereof. The Auction Agent may record telephone communications with BD.

(b) The Auction Agent may consult with counsel of its choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents, attorneys, nominees or custodians and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, nominee or custodian appointed by it with due care hereunder.

(e) The Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of

God; earthquakes; fires; floods; wars; civil or military disturbances; acts of terrorism; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; and acts of civil or military authority or governmental actions; it being understood that the Auction Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(f) The Auction Agent shall have no obligation to enforce or monitor or liability in respect of the registration or exemption therefrom of the Series 2004B (or any beneficial ownership interest therein) under any federal or state securities laws or in respect of any transfer of the Series 2004B (or any beneficial ownership interest therein) pursuant to the terms of this Agreement, any Broker-Dealer Agreement or any other document contemplated by any thereof, including, but not limited to, compliance with any such laws in regards to any such registration, exemption or transfer or in respect of any of the DTC's procedures applicable to transactions between itself and its agent members or others.

Section 3.3. The Auction Agent's Disclaimer.

The Auction Agent makes no representation as to and assumes no responsibility for the correctness of the recitals in, or the validity, accuracy or adequacy of, this Agreement, the Auction Agency Agreement, the Series 2004B, any offering document used to make offers or sales thereof or any other agreement or instrument executed in connection with the transactions contemplated herein with respect to the other parties hereto or thereto.

Section 3.4. Representations and Warranties of BD.

BD represents and warrants to the Auction Agent that:

(a) This Agreement has been duly and validly authorized, executed and delivered by BD and, assuming due authorization, execution and delivery by the Auction Agent, constitutes the legal, valid and binding obligation of BD, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles;

(b) The execution, delivery and performance of this Agreement by BD do not and will not conflict with, or result in a violation of, the terms, conditions or provisions of, or constitute a default under any law, decree, order, rule or regulation of any court or governmental agency having jurisdiction over the Trustee, or any agreement, indenture, instrument, mortgage or undertaking to which BD is a party or by which it is bound; and

(c) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over BD which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by BD of its obligations under this Agreement have been obtained.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Termination.

Either party may terminate this Agreement at any time on thirty (30) days' notice to the other party. This Agreement and any other Broker-Dealer Agreements shall automatically terminate upon (i) the termination of the Auction Agency Agreement or (ii) a conversion of the Series 2004B to another methodology for determining the rate of interest thereon as provided in the Indenture.

Section 4.2. Participant.

Either (i) BD is, and shall remain until the termination of this Agreement, a participant in, or member of, the Securities Depository, or (ii) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to resign as a participant in, or member of, the Securities Depository, and/or to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two business days notice prior to the effective date of such change.

Section 4.3. Communications.

Except for (i) communications authorized to be made by telephone (which shall be deemed to include such other electronic means of communication acceptable to the parties using such means) pursuant to this Agreement or the Auction Procedures and (ii) communications in connection with Auctions (other than those expressly required to be in writing), all notices, requests and other communications to either party hereunder shall be in writing (including telecopy or similar writing or other electronic communication acceptable to the parties) and shall be given to such party, addressed to it, at its address, telecopier number or email address set forth below and, where appropriate, reference the particular Auction to which such notice relates:

If to BD:

Morgan Keegan & Company, Inc.
50 North Front Street
Memphis, Tennessee 38103
Attention: Thomas Galvin

Facsimile No.: (901) 579-4233
Telephone No.: (901) 579-4363

If to the Auction Agent:

The Bank of New York
101 Barclay Street, 7W
New York, New York 10286
Attention: Corporate Trust Department – Dealing & Trading Group

Telephone No.: (212) 815-3450
Facsimile No.: (212) 815-3440

If to Bond Insurer:

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Insured Portfolio Management

Telephone No.: (914) 765-3740
Facsimile No.: (914) 765-3555

or such other address, telecopier number or email address as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective (i) if given by telecopy when such telecopy is transmitted to the telecopier specified herein, or (ii) if given by any other means when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Auction Agent Officer. BD may record, by tape or otherwise, telephone communications with the Auction Agent.

Section 4.4. Entire Agreement.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

Section 4.5. Benefits.

Nothing in this Agreement, express or implied, shall give to any Person, other than the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement. The Bond Insurer is a third party beneficiary of this Agreement.

Section 4.6. Amendment; Waiver.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by an

authorized representative of the parties hereto. This Agreement may not be amended without first obtaining the prior written consent of the Issuer and the Bond Insurer.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute any amendment or waiver which effects its rights, powers, immunities or indemnities hereunder.

Section 4.7. Successors and Assigns.

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party and the Bond Insurer, which consents shall not be unreasonably withheld or delayed.

Section 4.8. Severability.

If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 4.9. Execution in Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.10. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana; provided, however, that the rights, powers and duties of the Auction Agent shall be construed in accordance with the laws of the State of New York. The parties hereto irrevocably waive all right to trial by jury in any action, proceeding on counterclaim arising out of this Agreement or the transactions contemplated hereby.

[Execution follows on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

Bank of New York, as Auction Agent

By: Melissa Quan-Soon
Name: _____
Title: MELISSA QUAN-SOON
ASSISTANT VICE-PRESIDENT

MORGAN KEEGAN & COMPANY, INC., as
Broker-Dealer

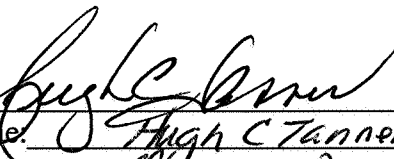
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

Bank of New York, as Auction Agent

By: _____
Name: _____
Title: _____

MORGAN KEEGAN & COMPANY, INC., as
Broker-Dealer

By:  _____
Name: Hugh C Tanner
Title: Managing Director

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE OF FAILURE TO DELIVER OR MAKE PAYMENT

Complete either I or II

- I. We are a Broker-Dealer for ____ (the "Purchaser"), which purchased \$____* of the Series 2004B in the Auction held on __ from the seller of such Series 2004B.
- II. We are a Broker-Dealer for ____ (the "Seller"), which sold \$____* of the Series 2004B in the Auction held on __ to the purchaser of such Series 2004B.

We hereby notify you that (check one)--

___ The Seller failed to deliver such Series 2004B to the Purchaser.

___ The Purchaser failed to make payment to the Seller upon delivery of such Series 2004B.

Name:
(Name of Broker-Dealer)

By _____
Name _____
Title _____

* Series 2004B may only be transferred in Units of \$25,000.

(To be used only for transfers made other
than pursuant to an Auction)

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

NOTICE OF TRANSFER

We are (check one):

- the Existing Owner named below;
 the Broker-Dealer named below; or
 the Participant for such Existing Owner.

We hereby notify you that such Existing Owner has transferred \$____* of the above-
referenced bonds to _____.

(Name of Existing Owner)

(Name of Broker-Dealer)

(Name of Participant)

By _____
Name _____
Title _____

* Series 2004B may only be transferred in Units of \$25,000.

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

ORDER FORM

AUCTION DATE _____

The undersigned Broker-Dealer submits the following Orders on behalf of the Bidder(s) indicated below:

BIDS BY EXISTING OWNERS

<u>EXISTING OWNER*</u>	<u>PRINCIPAL AMOUNT OF BONDS (\$25,000 OR MULTIPLES)</u>	<u>BID RATE</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____

*Existing Owners may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

\$15,000,000

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN
LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC.
PROJECT) SERIES 2004B

BIDS BY POTENTIAL OWNERS

<u>POTENTIAL OWNER*</u>	<u>PRINCIPAL AMOUNT OF BONDS (\$25,000 OR MULTIPLES)</u>	<u>BID RATE</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____
11. _____	_____	_____
12. _____	_____	_____
13. _____	_____	_____
14. _____	_____	_____
15. _____	_____	_____

*Potential Owners may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

NOTES:

1. If one or more Orders covering in the aggregate more than the outstanding principal amount of Series 2004B held by any Existing Owner are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.
2. A Hold or Sell Order may be placed only by an existing Owner covering a principal amount of Series 2004B not greater than the principal amount currently held by such Existing Owner.
3. Potential Owners may only make Bids, each of which must specify a rate. If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate specified herein.
4. Bids may contain no more than three figures to the right of the decimal point (.001 of 1%).
5. An Order must be submitted in principal amounts of \$25,000 or integral multiples thereof.

NAME OF BROKER-DEALER: _____

AUTHORIZED SIGNATURE: _____

TOTAL NUMBER OF ORDERS ON THIS ORDER FORM: _____

Submit to:

_____ Bank

Telephone: _____

Facsimile: _____

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture.

(a) Not later than 3:00 P.M. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Interest Accrual Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Series 2004B, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Series 2004B, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Series 2004B to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Series 2004B to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Series 2004B and the principal amount of Series 2004B to be purchased from one or more Existing Owners on whose behalf such Seller's Broker-Dealer acted by one or more Potential Owners on whose behalf each of such Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Series 2004B to be purchased by all Potential Owners on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Series 2004B to be sold by all Existing Owners on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Series 2004B and the principal amount of Series 2004B to be sold to one or more Potential Owners on whose behalf such Buyer's Broker-

Dealer acted by one or more Existing Owners on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Owner on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Participant to pay to such Buyer's Broker-Dealer (or its Participant) through the Securities Depository the amount necessary to purchase the principal amount of Series 2004B to be purchased pursuant to such Bid against receipt of such principal amount of Series 2004B;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Seller's Broker-Dealer (or its Participant) through the Securities Depository the principal amount of Series 2004B to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Accrual Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date, including, without limitation, Existing Owners deemed to have submitted Hold Orders pursuant to the Indenture; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Series 2004B received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-

Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to deliver such Series 2004B through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to pay through the Securities Depository to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary to purchase the Series 2004B to be purchased pursuant to (b)(ii) above against receipt of such Series 2004B.

(e) On the Business Day following each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling Series 2004B in an Auction fails to deliver such Series 2004B (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Series 2004B that is less than the principal amount of Series 2004B that otherwise was to be purchased by such Potential Owner. In such event, the principal amount of Series 2004B to be so delivered shall be determined solely by such Broker-Dealer (but only in Authorized Denominations). Delivery of such lesser principal amount of Series 2004B shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Series 2004B which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with

the provisions of the Auction Agent and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Owner, Existing Owner or their respective Broker-Dealer or Participant to take delivery of or deliver, as the case may be, the principal amount of the Series 2004B purchased or sold pursuant to an Auction or otherwise.

MARKET AGENT AGREEMENT

Between

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

and

MORGAN KEEGAN & COMPANY, INC.,
as Market Agent

Dated as of August 1, 2004

Relating to

\$15,000,000

Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

MARKET AGENT AGREEMENT

THIS MARKET AGENT AGREEMENT (the "Agreement"), dated as of August 1, 2004, between THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as Trustee under the Indenture (as defined below) (together with any successors and assigns, the "Trustee"), and MORGAN KEEGAN & COMPANY, INC., a municipal securities dealer (in its role as market agent hereunder and together with any successors and assigns, the "Market Agent").

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") proposes to issue its \$15,000,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B");

WHEREAS, the Series 2004B will be issued pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and the Trustee;

WHEREAS, the Trustee is entering into this Agreement, upon the direction of the Authority, with the Market Agent pursuant to the Indenture; and

WHEREAS, the Trustee and the Market Agent desire to make additional provisions regarding the role of the Market Agent.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Trustee and the Market Agent hereby agree as follows:

1. Definitions. Capitalized terms not defined herein shall have the respective meanings specified in the Indenture. All references herein to a particular time of day shall be to New York City time.

2. Appointment of Market Agent. The Trustee hereby acknowledges appointment by the Authority of Morgan Keegan & Company, Inc., as Market Agent, with respect to the Series 2004B. The Market Agent hereby accepts such appointment and agrees to perform all duties and obligations of the Market Agent hereunder and under the Indenture.

3. Auction Schedule.

As provided in the Auction Agency Agreement, the Auction Agent will conduct Auctions for the Series 2004B in accordance with the schedule set forth below. Such schedule shall be changed by the Auction Agent if directed in writing by the Trustee and the Market Agent to reflect then currently accepted market practices for similar auctions. The Auction Agent will give written notice of any such change to each Broker-Dealer. Such notice will be given prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

<u>Time</u>	<u>Event</u>
By 9:30 A.M.	Auction Agent advises the Trustee, the Authority and the Broker-Dealers of the All-Hold Rate and the Maximum Auction Rate to be used in determining the Auction Rate under the Auction Procedures, the Indenture and this Agreement.
9:30 A.M. - 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3.15 of the Indenture. Submission Deadline is 1:00 P.M.
As soon as practical after 1:00 P.M.	Auction Agent makes determinations pursuant to Section 3.15 of the Indenture. Auction Agent advises the Authority and the Broker-Dealers of the Auction Rate as provided in Section 3.15.
By approximately 3:00 P.M. but not later than the close of business	Auction Agent advises the Trustee of results of the Auction as provided in Section 3.15 of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected as provided in Section 3.15 of the Indenture.

4. Change of Auction Date and Auction Period.

As provided for by, and upon satisfaction of the conditions set forth in, Section 3.18 of the Indenture, the Authority may change the length of a single Auction Period or the Standard Auction Period. As provided for by, and upon satisfaction of the conditions set forth in, Section 3.19 of the Indenture, the Market Agent, at the direction of the Authority, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction

Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Period is then scheduled to occur.

5. Changes in Auction Agent Fee Rate: Other Duties.

(a) The Market Agent agrees that it will comply with the provisions of Section 4.4(a) of the Auction Agency Agreement and act in good faith from time to time to determine the appropriate amount of the Auction Agent Fee Rate in accordance with said Section.

(b) The Market Agent agrees to perform such other duties of Market Agent in accordance with the Indenture as are set forth therein.

6. Fees. The Market Agent agrees that it will receive no fees for its services as Market Agent under this Agreement.

7. Rights and Liabilities of the Market Agent.

(a) The Market Agent shall incur no liability for, or in respect of, any action taken or omitted to be taken, or suffered by it in reliance upon the Indenture or any Bond, written instruction, notice, request, direction, certificate, consent, report, affidavit, statement, order or other instrument, paper, document or communication reasonably believed by it in good faith to be genuine and on which it reasonably believed it is entitled to rely. Any order, certificate, affidavit, instruction, notice, request, direction, statement or other comment from the Trustee or given by it and sent, delivered or directed to the Market Agent under, pursuant to, or as permitted by, any provision of this Agreement shall be sufficient for purposes of this Agreement if such comment is in writing and signed by any officer of the Trustee. In the absence of bad faith or negligence on its part, neither the Market Agent nor its officers or employees shall be liable for any action taken, suffered or omitted or for any error of judgment made in the performance of its duties under this Agreement. The Market Agent shall not be liable for any error of judgment made in good faith unless the Market Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts. No party shall be liable for any default resulting from force majeure which shall be deemed to include any circumstances beyond the reasonable control of the party affected. No action, regardless of form, arising out of or pertaining to the role of the Market Agent hereunder may be brought by any party hereto or beneficiary hereof more than twelve (12) months after the cause of action arises.

(b) The Market Agent may consult with counsel satisfactory to it, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken or suffered by it hereunder in good faith and in accordance with the advice of such counsel.

(c) The Market Agent, its directors, officers and employees may become the owner of, or acquire any interest in, any Auction Bond, with the same rights that such Market Agent, director, officer or employee would have if the Market Agent were not

Market Agent hereunder, and the Market Agent, its directors, officers and employees may engage or be interested in any financial or other transaction with the Authority and may act on, or as depository, trustee or agent for, any committee or body of holders of Series 2004B or other obligations of the Authority as freely as if the Market Agent were not a Market Agent hereunder.

(d) The Market Agent shall not incur any liability with respect to the validity of any of the Series 2004B.

8. Duties of Market Agent. The Market Agent shall be obligated only to perform such duties as are specifically set forth herein and in the Indenture and no other duties or obligations on the part of the Market Agent, in its capacity as such, shall be implied by this Agreement.

9. Termination. This Agreement shall terminate on the earlier of (i) the satisfaction and discharge of the Indenture and (ii) conversion of the Series 2004B to another methodology for determining the rate of interest thereon as provided in the Indenture.

10. Communications.

(a) Except for communications authorized to be by telephone by this Agreement, all notices, requests and other communications to the Authority, the Market Agent, the Auction Agent or the Trustee shall be in writing (including facsimile or similar writing) and shall be given to such entity, addressed to it, at its address or facsimile number set forth below:

If to the Market Agent, addressed to:

Morgan Keegan & Company, Inc.
30 North Front Street
Memphis, Tennessee 38103
Attention: Thomas Galvin

Facsimile No.: (901) 579-4233
Telephone No.: (901) 579-4363

If to the Authority:

Louisiana Local Government Environmental Facilities and
Community
Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809-2233
Attention: Executive Director

If to the Auction Agent:

The Bank of New York
101 Barclay Street, 7W
New York, New York 10286
Attention: Corporate Trust Dept. - Dealing & Tracking Group
Telephone No.: (212) 815-3450
Facsimile No.: (212) 815-3440

If to the Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Corporate Trust Division
Telephone No.: (904) 645-1943
Facsimile No.: (904) 645-1930

Each entity listed above may change the address for service of notice upon it by a notice in writing to the other entities named above. Each such notice, request or communication shall be effective when delivered at the address specified herein.

(b) The Market Agent may rely upon, and is authorized to honor, any telephonic requests or directions which the Market Agent reasonably believes in good faith to emanate from an authorized representative of the Trustee, regardless of the source of such request or direction. Any telephonic request or direction to the Market Agent shall promptly be confirmed in writing; provided, however, that failure to receive any such notice shall not affect the authority of the Market Agent to rely and act upon such request or direction.

11. Miscellaneous.

(a) This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

(b) The terms of this Agreement as set forth herein shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by both of the parties hereto with the consent of the Bond Insurer.

(c) This Agreement shall be binding upon, and inure to the benefit of, the Trustee as agent for the registered owners of the Series 2004B and the Market Agent and their respective successors and assigns.

(d) If any clause, provision or section hereof shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

(e) This 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.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

(g) In case of any conflict between the provisions of this Agreement and the provisions of the Indenture, the Indenture will control.

(h) The rights, privileges, immunities and protections granted to the Trustee in the Indenture and the standard of care imposed upon the Trustee in the Indenture shall apply with equal force and effect to the duties and obligations of the Trustee under this Agreement.

12. Amendment. The provisions herein regarding auction procedures may be amended from time to time to conform to industry practices solely upon the written consent of the parties hereto and the Bond Insurer and upon written notice of such amendment to the affected Holders of such Series 2004B, and no prior written consent of any such Holder shall be required in connection with such amendment.

[Execution follows on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By Elizabeth Dean
Name: Elizabeth Dean
Title: VICE PRESIDENT

MORGAN KEEGAN & COMPANY, INC.,
as Market Agent

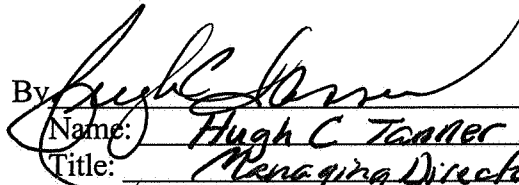
By _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By _____
Name: _____
Title: _____

MORGAN KEEGAN & COMPANY, INC.,
as Market Agent

By  _____
Name: Hugh C Toalner
Title: Managing Director

REIMBURSEMENT AND INDEMNITY AGREEMENT

BETWEEN

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY,
as Issuer**

AND

MBIA INSURANCE CORPORATION

\$60,985,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004A**

\$15,000,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004B**

and

\$925,000

**Louisiana Local Government Environmental Facilities and
Community Development Authority Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004C**

Dated as of August 1, 2004

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REIMBURSEMENT AND INDEMNITY AGREEMENT

THIS REIMBURSEMENT AND INDEMNITY AGREEMENT (this "Agreement"), dated as of August 1, 2004 is entered into by and between LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY, a political subdivision of the State of Louisiana (the "Issuer") and MBIA INSURANCE CORPORATION, a stock insurance corporation, duly organized and existing under the laws of the State of New York ("MBIA").

RECITALS

1. The Issuer will issue its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004 (the "Bonds") under the Trust Indenture, dated as of August 1, 2004 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), the proceeds of the sale of such Bonds to be loaned to University Facilities, Inc. (the "Corporation"), a Louisiana non-profit corporation formed for the benefit of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana) pursuant to the Loan Agreement for the purpose of (i) paying the Prior Debt (as defined in the Indenture); (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities; (iii) funding the costs of marketing the Facilities; (iv) providing working capital for the Facilities; (v) funding a deposit to the Debt Service Reserve Fund; (vi) paying capitalized interest on the Bonds; (vii) funding a deposit to the Replacement Fund; and (viii) paying costs of issuance of the Bonds.

2. MBIA has agreed to deliver to the Trustee its financial guaranty insurance policy (the "Insurance Policy"), such Insurance Policy guaranteeing regularly scheduled principal and interest payments on the Bonds without regard to any acceleration of the time of payment of the Bonds; and

3. This Agreement is entered into in order to set forth certain representations, warranties, covenants and other agreements of the Issuer and to evidence and secure the Issuer's obligation (i) to reimburse MBIA for any payment made by MBIA under its Insurance Policy and (ii) to indemnify MBIA for certain amounts as more fully set forth herein.

In consideration of the premises and the mutual promises set forth below, MBIA and the Issuer agree as follows:

ARTICLE I

DEFINITIONS

Unless the context otherwise requires, the terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms used herein and not otherwise defined in this Article I shall have the meanings assigned to them in the Indenture.

“Act” means the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 to 4548.16, inclusive).

“Authorized Officer” means, with respect to the Issuer, the Chairman, Vice Chairman or Executive Director of the Issuer.

“Board” means the Board of Supervisors for the University of Louisiana System or its legal successor as the management board of the University.

“Bondholder” means the registered owner of any Bond as indicated in the books maintained by the Trustee, the Issuer or any designee of the Issuer for such purpose.

“Bonds” means the Issuer’s Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004.

“Business Day” means any day on which banks in both Florida and New York are open for commercial banking business and on which MBIA is open for business, exclusive of any day on which the New York Stock Exchange is closed.

“Closing Date” means August 13, 2004.

“Debt Service Reserve Fund” shall have the meaning ascribed thereto in the Indenture.

“Facilities Lease” means the Agreement to Lease With Option to Purchase dated as of August 1, 2004 by and between the Corporation, as lessor and the Board, as lessee.

“Ground Lease” means the Ground and Buildings Lease, dated as of August 1, 2004, by and between the Board, as lessor, and the Corporation, as lessee.

“Insurance Policy” means the MBIA financial guaranty insurance policy, which guarantees regularly scheduled principal and interest payments on the Bonds without regard to any acceleration of the time of payment thereof.

“Issuer” means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana.

“Loan Agreement” means the Loan Agreement dated as of August 1, 2004 by and between the Issuer and the Corporation.

"Management Agreement" means the Management Agreement dated as of August 1, 2004, between the Management Company and the Corporation, as agent for the Board, and any successor contract for the management of the Facilities.

"Management Company" means Capstone On-Campus Management LLC, an Alabama limited liability company authorized to do business in Louisiana, and its successor under any Management Agreement.

"MBIA Commitment" means the MBIA commitment to issue a financial guaranty insurance policy relating to the delivery of the Insurance Policy.

"MBIA" means MBIA Insurance Corporation, a New York stock insurance corporation.

"Project" or *"Facilities"* means the student housing project located on the principal campus of the University and described as the "Facilities" in the Indenture.

"Related Documents" means the Facilities Lease, the Ground Lease, the Loan Agreement, the Management Agreement, and any other agreement or instrument relating hereto or thereto and to which the Issuer is a party.

"State" means the State of Louisiana.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement and Arbitrage Certificate dated August 13, 2004 by and among the Issuer, the Corporation, the Board and the Trustee.

"Trustee" means The Bank of New York Trust Company, N.A., a national banking association having trust powers, and any successor or replacement thereof made in accordance with the provisions of the Indenture.

"University" shall have the meaning set forth in the Recitals hereto.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER

The Issuer represents and warrants to and covenants with MBIA that:

(a) The Issuer is a political subdivision established for public purposes under and pursuant to the Act and other constitutional and statutory authority and is duly organized, validly existing and in good standing under the laws of the State.

(b) The Issuer has the full power to execute and deliver this Agreement and to enter into the transactions contemplated by this Agreement. The execution and delivery

of this Agreement has been duly authorized by the Issuer, and all necessary approvals for the execution, delivery and performance of this Agreement have been obtained.

(c) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby by the Issuer and the fulfillment of or compliance with the terms and conditions of this Agreement by the Issuer do not conflict with or result in any material breach or violation of any of the terms, conditions or provisions of any applicable laws, including regulations, or any material agreement or instrument to which the Issuer is now a party or by which it is bound, or constitute a default under any of the foregoing which default would materially and adversely affect the consummation of the transactions contemplated hereby and by the terms of the Related Documents.

(d) The Issuer shall provide or cause to be provided to MBIA at or prior to the disbursement of the proceeds of the Bonds by the Trustee to the Issuer (i) conformed copies of this Agreement and the Related Documents, and (ii) such opinions of the Issuer's legal counsel and certified resolutions of the Corporation evidencing necessary or appropriate action on behalf of the Issuer, and other documents as may reasonably be requested by MBIA, including documents evidencing any required approvals of the transactions contemplated by this Agreement and the Related Documents.

(e) The Issuer hereby makes to MBIA the same representations, warranties and covenants as are specifically made by the Issuer and as are set forth in the Related Documents which representations, warranties and covenants, as well as the related defined terms with respect thereto contained therein, are incorporated herein by this reference with the same effect as if each and every such representation, warranty and covenant and defined term were set forth herein in its entirety. Any amendment to such representations, warranties and covenants or defined terms in the Related Documents and any termination, defeasance, discharge or replacement of the Related Documents shall be effective to amend, terminate, replace or discharge such representations, warranties, covenants and defined terms of the specified documents if adopted in accordance with their respective requirements, but shall not be effective to amend this Agreement, without the prior written consent of MBIA.

ARTICLE III

AGREEMENT TO INDEMNIFY

Subject to the provisions of Article IX hereof, the Issuer shall indemnify MBIA against any and all liability, claims, loss, costs, damages, fees of attorneys and other expenses that MBIA may sustain or incur by reason of or in consequence of:

(a) the failure of the Issuer to perform or comply with the covenants or conditions of the Issuer in this Agreement or the Related Documents;

(b) enforcing any covenants or conditions of the Issuer in the Related Documents or this Agreement, including, but not limited to, sums paid, liabilities incurred or expenses paid or incurred in connection with:

(i) settlement of claims, suits or judgments under the Insurance Policy with respect to the Bonds,

(ii) enforcing the terms of the Insurance Policy with respect to the Bonds,

(iii) procuring or attempting to procure release from liability with respect to the Bonds, or

(iv) recovering or attempting to recover losses or expenses paid or incurred in connection with (A) the Bonds, (B) the Related Documents or this Agreement, (C) or the transactions contemplated hereby and thereby; or

(c) reliance by MBIA upon representations made by the Issuer regarding defenses to claims made against the Insurance Policy.

(d) any amendment, waiver or other action with respect to this Agreement or the Financing Agreements, or related thereto, whether or not executed or completed;

(e) the violation by Issuer of any law, rule or regulation, or any judgment, order or decree applicable to it;

(f) any litigation or other dispute in connection with this Agreement or the Financing Agreements or the transactions contemplated thereby, other than amounts resulting from the failure of MBIA to honor its obligations under the Insurance Policy.

An itemized statement of payments, with particularity as to the computation and derivation of such payments, made by MBIA for any of the purposes specified in this Article III, certified by an officer of MBIA and accompanied by the voucher or vouchers for such payment, shall be prima facie evidence of the liability of the Issuer and, if the Issuer fails to reimburse MBIA within two business days of receipt of such statement of payments, interest shall be computed on such amount from the date of the payment made by MBIA at the rate set out in Article IV, clause (d) hereof.

ARTICLE IV

REIMBURSEMENT RIGHTS OF MBIA

The Issuer agrees to make the following payments to MBIA, subject to the provisions of Article IX hereof:

(a) the premium, as required to be paid pursuant to paragraph 1 of the MBIA Commitment to the extent such payment is not otherwise timely made;

(b) the reimbursement of all payments made by MBIA under the terms of the Insurance Policy;

(c) all other amounts required to be paid to MBIA pursuant to the terms of this Agreement, in connection with the transactions contemplated by the Bonds, the Related Documents, this Agreement and the Insurance Policy upon written notice from MBIA of the amounts so owed with particularity as to the computation and derivation of such amounts; and

(d) interest on the amounts owed in clauses (a), (b) or (c) of this Article IV from the date of any payment due or paid as described in clauses (a) or (b) and from the date of receipt of written notice from MBIA, as provided in clause (c), at Citibank's prime rate plus 3% per annum, said "prime rate" being the rate of interest publicly announced from time to time by Citibank, in New York, New York, as its prime or base rate. The rate charged by MBIA pursuant to the immediately preceding sentence shall change and take effect on the date specified in Citibank's announcement of its change of its prime rate. The rate of interest shall be calculated on the basis of a 365 or 366-day year as the case may be for the actual number of days accrued. If the interest provisions of this clause (d) shall result in an effective rate of interest which, for any period, transcends the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied (i) as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not transcend the limit of the usury or such other laws, (ii) any excess shall be applied upon principal immediately upon receipt of such moneys by MBIA, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and MBIA had agreed to accept such extra payment(s) as additional interest for such later periods (iii) any remaining excess shall forthwith be refunded to Issuer. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein transcend the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

ARTICLE V

SUBROGATION RIGHTS OF MBIA

To the extent of payments made and expenses incurred by MBIA that pertain to the Bonds and are made in connection with the Insurance Policy or this Agreement, MBIA shall be fully subrogated to the Issuer's rights under the Related Documents to which the Issuer is a party, but shall not be obligated to assume (but has the right to assume) any of the Issuer's obligations, in respect of such documents. The Issuer will at any time, and from time to time at the request of MBIA, execute any reasonable instrument, document or agreement, and take any other reasonable action, that MBIA may consider necessary or desirable to affect this right of subrogation. Nothing herein shall be construed to place MBIA in a security position superior to that of the Trustee or the Bondholders.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01. *Events of Default Described.* The happening of any one or more of the following events shall constitute an "Event of Default" and, upon the occurrence of any such Event of Default, MBIA may exercise the remedies specified herein:

- (a) failure by the Issuer to make any payment required by Article IV hereof;
- (b) other than as permitted by the terms of the Financing Agreements, the dissolution or liquidation of the Issuer or the voluntary initiation by the Issuer of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Issuer of any such proceeding, or failure by the Issuer to promptly have discharged any execution, garnishment or attachment of such consequence as would materially impair the ability of the Issuer to carry on its operations, or assignment by the Issuer for the benefit of creditors, or the entry by the Issuer into an agreement of composition with creditors or the failure generally by the Issuer to pay its debts as they become due;
- (c) any representation of or warranty by the Issuer made in this Agreement or the Related Documents is untrue in any material respect;
- (d) the failure of the Issuer to observe or perform in any material respect any covenant, condition or provision of this Agreement;
- (e) the occurrence and continuation of an event of default by the Issuer (however defined) under any of the Related Documents;
- (f) any material amendment to the Related Documents shall have been made without the prior written consent of MBIA; or

(g) any material provision of this Agreement or the Related Documents to which the Issuer is a party shall at any time for any reason cease to be valid and binding, unless by their terms they cease to be valid and binding, on the Issuer, or shall be declared to be null and void, or the validity or enforceability of any thereof shall be contested by the Issuer or any governmental agency or authority or if the Issuer shall deny that it has any further liability or obligation under this Agreement or the Related Documents to which it is a party, except to the extent that such further liability or obligation is limited under this Agreement or the Related Documents.

Section 6.02. Remedies. Whenever an Event of Default referred to in Section 6.01 hereof shall have happened and be continuing, MBIA may take any one or more of the following remedial steps:

(a) exercise its rights of subrogation pursuant to Article V hereof;

(b) exercise any rights of subrogation with respect to the Issuer that it may have under the Insurance Policy;

(c) take whatever other action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance and observance of any obligation, agreement or covenant of the Issuer under this Agreement; or

(d) pursue any remedy it may have with respect to the Issuer under any of the Related Documents.

Section 6.03. No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement upon the happening of any Event of Default set forth in Section 6.01 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle MBIA to exercise any remedy reserved to it in this Article VI, it shall not be necessary to give any notice, other than such notice as may be required in this Article VI.

ARTICLE VII

SETTLEMENT

MBIA shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought on the Insurance Policy shall or shall not be paid, compromised, resisted, defended, tried or appealed, and MBIA's decision thereon, if made in good faith, shall be final and binding upon the Issuer.

ARTICLE VIII

OBLIGATIONS OF ISSUER ABSOLUTE

Subject to the provisions of Article IX hereof, the obligations of the Issuer to make payments under this Agreement shall be absolute, unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including, without limitation, the following circumstances:

- (a) any lack of validity or enforceability of any of the Related Documents;
- (b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;
- (c) the existence of any claim, setoff, defense or other right which the Issuer may have at any time against the Trustee or any other person or entity other than MBIA, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents or any unrelated transactions;
- (d) any statement made or any other document presented by Issuer, under or in connection with the Insurance Policy or the MBIA Commitment proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein with respect to the Issuer being untrue or inaccurate in any respect whatsoever; or
- (e) payment by MBIA under the Insurance Policy under circumstances, which do not comply with the terms of the Insurance Policy, *provided* that such payment shall not have constituted gross negligence or willful misconduct on the part of MBIA.

ARTICLE IX

LIMITED RECOURSE

Notwithstanding anything to the contrary herein, following the Closing Date, the obligations and liabilities of Issuer hereunder shall be payable solely from any and all right, title and interest of the Issuer in and to (i) the Pledged Revenues (as defined in the Trust Agreement), (ii) the Trust Estate (as defined in the Trust Agreement) and (iii) all funds maintained by the Trustee under the Trust Agreement (excluding the Rebate Fund). The owners, members, shareholders, officers, partners, directors, agents, representatives, attorneys, employees of the Issuer shall have no personal, corporate, partnership and/or company liability, as applicable, for the obligations, indebtedness or liabilities hereunder for any claim or demand based thereon or otherwise in respect thereof or based on or in respect of this Agreement; provided, however, that nothing herein shall (a) be deemed to prevent recourse to or enforcement against Corporation's leasehold interest in the Facilities for all liabilities, obligations and undertakings contained in the Financing Agreements; (b) limit or otherwise prejudice in any way the rights of Trustee, MBIA or any Bondholder under the Mortgage and other Related Documents; or (c) limit the ability of MBIA to seek injunctive or other equitable relief against the owners, members, shareholders, officers, partners, directors, agents, representatives, employees of the Issuer to compel the Issuer to comply with the obligations of the Issuer under the Related Documents and this Agreement.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.01. *Amendments, Changes and Modifications.* This Agreement may be amended, changed, modified, altered or terminated only with the prior written approval of MBIA and the Issuer.

Section 10.02. *Governing Law.* This Agreement shall be construed in accordance with the substantive laws of the State, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 10.03. *Notices.* All notices hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

To MBIA: MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management-PF

To Issuer: Louisiana Local Government Environmental Facilities and

Community Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809
Attention: Executive Director

Either party may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.05. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 10.06. Primary Obligation. Payment of amounts due by the Issuer under this Agreement is a primary obligation of the Issuer and such obligation is absolute and unconditional, irrespective of any illegality, invalidity or unenforceability of or defect in any provision of the Indenture, subject to the limitation of liability set forth in Article IX hereof.

Section 10.07. Further Assurances and Corrective Instruments. To the extent permitted by law, MBIA and the Issuer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

Section 10.08. No Rights Conferred on Others. Nothing in this Agreement shall confer any right upon any person other than MBIA and the Issuer.

Section 10.09. Term. The term of this Agreement shall commence on the date hereof and shall end upon termination of the Indenture and payment in full of all amounts due and owing to MBIA and payable by the Issuer under this Agreement and all Related Documents and pursuant to any rights of subrogation MBIA may have with respect to the Issuer under this Agreement, the Insurance Policy and the Related Documents.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its respective name by its duly authorized officer, all as of the date first above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

By *Myrl A. Grace*
Title *Chairman*

MBIA INSURANCE CORPORATION

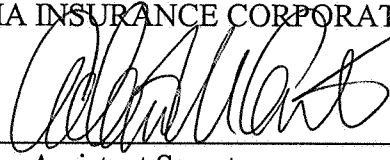
By _____
Title _____

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its respective name by its duly authorized officer, all as of the date first above written.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

By _____
George L. Grace, Sr., Chairman

MBIA INSURANCE CORPORATION

By  _____
Title: Assistant Secretary

MANAGEMENT AGREEMENT

BETWEEN

UNIVERSITY FACILITIES, INCORPORATED
AS UFI

AND

CAPSTONE ON-CAMPUS MANAGEMENT, LLC
AS AGENT

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MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made as of the 1st (first) day of July, 2004 by and between University Facilities, Incorporated hereinafter designated as "UFI" having its principal office at University Facilities, Inc., SLU Box 10746, Hammond, LA 70402, and acting herein with the consent and approval of the Board of Supervisors for the University of Louisiana System, on behalf of Southeastern Louisiana University (the "Board"); Capstone On-Campus Management, LLC, an Alabama limited liability company having its principal place of business at 431 Office Park Drive, Birmingham, Alabama 35223, hereinafter designated as "Agent."

The purpose of this Management Agreement (the "Agreement") is to set forth the understanding by and between UFI, Agent, and University relative to the management of existing student housing and student housing currently under development, on the University campus in Hammond, LA.

Scope of Work

- A. The Agent shall provide management of student housing facilities, resident student life programs, and administration of student housing operations to include: staffing, marketing and rental of the facilities, enforcement of leases, administration of ongoing maintenance and capital improvements of student housing facilities, and operation of the resident student life programs.
- B. With the primary objective of ensuring the excellence of SLU's student housing program, the Agent will design a student housing operation including resident student life programs that attracts students to live on campus, enhances student's quality of life, enhances the retention of students and contributes significantly to their educational experience.
- C. The Agent's services will consist of management of student housing facilities owned or operated by UFI wherein the quality, the manner of service, and the economy of price to the consumer are the primary considerations, and must be satisfactory and subject to the supervision and control of UFI. UFI shall have no direct supervision of employees of the Agent, and any communication of employee matters shall be through the designated representatives of the parties.

Recitals

In consideration of the mutual promises and covenants herein contained, UFI and Agent agree as follows:

Section 1. Appointment and Acceptance. UFI appoints the Agent as exclusive agent for the management of the on campus student housing facilities at Southeastern Louisiana University, and the Agent accepts the appointment, subject to the terms and conditions set forth in this Agreement.

Section 2. Description of Project. The property to be managed by the Agent under this Agreement is the existing and proposed on campus student housing facilities located on the campus of Southeastern

Louisiana University, located within the city of Hammond, Louisiana and hereafter referred to as “the Project”.

Section 3. Management Services of the Project. The Agent will be responsible for all management operations as well as Residence Life programming. As a directive from UFI, provision of services as enumerated in Section 3.2 below will be contracted with the University by the Agent.

Section 3.1 Provision of Services by Agent:

(a) **Staffing.** Agent will employ an adequate staff to manage the Project and will have full authority and complete supervision over the employment, discharge and performance of duties of all personnel used in the management of the Project. The Agent shall use its commercially reasonable best efforts in the management of the Project and to collect the rents and other income due and to become due there from and to otherwise perform the manager functions, as may be determined jointly by UFI and Agent. Management of the Project includes practices that are specific requirements for student residences owned by UFI. These specific requirements are set forth in this Agreement and exhibit thereto, including, but not limited to, the following minimum staffing requirements for on-site professional personnel:

1. A General Manager (GM) preferably with residence life experience at the college or university level or requisite work experience in student housing. The compensation package for the GM may include a rent-free Apartment in the Project and an annual salary and benefits to be reasonably determined by Agent and approved by UFI upon approval of the annual operating budget. Agent will conduct a thorough background check on the General Manager in order to determine whether the applicant has a good work history, and is free from criminal convictions and civil suits which would reflect adversely on his suitability as a General Manager, which background check shall be provided to UFI upon its completion. In the event that UFI and University are not reasonably satisfied with the qualifications or performance of the GM, UFI or University may request that Agent replace the GM. UFI and University reserve the right to participate in the annual review and evaluation of the General Manager. UFI and University reserve the right (but does not have a duty) to require the replacement of any on-site management personnel because of operating difficulties reasonably determined to be the result of inferior on-site management.
2. An Assistant General Manager (AGM) preferably with residence life experience at the college or university level or requisite work experience in student housing. The compensation package for the AGM may include a rent-free Apartment in the Project and an annual salary and benefits to be reasonably determined by Agent and approved by UFI upon approval of the annual operating budget. Agent will conduct a thorough background check on the AGM in order to determine whether the applicant has a good work history, and is free from criminal convictions and civil suits which would reflect adversely on his suitability as an AGM, which background check shall be provided to UFI upon its completion. In the event that UFI and University are not reasonably satisfied with the qualifications or performance of the AGM, UFI or University may request that Agent replace the AGM. UFI and University reserve the right to participate in the annual review and

evaluation of the AGM. UFI and University reserve the right (but does not have a duty) to require the replacement of any on-site management personnel because of operating difficulties reasonably determined to be the result of inferior on-site management.

3. At least one Community Assistant (CA) per 75 residents within the Project. The CA(s) must be students in good standing enrolled at Southeastern Louisiana University. The CA will be required to serve the following primary functions:
 - (i) monitoring to assure resident personal safety and fire safety,
 - (ii) developing personal acquaintances with all residents over which they have supervision,
 - (iii) advising a resident association,
 - (iv) monitoring conduct problems occurring within the Project and responding to resident complaints concerning such conduct problems, including enforcement of policies established by UFI and SLU.
 - (v) providing orientation of incoming students residing in the Project,
 - (vi) assisting with the resolution of interpersonal conflicts among residents of the Project,
 - (vii) responding to and processing resident maintenance complaints and reporting needed repairs to the GM,
 - (viii) assisting the GM in planning and programming social activities and special events for residents of the Project, and
 - (ix) performing administrative functions as needed to assist with the operation of the property, including working regularly scheduled desk and on-call shifts, mail delivery, and other duties as assigned and necessary.
4. UFI and Agent will add or subtract additional staff upon mutual agreement.
5. The Agent will assign for duty at the Project only employees acceptable to UFI. Assignment of management personnel must be approved by UFI, said approval of the employees not to be unreasonably withheld by UFI and the University. In the event of a proposed change in management personnel, the Agent will provide UFI and the University adequate and timely notice and will endeavor to expeditiously fill the management position. Management personnel are defined as the General Manager and Assistant General Manager (s).
 - (b) **Marketing.** The Agent will supervise the marketing activities for the Project. Advertising expenses will be paid out of the Operating Fund as defined in Section 3.2. (b) and treated as Project expenses. The Agent shall implement a Student Life Plan and a University Housing Marketing Plan subject to approval by UFI and the University, in effect pursuant to the terms of this Agreement.
 - (c) **Rentals.** The Agent will supervise the on-site staff in the renting of the dwelling units. Incident thereto, the following provisions will apply:
 1. The Agent will coordinate the initial leasing activities with the designated Southeastern Louisiana University liaison.

2. The Agent will follow the tenant selection policies as prescribed from time to time by the designated Southeastern Louisiana University liaison.
3. The Agent will train the on-site staff to show the Project to prospective tenants and to learn other leasing procedures as specified in the leasing plan.
4. The Agent will supervise the taking and processing of applications for student rentals.
5. The Agent will prepare all student housing leases on the best terms available for UFI but in all events subject to the terms hereof, and will cause them to be executed by the resident; and Agent, the General Manager, or such other person as designated by Agent.

(d) **Enforcement of Leases.** The Agent will use its commercially reasonable best efforts to secure full compliance by each tenant with the terms of his lease. Voluntary compliance will be emphasized. The Agent, General Manager or any Assistant General Manager may lawfully terminate any tenant when, in their reasonable judgment, sufficient cause (including but not limited to nonpayment of rent) for such termination occurs under the terms of such tenant's lease. For this purpose, the Agent and/or the General Manager and/or the Assistant General Manager is authorized to bring action for eviction and to execute notice to vacate and judicial proceedings incident to such actions in the name of and on behalf of UFI. Agent will inform University of incidents concerning lease violations and pending resident evictions by notifying the designated Southeastern Louisiana University liaison. Further, the Agent is authorized to sue for a recovery of rents, upon prior approval of UFI, and when appropriate, to settle, compromise and release such actions or suits, or reinstate such tenancies. The Agent shall keep UFI informed of such actions as requested and follow reasonable instructions as UFI may prescribe for the conduct of any such action. Attorney's fees and other necessary costs incurred in connection with such actions will be paid out of the Operating Fund as Project expenses and will be reflected in the annual operating budget as such.

(e) **Capital Improvements.**

1. Agent will prepare a Student Housing Capital Budget Plan (the "Capital Budget Plan") and periodically advise UFI **and the University** of the status of the Plan. The Agent is authorized at the Project's expense to make contracts for all renovations, repairs, additions, or improvements falling under the category of Capital Improvements and outlined in the Capital Budget Plan, subject to the prior written approval of UFI.
2. Agent shall provide UFI with advance written notification (hereinafter "Work Notification") of any proposed work done in accordance with the Capital Budget Plan. The Work Notification shall be provided to UFI as far in advance of the work as possible, shall be coordinated with UFI to assure the minimum disruption to the student tenants occupying the Project (including reasonable notice to such student tenants) and shall consist of a general description of the work, when it will occur, its location by building and room, and building materials which the work may contact or disturb. Agent shall cooperate with UFI personnel to provide any other pertinent information they may request with regard to the Work Notification.

- (f) **Noninterrupted Services.** The Agent will have provisions in place for non-interrupted services in case of the loss of student housing facilities for any reason; for both short and long-term periods. Agent will have a designated representative(s) as part of the university's Emergency Response Team.
- (g) **Employees.** *Capstone Employees* – All on-site personnel will be employees of the Agent. UFI and Agent will make any additional employee contractual arrangements only upon mutual agreement in writing. The Agent or General Manager will hire, pay, supervise and discharge such personnel, subject to the following conditions:
- a. The Agent will coordinate activities in the interest of good overall management.
 - b. The compensation, including fringe benefits, of the Agent and all other Capstone employees performing on-site functions will be determined by Agent. Compensation of bookkeeping, clerical, and other managerial personnel will be within the Agent's sole discretion. The anticipated compensation, including fringe benefits, of all Capstone employees expected to perform on-site functions will be included in the annual operating budget provided to and approved by UFI, however Agent reserves the right to modify this compensation schedule within the confines of the Operating Budget in order to recruit and retain qualified staff for the facility.
 - c. UFI will reimburse the Agent for compensation, including fringe benefits, payable to all employees performing on-site functions, and for all local, state and Federal taxes, assessments (including but not limited to Social Security taxes, unemployment insurance, and worker's compensation insurance) and other expenses incident to the employment of such personnel to the extent that such are expenses that are described in Section 5.02(1) of Revenue Procedure 97-13 (the "Permitted Expenses"). Such reimbursements will be payable solely out of the Operating Fund and constitute Project expenses and will not be paid out of the Agent's fee or any funds of UFI.
 - d. The rental value of any dwelling units furnished rent-free to any employees of the Project will be treated as a cost of the Project.
 - e. Agent shall be an equal opportunity employer and shall conform to all applicable laws regarding employment. Agent further agrees to provide full information concerning its employment practices and procedures to any government agency having jurisdiction over such matters. Agent shall not engage in or permit discrimination against any person or groups of persons on the grounds of race, color, handicap, religion, national origin, age, or sex in any manner prohibited by the laws of the United States, or the State of Louisiana.
 - f. Agent and its employees will strictly adhere to all policies, procedures, and regulations of UFI and the University made applicable to the Project (including but not limited to parking, smoking, security and drug and alcohol policies) while on either UFI or University premises.
- (h) **Disbursements From Operating Fund.** Rental proceeds shall be applied to the Operating Fund (as defined in the Trust Indenture) in accordance with Section 3.2(b). From the funds in the Operating Fund, the Agent will make (to the extent funds are

available and that such are Permitted Expenses) the following disbursements promptly when payable in the following priority:

1. Reimbursement to the Agent for compensation payable to the employees and for the taxes and assessments payable to local, state and Federal governments and other expenses in connection with the employment of such personnel, and
2. All sums otherwise due and payable by UFI as expenses of the Project authorized to be incurred by the Agent under the terms of this Agreement, and
3. Compensation payable to the Agent pursuant to Section 10 below.

(i) **Budgets.** Annual operating budgets for the Project will be submitted to UFI by Agent for approval not less than ninety (90) days prior to the commencement of the Lease Year in question; with the exception that rental rates for the following academic year may be submitted for approval prior to this date to allow for sufficient time to properly market the Project. The first Lease Year begins July 1, 2004. Each Lease Year thereafter will begin on the immediately following June 30th of the next year. Among other items, the budget shall reflect the number of employees to be employed by the Agent, the compensation and fringe benefits for such employees, compensation, advertising and other promotional expenses, maintenance expenses, utility costs, costs for supplies and insurance expenses. The budget shall indicate the amount to be expended for each line item on a monthly basis. In the event UFI and Agent are unable to agree on any portion of the annual operating budget for any particular Lease Year, then that portion of the annual operating budget for such Lease Year shall be the actual annual costs of the preceding Lease Year multiplied by the change in the U.S. Department of Labor, Consumer Price Index, as published in The Wall Street Journal, from the first day of the preceding Lease Year to the first day of such Lease Year.

(j) **Records and Reports.** The Agent will have the following responsibilities with respect to the records and reports:

The Agent will establish and maintain a comprehensive system for records, books and accounts including, but not limited to, records covering all tenants/residents living on campus, records tracking all inventory purchased and used in connection with the Project and records of all maintenance and repairs performed on behalf of the Project. Agent shall maintain an archive of all such records in accordance with University policy, state law, and federal law. Agent shall process invoices in a timely manner to benefit from discounts offered by vendor. The Agent shall allow to UFI any rebate or discount which the Agent shall obtain.

1. All records, books and accounts will be subject to examination at reasonable hours by any authorized representative of UFI.
2. The Agent shall provide UFI with unaudited financial reports for the Project on a monthly basis. Such financial reports must include a balance sheet, a report of income and expenditures, and a statement of cash flows in sufficient detail to indicate the financial condition of the Project. In addition, within one hundred twenty (120) days of the end of each fiscal year, Agent

shall provide UFI with a certified annual financial report containing a balance sheet, income statement and statement of cash flows, audited by and prepared by the certified public accountant in accordance with generally accepted accounting and auditing principles. With respect to each fiscal year ending during the term of this Agreement, the Agent will have the annual financial report prepared by a Certified Public Accountant or other person acceptable to UFI. Compensation for the preparer's services will be paid out of the Operating Fund, as an expense of the Project.

3. On a monthly basis, the Agent will provide to UFI a statement of receipts and disbursements, balance sheet, general ledger, and comparison of budget to actual for the prior month and for the fiscal year to date.
 4. The Agent shall provide to UFI a Collection Activity Report on a monthly basis, providing detailed information on its steps to collect outstanding rent payments due, including the use of outside credit collection companies, civil suit for rent payments, eviction proceedings and landlord lien actions, if any.
- (k) **Specific Management Practices.** The Agent shall provide management services for the Project in accordance with UFI and University guidelines and industry standards, including, but not limited to, services related to: student staff coordination, key management, customer service, student contract issuance, and summer programs.
- (l) **Evaluation of the Project's Performance.** UFI and the University shall evaluate the performance of the Project on an annual basis. The criteria to be used in such evaluation (the "*Evaluation Criteria*") shall be determined by mutual agreement of the Agent and UFI and the University (in a timely manner) after the end of each fiscal year. The results of the annual evaluation shall be reviewed by UFI and the University, and the Agent, and, to the extent performance deficiencies are noted, shall use their best efforts to cure such performance deficiencies.
- (m) **Confidentiality.** The Agent understands and agrees that all personal information concerning the residents and students of which it becomes aware or is exposed to while performing the services under this Agreement is to be kept confidential. Agent will neither use nor disclose such information except as may be required by law, as directed to do so by UFI or the University, or as necessary to fulfill its obligations of management under this Agreement.
- (n) **Liens.** Agent shall not allow or suffer any liens to be placed upon the Project. Agent shall require contractors performing any material work on the Project to provide lien waivers or other, suitable documentation as necessary to keep the Project clear of liens. Agent shall reimburse UFI the cost of any legal fees required to clear any liens, which are placed or maintained due to Agent's violation of this Section.

Section 3.2 Provision of Services by Agent Utilizing University Services:

- (a) **Deposits.** The Agent will supervise the collection, deposit and disbursement of advance reservation deposits and security deposits, if required, in accordance with the terms of each tenant's lease and the laws of Louisiana applicable to such deposits. All such deposits will be deposited in an account, separate from all other accounts and funds. All personnel of Agent having contact with deposits shall be bonded through a carrier acceptable to UFI.
- (b) **Collection of Rents and Other Receipts.** When due, the Agent will supervise the collection of all rents, charges and other amounts receivable on UFI's account in connection with the management and operation of the Project. Rent will be collected by the Agent and deposited to a deposit only account in a financial institution selected by UFI in the geographic vicinity of the housing community. Local staff will have no check writing privileges for this depository account. All collected revenue is to be transferred on a daily basis to the trustee for the Bonds (the "Bonds") issued to finance the Project, or UFI who will hold the money in a separate revenue account.

The Agent shall open and maintain another account in the Project's name for the payment of expenses of operating the Project ("Operating Fund") at such bank as it may choose. Funds will be deposited therein in accordance with student housing financing documents.

- (c) **Risk of Loss.** The risk of loss of deposits from the time when payments are received until the deposit is made in the depository bank shall be Agent's risk.
- (d) **Maintenance and Repair.** The Agent will use its commercially reasonable best efforts to maintain the Project in good repair, including but not limited to cleaning, painting, decorating, plumbing, carpentry, grounds care and such other maintenance and repair work as may be necessary, subject to any limitations imposed by UFI and in addition to those contained herein. Incident thereto, the following provisions will apply:
 - 1. Special attention will be given to preventive maintenance. The Agent will develop a comprehensive preventive maintenance schedule which provides for periodic inspection and servicing of mechanical, electronic, waterproofing, roofing and cosmetic components to the project according to a schedule acceptable to UFI. Agent may contract with qualified independent contractors for preventative maintenance and repair work but shall be responsible to UFI for documentation of compliance with the preventive maintenance schedule. Whether Agent performs the work or subcontracts it, Agent will be responsible for assuring that all preventative maintenance procedures are conducted as required for the proper upkeep of the Project.
 - 2. Agent shall review and approve all invoices for maintenance and repair expenses subject to reimbursement or payment by UFI or designated Trustee. Agent shall process these Invoices in a timely manner to benefit from discounts offered by any third party vendor. The Agent shall allow to UFI any rebate or discount which the Agent shall obtain.
 - 3. The Agent will systematically and promptly receive and investigate all service requests from tenants/residents, take such action thereon as may be justified and will keep records of the same. Complaints of a serious nature, which may negatively

affect the financial performance of the property, will be reported to UFI after investigation.

4. The Agent will be authorized in accordance with the annual operating budget prepared by Agent and approved by UFI to purchase materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair of the Project.
 5. The Agent will reflect in the annual operating budget supplied to and approved by UFI, those certain amounts to be reserved in a reserve account. No withdrawals will be made from the Reserve Account for repairs and maintenance without the prior written consent of UFI.
 6. Agent will prepare and regularly update an inventory of materials, equipment, tools, appliances, and supplies purchased for the Project, none of which may be used by Agent for any purpose unrelated to the Project.
- (e) **Utilities and Services.** As approved by UFI, the Agent will contract with the University (or a third party contractor, if necessary) for water, electricity, gas, cable television, telephone service, Internet, sewage, trash disposal and vermin extermination. The expenses incurred for utilities and services will be paid out of the Operating Fund as Project Expenses.
- (f) **Student Conduct.** The Agent shall work with the University to hold all residents accountable to the University's Code of Student Conduct and all other University policies, procedures, regulations and guidelines.
- (g) **Law Enforcement.** The University shall provide law enforcement services through the University's Police Department.
- (h) **Food Service.** The University shall provide food services, including meal plans, through the University's designated Food Service Program provider.

Section 4. Administrative and Supervisory Expenses. All administrative and supervisory salaries and expenses and other management overhead expenses (other than expenses for on-site employees and pro-rata cost for Regional Manager) will be borne by the Agent out of its own funds and will not be treated as Project expenses. However, when it is to the financial benefit of the Project, normal on-site duties and expenses (including but not limited to staff, bookkeeping, accounting services, clerical, office supplies and equipment, telephone and postage) may, with the prior approval of UFI, be performed off-site and paid for and treated as Project expenses.

Section 5. Management Overhead Expenses. Management overhead expenses which will be borne by the Agent out of its own funds and which will not be treated as Project expenses shall include:

- (1) compensation of central office or off-site personnel employed or contracted by the Agent (with the exception of the Regional Manager),
- (2) rent for off-site offices utilized by the Agent; telephone and utility charges incurred at such offices; office supplies; rent for and repair and maintenance of office machines used at such offices; postage used at such offices any rental for or allocation of depreciation or amortization of any properties owned by or leased by the Agent and used in the performance of its duties hereunder,
- (3) premiums for fidelity bonds on the Agent's employees not associated with the Project, and

- (4) premiums for general liability, worker's compensation, or other such insurance carried by the Agent not associated with the Project.

Section 6. Fidelity Bond. All employees of the Agent who handle or are responsible for the safekeeping of any monies of UFI are to be covered by a fidelity bond with Agent as Loss Payee in an amount of not less than \$100,000.00 (One Hundred Thousand Dollars) with a company determined by the Agent, but approved by UFI, such approval to not unreasonably be withheld.

Section 7. On-Site Management Facilities. The Agent shall maintain a rental and leasing management office for the Project at the Project, and UFI will make no rental charge for the same. All office expenses for this office will be borne by the Project.

Section 8. Indemnification. Agent agrees to indemnify and hold harmless UFI and University, including their officers, directors, employees and agents, against all claims, losses, damages, liabilities costs or expenses (including, without limitation, reasonable attorney's fees and costs of litigation and or settlement), arising from Agent's breach of this Agreement, gross negligence or intentional wrongful acts with respect to the Project. UFI agrees to indemnify and hold harmless Agent including its officers, directors, employees and agents, against all claims, losses, damages, liabilities costs or expenses (including, without limitation, reasonable attorney's fees and costs of litigation and or settlement) arising from UFI's breach of this Agreement, gross negligence or intentional wrongful acts with respect to the Project. Neither party shall have a duty to indemnify or hold harmless the other from third-party fault unless that fault is attributable in fact or in law to the conduct of a party.

Section 9. Insurance. Agent will maintain general liability insurance written on the Standard Approved Comprehensive General Liability Policy Form naming both the Agent, UFI and University as Joint Assureds with limits of liability of not less than \$1,000,000 per occurrence, combined single limit, bodily injury including death, property damage liability and coverage for personal injury, blanket contractual liability and product liability. The policy shall also be endorsed with the Personal Injury Endorsement and the Accident Defined Endorsement. Any premiums as a result of this policy will be permitted operating expenses and included in the annual budget. Agent will also contract for Workers Compensation and Employee's Liability, with minimum statutory limits, Crime, and Employment Practices and Umbrella and Business Income (Loss of Rents) Coverages as expenses of the Project. Other insurance (Property & Casualty, UFI's General Liability, UFI's Crime, Mold and UFI's Umbrella) may also be paid from Project funds by including premium amounts in the Annual Budget. Comprehensive Automobile Liability (including owned, non-owned, and hired) with minimum limits of \$1,000,000 each occurrence, single limit, bodily injury including death and property damage liability.

The Agent shall furnish UFI and University with a certificate showing that such insurance is in effect and the protection afforded under the policy will not be canceled or reduced until at least ten (10) days prior notice is sent to the University by the insurance company, such notice being sent by registered mail.

UFI shall be entitled to name the Agent of Record and select the carrier or carriers for the coverages required under this Section.

Section 10. Agent's Compensation. The Agent will be compensated for its services under this

Agreement as follows:

- (a) For the period commencing July 1, 2004 and ending on June 30, 2009, the Management Fee shall be \$220,000 per year, payable in monthly installments.
- (b) The fee owed to the Agent will be paid on a monthly basis out of the Receipts Fund, on the twenty-fifth (25th) day of each month.
- (c) Compensation to agent is subordinate to other debt as outlined in associated financial documents.

Section 11. Environmental Matters. The Agent shall adhere to any applicable Federal, State, or Local "Hazardous Materials Laws".

Section 12. Compliance with Laws. Agent and its employees and subcontractors, shall perform all of the services under this Agreement in compliance with all applicable rules, regulations, orders, determinations, ordinances or laws of any federal, state or municipal authority.

Section 13. Limitations on Agent's authority. Notwithstanding, the authority granted to the Agent in the foregoing provisions of this Agreement, the Agent shall not have the authority and shall not do any of the following:

- (a) Enter into any contract, which is not cancelable by UFI on ninety (90) days notice, without UFI's written consent;
- (b) Enter into any contract or agreement whose cost; either in a single payment or group of payments exceeds \$10,000.00 without UFI's written consent unless budgeted funds are available in the current year approved Operating Budget;
- (c) Agent shall have the authority to enter into any contract or group or series of related contracts that are within the parameters of the budgets, funds and/or accounts referenced herein;
- (d) Institute any legal action, other than eviction proceedings, without UFI's written consent;
- (e) Expend or commit any funds other than as approved by UFI pursuant to the budget submitted by the Agent as aforesaid;
- (f) Execute any deed, note, mortgage or security agreement binding on UFI; or
- (g) Obligate UFI for any liability under any Project contracts, tenant leases, or otherwise for any liability beyond its interest in the Project.

Section 14. Rights of UFI. Notwithstanding the authority granted to UFI or the Agent in the foregoing provisions of this Agreement, UFI shall have the authority to enter into any contract or group or series of related contracts that are within the parameters of the budgets, funds and/or accounts referenced herein and institute any legal action instead of the Agent if it is in the best interests of the Project and mutually agreed upon by UFI and the Agent.

Section 15. Assignment. Except as a requirement of UFI's financing under its Trust Indenture, UFI shall not have any right to transfer, assign, pledge or hypothecate any of its rights, duties or obligations under this Agreement and any attempt to do any of the foregoing shall be null and void and of no force or effect, nor shall Agent.

Section 16. Term of Agreement. This Agreement shall be in effect for a period beginning August 1, 2004 and ending June 30, 2009, after which it may be renewed for two (2) consecutive two (2) year terms upon agreement by the Agent and UFI.

Section 17. Performance Review and Termination. The performance of Agent shall be subject to an annual performance review in accordance with the performance matrix provided in Exhibit B, attached hereto. Failure of Agent to maintain a satisfactory evaluation on the annual performance review shall be grounds for termination of the Agreement.

This Agreement may also be terminated in accordance with the following conditions:

- (a) Except as hereinafter provided, in the event a petition in bankruptcy is filed by or against either UFI or the Agent, or in the event either makes an assignment for the benefit of creditors or takes advantage of any insolvency act, the other party may terminate this Agreement upon written notice to the other.
- (b) Either UFI or the Agent may terminate this Agreement by written notice to the other party in the event that the other party breaches its obligations, duties or covenants under the terms of this Agreement. Such notice shall specify the nature and scope of the claimed breach of this Agreement and shall provide the defaulting party with the right to cure the claimed breach within ninety (90) days of the receipt thereof. If the claimed default is not cured to the reasonable satisfaction of the non-defaulting party within the cure period, this Agreement shall terminate. The non-defaulting party shall also have the right to seek damages and exercise such other remedies as may be provided by law or in equity against the defaulting party.
- (c) Upon termination, the Agent will submit to UFI and the University financial statements (as described in subsection 3.1(i)) reasonably requested by UFI. The termination of this Agreement shall not affect the rights and obligations of the parties hereto as set forth herein as to matters, events, obligations and duties that pertained or accrued prior to the date of termination.
- (d) The Agent will promptly turn over to UFI all of the Project's cash, trust accounts, investments and records upon termination of this Agreement. UFI shall have the right at its expense to audit the accuracy of such books and records either by itself or through the accountants of its reasonable choosing. In such event, Agent will reasonably cooperate with the audit and provide such background information on the preparation and detail of the records as may be reasonably requested.

- (e) Upon termination of this agreement, UFI and the Agent shall jointly conduct a physical inventory of all expendable and capital equipment and inspect the premises. At that time, the Agent shall surrender the buildings and expendable and capital equipment to UFI in as good a condition as at the start of the agreement, except for ordinary wear and tear or loss and damage by fire and other perils covered by UFI's fire and extended coverage policy, acts of God, and theft by persons other than the employees. During each fiscal year, authorized representatives of UFI, University, and Agent will conduct jointly a physical inventory and certify that all capital equipment is in place and good condition except for ordinary wear and tear.
- (f) If UFI or the Agent for any reason terminates the contract, the Agent must continue the operation of the student housing facilities and resident student life programs until a new contractor can be selected provided this period shall not exceed six (6) months.

Section 18. Representations.

- (a) **Agent.** The Agent represents and warrants that it is qualified to do business in the state of Louisiana, is in good standing in the state in which it is organized and in the State of Louisiana, has obtained all licenses required or necessary for the performance of the manager functions and other obligations under this Agreement, is solvent, and has taken all necessary corporate action to approve the execution and delivery of this Agreement.
- (b) **UFI.** UFI represents and warrants that it is qualified to do business in the State of Louisiana, is in good standing in the state in which it is organized and in the State of Louisiana, has obtained all licenses required or necessary for the performance of its obligations under this Agreement, is solvent, and has taken all necessary corporate action to approve the execution and delivery of this Agreement.

Section 19. Interpretative Provisions.

- (a) This written Agreement and attachments hereto (if any) constitute the entire and complete agreement between the parties hereto and supersede any prior oral or written agreements between UFI and Agent with respect to the Project. It is expressly agreed that there are no verbal understandings or agreements which in any way change the terms, covenants and conditions herein set forth, and that no modification of this Agreement and no waiver of any of its terms and conditions shall be effective unless made in writing and duly executed by UFI and Agent.
- (b) This Agreement has been executed in several counterparts, each of which constitutes a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any of the other counterparts.
- (c) As used herein, whenever appropriate, the masculine gender shall be construed to mean the feminine or neuter gender, or both of them; the feminine gender shall be construed to mean the masculine or neuter gender, or both of them, and the neuter gender shall be construed to mean the masculine or feminine gender, or both of them.

- (d) As used herein, whenever expressed, the singular number shall be construed to mean the plural number and the plural number shall be construed to mean the singular number.
- (e) The paragraph headings or captions appearing in this Agreement are for convenience only, and are not to be considered in interpreting the Agreement.

Section 20. Notices. All notices or approvals required to be given hereunder shall be in writing and delivered personally or be certified mail, return receipt requested, and addressed as follows:

- (a) To UFI:

University Facilities, Incorporated
Attention: Stephen M. Smith, President
SLU Box 10709
Hammond, LA 70402
Telephone: 985.549.2282
Fax: 985.549.5095

With a copy to:

Steve Leon
Directory of Auxiliary Services
Southeastern Louisiana University
SLU 11850
Hammond, LA 70402
Telephone: 985.549.2094
Fax: 985.549.2321

- (b) To Agent:

Capstone On-Campus Management, LLC.
Attention: Douglas Brown
431 Office Park Drive
Birmingham, Alabama 35223
Telephone: 205.414.6439
Facsimile: 205.414.6405

Each mailed notice shall be deposited with the United States Postal Service, in registered or certified mail, return receipt requested, postage prepaid, properly addressed in the manner provided above. Each such notice shall be deemed to have been given to, or served upon, the party to whom delivered, upon delivery at the addresses provided above. Any party hereto may change its address for the service of notice hereunder by providing written notice of said change to the other parties hereunder, in the manner specified above, ten (10) days prior to the effective date of said change.

Section 21. Limitation on Liability.

- (a). Notwithstanding anything to the contrary in this Agreement, the liability of UFI under this Agreement will be 'non-recourse' except to the extent of UFI's interest in the Project and accordingly, no party shall have any right to obtain payment from any person or entity comprising UFI or from any assets of UFI other than the Project. If Agent shall recover any judgment against UFI in connection with this Agreement, Agent shall look solely to UFI's then interest in the Project for the collection or enforcement of any such judgment, and no other assets of UFI shall be subject to levy, execution or other process for the satisfaction or enforcement of such judgment, and neither UFI nor any person having an interest in UFI shall be liable for any deficiency.
- (b). Notwithstanding anything to the contrary in this Agreement, the liability of Agent under this Agreement will be 'non-recourse' except to the extent of the Agent's interest in the Project, including but not limited to, the fees payable to Agent hereunder, and accordingly, no party shall have any right to obtain payment from any person or entity comprising the Agent or from any assets of Agent other than its interest in the Project. If UFI shall recover any judgment against Agent in connection with this Agreement, UFI shall look solely to Agent's then interest in the Project for the collection or enforcement of any such judgment, and no other assets of Agent shall be subject to levy, execution or other process for the satisfaction or enforcement of such judgment, and neither Agent nor any person having an interest in Agent shall be liable for any deficiency.

Section 22. Applicable Law. This Agreement and all obligations hereunder shall be construed and interpreted under and in accordance with the laws of the State of Louisiana.

Section 23. Successors and Assigns. This Agreement shall be binding upon the parties hereto, their successors and assigns.

Section 24. Preservation of Tax Exempt Status. The Agent shall not take any action with respect to the Project that would adversely affect the tax-exempt status of UFI or the Bonds.

Section 25. Representations. All representations, warranties, obligations of indemnity or confidentiality set forth herein shall survive the termination or expiration of this Agreement for a period of two years thereafter.

Section 26. No Waiver. Any party to this Agreement, as to such party, may (a) extend the time for the performance of any obligations of the other party; (b) waive any inaccuracies and representations and warranties by the other party; (c) waive performance of any obligations by any other party; and (d) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations hereunder. Any such waiver must be in writing and signed by an authorized representative of the parties or party to such amendment or waiver. No such waiver shall be deemed to constitute the waiver of any other breach of the same or of any other terms or condition of this Agreement.

Section 27. Bond Insurer Provisions. It is understood and agreed that this Agreement is being entered into contemporaneously with the issuance by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") of certain Student Housing Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, Series 2004B and Series 2004C (the "Bonds"). The Bonds are being issued pursuant to a certain

Trust Indenture dated as of August 1, 2004 by and between the Issuer and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee") and the proceeds of the Bonds are being loaned to UFI pursuant to a certain Loan Agreement dated as of August 1, 2004 by and between the Issuer and UFI (the "Loan Agreement"). MBIA Insurance Corporation ("Bond Issuer") is issuing its financial guaranty insurance policies insuring regularly-scheduled payments of principal and interest on the Bonds (the "Insurance Policies"). In connection with the issuance of the Insurance Policies, Bond Insurer has required certain conditions regarding the manager of the Project. UFI and the Agent agree that, so long as any of the Bonds remain outstanding, the following provisions will be applicable to this Agreement and shall control any other provision of this Agreement to the contrary:

- (a) Bond Insurer has the right to direct a termination of this Agreement upon thirty (30) days prior written notice in the event that the Debt Service Coverage Ratio (as defined in the Loan Agreement) is less than 1.10 times for any two (2) consecutive Fiscal Years.
- (b) Bond Insurer has the right to direct UFI to remove the Agent from the Project or to terminate this Agreement upon the occurrence of an Event of Default (however defined) under the Indenture or the Loan Agreement.
- (c) The Agent shall deposit rents, charges and other amounts receivable on UFI's account (other than security deposits) with the Trustee in accordance with Section 4.8(j) of the Indenture and the Loan Agreement.
- (d) Payments to the Agent of the Agent's fee shall be made in accordance with Section 4.8(j) of the Indenture, it being understood by the Agent that the payment of the Agent's fee is subordinate to the payment of debt service on the Bonds, operational expenses of the Project and the payment of certain other fees, expenses and other priorities described in Section 4.8(j) of the Indenture.
- (e) The Agent shall not file an involuntary bankruptcy petition against UFI for failure to make any one or more payments of the Agent's fee.
- (f) This Agreement shall not be modified or amended in any manner without the prior written consent of Bond Insurer.
- (g) Termination of this Agreement by UFI shall require the prior written consent of Bond Insurer.
- (h) The Agent and UFI shall provide Bond Insurer with copies of any notices of default or termination under this Agreement to: MBIA Insurance Corporation, 113 King Street, Armonk, NY 10504, Attention: Insured Portfolio Management.
- (i) In the event the annual audit for any Fiscal Year shall reflect that the Debt Service Coverage Ratio is less than 1.10 for such Fiscal Year, Agent shall, within thirty (30) days of receiving notice from Bond Insurer, remit such portion of the Management Fee paid to Agent for such Fiscal Year (up to the total amount of the Management Fee paid to Agent for such Fiscal Year) as is necessary to cause the Debt Service Coverage Ratio to not be less than 1.10 for such Fiscal Year. To the extent Agent is required to remit any portion of the Management Fee for any particular Fiscal Year to cause the Debt Service Coverage Ratio for such Fiscal Year to be not less than 1.10, such portion of the Management Fee so remitted shall accrue and be paid out of

next following Fiscal Year(s) in which the Debt Service Coverage Ratio shall exceed 1.10. In fulfilling this obligation, in no event shall Agent be required to remit any sums other than Management Fees received during the Fiscal Year in which the Debt Service Coverage Ratio is less than 1.10 (including Management Fees previously paid for prior Fiscal Years or Management Fees to be paid for future Fiscal Years).

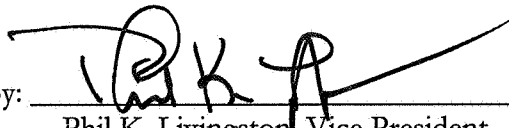
Section 28. Amendments. This Agreement may be amended by an instrument in writing signed by the Agent and UFI.

IN WITNESS WHEREOF, UFI and Agent by their duly authorized representatives have executed this Agreement on the date first above written.

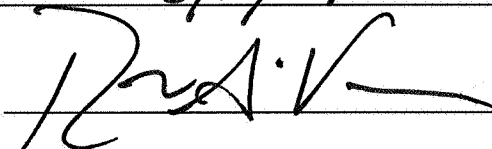
UFI:

University Facilities, Incorporated

[SEAL]

By: 
Phil K. Livingston, Vice President

Date: 8/12/04


Witness: 

Agent:

Capstone On-Campus Management, LLC

By: 
Michael A. Mouron, Chairman

Date: 8/11/04

Witness: 

The Board hereby executes below to evidence the Board's acknowledgment and approval of the entering into and execution of this Agreement by UFI, and the Board hereby approves all actions taken and to be taken by UFI in furtherance of its rights and obligations hereunder.

Board of Supervisors for the University of Louisiana
System, on behalf of Southeastern Louisiana University

By: Randy Moffett
Name: Randy Moffett
Title: President, Southeastern Louisiana Univ.

Witness: Elizabeth Ludeke

Exhibit "A"

Capstone Management & Southeastern Louisiana University Housing Management Responsibility Matrix

Administration			
Function	Capstone	Shared	University
Management and Facilities Staffing	X		
Service Desk Staffing	X		
Rental Agreement Writing, Preparation, Record Tracking, Rental Collection	X		
Application Process	X		
Rental Collection Assistance		X	
Rental Agreement Compliance	X		
Creation of Annual Budget - Asset Management	X		
Creation of Annual Budget - Residence Life	X		
On-Site Employee Compensation and Benefits - Asset Management	X		
On-Site Employee Compensation and Benefits - Residence Life	X		
Record and Book Keeping - Asset Management	X		
Financial Aid Disbursement Notification			X
Rate Approval			X
Mail Distribution			X
Evaluation of Property Manager Performance	X		
Room Assignments	X		
Insurance Maintenance	X		
Eviction Proceedings	X		

Programming			
Function	Capstone	Shared	University
Operation of Residential Life Program	X		
Staffing of Residential Life Program	X		
Training of Residential Life Program Staff		X	
Supervision of Residential Life Program Staff	X		
Liaison w/ Student Affairs Staff	X		
Judicial			
Function	Capstone	Shared	University
Incident Reports to Designated Southeastern Liaison	X		
Resident Behavioral Disputes Mediation	X		
Marketing			
Function	Capstone	Shared	University
Marketing Planning		X	
Collateral Material Approval		X	
Marketing Implementation	X		
Applications & Leasing	X		
Facilities			
Function	Capstone	Shared	University
Establishment of Preventative Maintenance Plan	X		
Maintenance Staffing	X		
Independent Maintenance Contractors	X		
Investigation and Repair of Service Requests	X		
Maintenance Supplies	X		

Negotiating Vendor Contracts - Service	X		
Negotiating Vendor Contracts - Revenue (except Soft Drink & Snack)	X		
Data/Communication Services for Property			X
Grounds Maintenance (including litter)	X		
Parking Lots - Maintenance, Lighting, Cleanup	X		
Parking Lots - Parking Enforcement, Security, Periodic Vacuuming			X
Other			
Function	Capstone	Shared	University
Summer Conference Promotion, Contracting, Programs (Continuing Education is Clearinghouse)			X
Summer Conference Asset Management (Facility Support)	X		
Summer Conference Liaison & Behavior Monitoring	X		

End of Exhibit A

Exhibit B
Evaluation Criteria

For

Capstone Management

Evaluation

Raw Score	4	3	2	1
	Strongly	Agree	Disagree	Strongly
	Agree			Disagree

<i>Weight</i>	<i>Measure for Management and Operation of the Project</i>	<i>Raw Score</i>	<i>Weighted Score</i>
<i>.50</i>	<i>Property Manager Staffing was maintained at levels indicated by the Management Agreement</i>		
<i>1.0</i>	<i>Resident Satisfaction is assessed, reported and, if necessary, concerns are addressed</i>		
<i>1.5</i>	<i>Marketing efforts are Successful</i>		
<i>2.0</i>	<i>Rental/Leasing Activity is performed according to the Management Agreement</i>		
<i>1.0</i>	<i>Records are maintained and activities are reported according to the Management Agreement and bond documents.</i>		
<i>1.0</i>	<i>The Property is adequately Maintained and Repaired</i>		
<i>2.0</i>	<i>The Budget was submitted and followed according to the bond documents and Capital Improvements are addressed accordingly</i>		
<i>1.0</i>	<i>Manager's actions have been within the granted authority</i>		
<i>10.00</i>	<i>Total Score</i>		

The Executive Director and three Policy Committee Members not representing the Property Manager will score each of the above 8 measures from 1-4. The raw scores will be combined and will result in a total possible raw score in each area between 4 and 16. A raw score of less than 75% of the total eligible raw score for that factor will be considered a deficiency. An action plan may be developed by the Property Manager to address any deficiencies. The total Weighted Score will then be calculated with a total possible score between 40 and 160 to measure overall performance. An overall score of less than 120 will be considered a deficiency.

Submitted by _____ on _____ date.

- i. Specific quantifiable data to be gathered:
 - Fiscal Year budgets (annual & monthly)
 - Audited Financial Statements
 - Staff List
 - Occupancy reports
 - Capital Improvement Plan
 - University Police

- Marketing Plan
- ii. Specific practices by which data is to be gathered
- Qualitative: Through a Resident Satisfaction Matrix consisting of three main functions; Programs, Facilities, and Services.

Evaluation Criteria for Site Name Management Agreement

The following criteria are suggested for evaluation of the management based upon the Management Agreement between the Owner and the Manager. Criteria are listed by section as outlined in the Management Agreement.

Management and Operation of the Project

I. Staffing Considerations

1. Management met the requirement for having the minimal staffing, as outlined in this section of the project.
2. There is at least one General Manager (GM) on site, and that person's performance is adequate.
3. There is at least Community Assistant (CA) for every 75 beds.
4. There is one live-in Assistant General Manager, (AGM) on site, and that person's performance is adequate.
5. Management offers an adequate number and mix of programs per year. Management has provided a list of programs offered along with supporting information such as attendance, evaluation and content materials.
6. The performances of the CA's are adequate.
7. The staff are responsive to the residents and the Owner, as well as to the University
8. The staff enforces the terms of the lease.
9. The staff enforces the terms of the management agreement and implement, as appropriate.
10. The GM and AGM enforces the terms of the management agreement and implements as appropriate.
11. Management employees strictly adhere to all policies, procedures, and regulations of the Owner as approved by the Policy Committee while on the Owner's premises.

Comments on Section I, Staffing:

II. Management Practices and Resident Satisfaction Considerations

12. Management provides a high level of customer services to the student residents.
13. Management provides diversity training for employees.
14. Management at least yearly conducts a satisfaction assessment of residents and results are conveyed to the Owner and University.
15. Management has developed and implemented an action plan to respond to issues and concerns noted in the satisfaction assessment of residents.
16. Residents express a high level of overall satisfaction with on-campus living
17. Residents' level of academic performance compared to the all-University performance level is satisfactory.

Comments on Section II, Management Practices and Resident Satisfaction:

III. Marketing

18. The Owner and the University are is satisfied with Management's level of marketing efforts.

19. The print materials are of high quality and likely to attract residents to the property.

20. Marketing campaigns contribute to a high level of occupancy.

21. Marketing activities are coordinated with those of the University

22. The Agent develops a thorough annual marketing plan.

23. The Agent adheres to the marketing plan.

Comments on Section III, Marketing:

IV. Rental Considerations

24. Management adheres to the student resident selection policies.
25. Management provides training to the on-site staff to show on-campus housing facilities to prospective student residents and to learn leasing procedures as specified in the leasing plan.
26. Management supervises taking and processing of applications for student rentals and coordinates this activity with the University.
27. Management adequately prepares and executes all student-housing leases for on-campus housing facilities in a form approved by the Owner and the University.
28. Management adequately supervises the collection, deposit, and disbursement of advance reservation deposits and security deposits, if any, in accordance with the terms of each student resident's lease and the laws of Louisiana applicable to such deposits.

Comments on Section IV, Rentals:

V. Records and Reports Considerations

29. The manager has established and maintained a comprehensive system for records, books, and accounts including student residents; inventory tracking of purchases; and maintenance and repairs.
30. Records are available for examination at reasonable hours by authorized representatives of the Owner and University.
31. Unaudited quarterly financial reports submitted to the Owner and University includes a balance sheet, a report of income and expenditures, and a statement of cash flows.
32. The annual financial report, audited by a certified public accountant, has been provided to the Owner containing a balance sheet, and income statement, and a statement of cash flows within 60 days of the end of the fiscal year.
33. The manager provides a statement of receipts and disbursements, a balance sheet, a general ledger, and a comparison of budget to actual for the prior month and for the fiscal year-to-date on a monthly basis, to the Owner.

Comments on Section V, Records and Reports:

VI. Maintenance and Repair Considerations

34. The manager systematically inspects facilities and promptly receives, investigates, and records all service requests from student residents and takes actions justified.
35. Complaints of any serious nature have been reported to the Owner and University after investigation.
36. In accordance with the Annual Budgets, the manager has purchased all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repair of the project.

Comments on Section VI, Maintenance and Repair:

VII. Budgets and Capital Improvement Considerations

37. Manager has made satisfactory and successful arrangements for water, electricity, gas, telephone, data, CATV, sewage, and trash disposal, vermin extermination, and landscape care.
38. All annual budgets have been submitted in accordance with the Management Agreement, including number of employees, compensation, advertising and promotional expenses, maintenance expenses, utility costs, supply costs, insurance expenses, and funding during shortfall periods.
39. The annual budgets indicate the amount to be expended for each line item on a monthly basis.
40. The manager met the projected debt service coverage ratio.
41. The manager met the gross revenue projections for the project.
42. The manager made the minimum projected occupancy projection percentage for the project, as noted in the pro forma.
43. The manager prepares a proposed Student Housing Capital Budget Plan relating to proposed capital expenditures for building, grounds, and furniture for consideration as a part of the annual budget process.
44. Any capital expenditure that exceeded \$25,000 has been awarded on the basis of a competitive bid process acceptable to the Owner and University.
45. The Manager gives the Owner and University advance notification of any proposed work done in accordance with the Capital Budget Plan.

Comments on Section VII, Budgets and Capital Improvements:

VIII. Limitations on Manager's Authority

46. The manager has not entered into any contract that is not cancelable on thirty (30) days' notice.
47. The manager has not entered into any contract, group, or series of related contracts that, in the aggregate, requires total payments in excess Of Ten Thousand Dollars (\$10,000), subject to CPI adjustment.
48. The manager has not instituted any legal action, other than eviction proceedings.
49. The manager has not expended or committed any funds other than as approved by the Owner and University pursuant to the budget submitted by the Manager as aforesaid.
50. The manager has not executed any deed, note, mortgage, or security agreement binding on the Owner or University.
51. The manager has not entered into any student resident lease or other contract on behalf of the Owner that would obligate the Owner for any liability beyond its interest in the Project, shall not sell, transfer, or otherwise dispose of all or any portion of the Project other than dispositions of minor property in the ordinary course of business.
52. The manager has not committed or permitted waste of the Project.
53. The manager has not made a Lease or grant of any concessions for any commercial operation of the Project, except with Owner's and University's written approval.
54. The Manager has not taken any action that would adversely affect the Tax-Exempt status of the Owner or University.

Comments on Section VIII, Limitations on Manager's Authority:

End of Exhibit B

SOUTHEASTERN LOUISIANA UNIVERSITY
STUDENT HOUSING FACILITIES
PROJECT DEVELOPMENT AGREEMENT

dated as of the 1st day of August, 2004

by and between

UNIVERSITY FACILITIES, INC.

and

CAPSTONE DEVELOPMENT CORP.

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**SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING FACILITIES
PROJECT DEVELOPMENT AGREEMENT**

PREAMBLE

This Southeastern Louisiana University Student Housing Facilities Project Development Agreement (this "Agreement") is made as of the 1st day of August, 2004 (the "Effective Date") by Capstone Development Corp., an Alabama corporation ("Developer"), and University Facilities, Inc., a Louisiana non-profit corporation (the "Foundation").

RECITALS

A. Southeastern Louisiana University ("SELU") has requested that the Foundation assist it in providing student housing on its campus.

B. In order to provide such assistance, the Foundation wishes to engage Developer as provided herein to develop new student housing by causing the demolition of certain existing residence halls, the renovation of a residence hall, and the development and construction of residence halls, all on the campus of SELU in the city of Hammond (the "City"), Tangipahoa Parish (the "Parish"), Louisiana.

C. Such demolition, renovation and development and construction of student housing shall be in the form of: (i) the Project – Phase I; (ii) the Project – Phase II; and (iii) the Project – Phase III (each as defined in Exhibit 1) (the Project – Phase I, the Project – Phase II and the Project – Phase III are sometimes referred to hereinafter individually as a "Project Phase" and collectively as the "Project").

D. In connection with the development of the Project – Phase I and the Project – Phase II, the Foundation will, pursuant to the Ground Lease (attached as Exhibit 2) ground lease from SELU certain property currently on the campus of SELU, and in connection with the development of the Project –Phase III may ground lease certain other property included within its campus (defined collectively in Exhibit 1 as the "Project Site") on which the Project is to be constructed, and the Foundation will enter into an agreement (the "Management Agreement") (attached as Exhibit 23) with Capstone On-Campus Management, LLC (the "Manager") under which the Manager will operate the Project to house students at SELU.

E. Construction and development costs of the Project – Phase I, the Project – Phase II and the Project – Phase III are to be funded by the Foundation becoming the obligor under a bond issuance consisting of \$60,985,000.00 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds"), \$15,000,000.00 in aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds") and \$925,000.00 in aggregate principal amount of the Louisiana Local Government Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bond"). The Series 2004A Bonds, the Series 2004B Bonds and the Series 2004C Bonds are sometimes hereinafter collectively referred to as the "Bonds", and the closing of the financing for the Bonds is sometimes referred to hereinafter as the "Bond Financing").

F. Payment of the principal of and interest on the Bonds (as defined herein) when due shall be insured by the form of credit enhancement issued by the Credit Enhancer (as defined herein) simultaneously with the delivery of the Bonds. Pursuant to the Indenture, the Credit Enhancer or its designee shall have the right to review and approve requests by the Foundation for the release of certain funds from the proceeds of sale of the Bonds to be used for financing the Project in a manner consistent with this Agreement.

G. The Foundation requires each Project Phase to be completed on a turnkey basis by the Guaranteed Date (as defined herein) for such Project Phase, and further requires each Project Phase not to cost more than the Guaranteed Maximum Price (as defined herein) for such Project Phase, all in accordance with and subject to the terms and conditions of this Agreement.

H. Developer is an experienced manager of planning, development, design, finance, construction and equipping of public and private post-secondary student housing and related projects.

I. SELU requested Project proposals from interested developers with respect to the Project. SELU selected Developer for the Project, and the Foundation and Developer (each a "Party," and together the "Parties") have negotiated, and SELU has approved the terms of, this Agreement.

J. Developer is committed to completing each Project Phase substantially in accordance with the plans and specifications therefore on a turnkey basis by the Guaranteed Date for such Project Phase in return for the Guaranteed Maximum Price for such Project Phase, all in accordance with and subject to the terms and conditions of this Agreement.

K. The Parties wish to enter into this Agreement to set forth their respective rights and obligations concerning the Project.

NOW, THEREFORE, in consideration of the mutual covenants and agreements in this Agreement, the Parties agree as follows:

I. Introduction.

A. The Preamble, Recitals, and Exhibits 1 through 23 are part of this Agreement and are incorporated herein by reference. The Exhibits are as follows:

Exhibit 1	Defined Terms
Exhibit 2	Ground Lease
Exhibit 3	Project Description-Phase I
Exhibit 4	Project Description-Phase II
Exhibit 5	Project Description- Phase III
Exhibit 6	Plans and Specifications – Phase I
Exhibit 7	Plans and Specifications – Phase II
Exhibit 8	Plans and Specifications – Phase III
Exhibit 9	The Services
Exhibit 10	Development Budget – Phase I and Phase II
Exhibit 11	[intentionally left blank]
Exhibit 12	Development Budget – Phase III
Exhibit 13	Project Schedule – Phase I

Exhibit 14	Project Schedule – Phase II
Exhibit 15	Project Schedule – Phase III
Exhibit 16	Developer’s Insurance
Exhibit 17	Principal Consultants’ Insurance
Exhibit 18	Payment and Performance Bond
Exhibit 19	[intentionally left blank]
Exhibit 20	Dispute Resolution
Exhibit 21	Cost Savings Compensation
Exhibit 22	[intentionally left blank]
Exhibit 23	Management Agreement

Developer and the Foundation agree that certain of the Exhibits will be completed or modified subsequent to the execution hereof. All such exhibits shall be agreed upon by the Parties, subject to the consent of SELU, shall be executed by both Parties to indicate their agreement thereto and shall be attached to this Agreement.

B. Capitalized terms used in this Agreement are defined in the text or in Exhibit 1.

II. The Project.

A. The various Project Phases are generally described in Exhibits 3, 4 and 5, respectively. Such description includes a general description of all development, design and construction of improvements required to be made on the Project Site, including the following:

1. Architectural and engineering design;
2. Construction-related requirements; and
3. New construction of student housing and related facilities.

B. The list of Plans and Specifications-Phase I as approved by SELU and the Board Representative are attached as Exhibit 6. The Plans and Specifications-Phase II shall be finalized, agreed to by SELU and the Parties, and attached hereto as Exhibit 7 prior to the commencement of construction on the Project-Phase II, and the Plans and Specifications-Phase III shall be finalized, agreed to by SELU and the Parties, and attached hereto as Exhibit 8 prior to the commencement of construction on the Project-Phase III.

C. It is contemplated that the Commencement Date for the Project-Phase II will occur prior to the Substantial Completion of the Project-Phase I, and that the Commencement Date of the Project-Phase III may occur prior to the Substantial Completion of the Project-Phase II. In no event shall the Substantial Completion of any Project Phase hereunder be a condition precedent to the closing of financing for, and the occurrence of the Commencement Date for, any other Project Phases. The financing for the Project – Phase I and the Project – Phase II shall be separate from the financing for the Project – Phase III, and the financing for the various Project Phases and the construction thereof may run concurrently from time-to-time during the term of this Agreement.

D. SELU, the Board staff, the Foundation and the Trustee each may inspect and monitor the Project and the Services at any time, upon reasonable prior notice to Developer. However, SELU, the Foundation and the Trustee, as applicable, must sign in with Developer, Developer’s representative or the General Contractor at the Project Site and follow Developer’s safety

regulations in all respects. No such inspections or monitoring shall be permitted to cause any delays in the progress of the development of the Project. In the event any such inspections or monitoring shall cause any delays in the progress of the development of the Project, the Guaranteed Date of completion of the applicable Project Phase shall be extended by the number of days of such delay, provided that any such claimed delays must be noticed by Developer to the Foundation within fourteen (14) days after the event causing any such delay.

III. Developer's Turnkey Services.

- A. In return for the Foundation's commitment in this Agreement to pay Developer the Guaranteed Maximum Price for each Project Phase, Developer shall perform the Services and deliver each finished Project Phase to the Foundation on a turnkey basis at a total cost to the Foundation not greater than the Guaranteed Maximum Price for each such Project Phase, subject to change orders as contemplated in Section XXI and as otherwise provided herein.
- B. Developer shall provide the Services generally described in Exhibit 9, which shall include all design, development and construction services necessary to complete the Project, the services the Foundation is obligated to cause the Developer to perform under the Ground Lease, any other services specifically contemplated to be performed by the Foundation under the Ground Lease (to the extent they pertain directly to the design, development and construction of the Project) and other services directly related to the Project which are customarily and reasonably within the general scope of the Services and Developer's responsibilities.
- C. Developer may contract with any qualified Consultant to perform any one or more of the Services, provided, however, regardless of how Developer may contract for or obtain any services, labor or materials in connection with the development of the Project, the Developer has responsibility for the completion of the Project as set forth in the Plans and Specifications, within the time period set forth herein, and at a cost not to exceed the Guaranteed Maximum Price for each Project Phase, except as specifically provided herein.
- D. Developer shall perform the Services in accordance with the standard of care and expertise normally employed by development firms performing similar services, and all duties under this Agreement shall be measured and interpreted in accordance with such standard of performance.
- E. Developer shall cause to be warranted by the General Contractor that each completed Project Phase will be of first class quality, will be in conformity with the Construction Documents, and free of material defects in workmanship and materials for 12 months after Final Completion of such Project Phase, and Developer shall cause the General Contractor to repair or replace any defective part of the applicable Project Phase discovered during that 12-month period, all without cost or expense to the Foundation. For purposes of this Section, "material defects in workmanship and materials" shall not include ordinary wear and tear, misuse, abuse, or improper maintenance. In no event shall the warranty period for any Project Phase extend beyond 12 months after Final Completion of such Project Phase.
- F. Developer shall assist the Foundation in conducting a one year warranty inspection of each Project Phase prior to the expiration of the twelve month warranty period as identified in the Construction Documents to be executed between Developer and the General Contractor for construction of the Project. Developer shall also assist the Foundation in enforcement of warranties and coordinate all warranty work until all provisions of the one year warranty period are satisfied. Developer shall be entitled to reimbursement from the Foundation for all reasonable

costs incurred in conducting such warranty inspection, in enforcement of warranties and in the coordination of all warranty work, including without limitation, travel, lodging, professional fees incurred to third parties, and the like.

- G. Prior to Final Completion of each Project Phase, the Developer will obtain and submit to the Foundation all certifications by Developer, the Architect, the General Contractor and others, together with schedules, documents and copies of documents, permits and approvals, application for payment, monthly progress reports, and any other information required under the Indenture, as the case may be.

IV. The Term; Project Schedule; Time of Essence.

- A. The term of this Agreement begins on the Effective Date and ends on the Termination Date or otherwise as provided in this Agreement (the "Term"). The Parties recognize that Developer has performed some Services prior to the Effective Date.
- B. The Foundation may, at the direction of SELU, at any time prior to the financial closing for the Project-Phase III, elect in writing to terminate this Agreement with respect to the Project-Phase III. Upon the election of the Foundation to terminate this Agreement with respect to the Project-Phase III, Developer shall have no further rights hereunder to develop and construct the Project-Phase III, provided however, that Developer shall be entitled to receive from the Foundation, within thirty (30) days of receipt of the Foundation's election to terminate this Agreement, reimbursement for all expenditures reasonably incurred by Developer in furtherance of the Project-Phase III. Further, if such election to terminate this Agreement with respect to the Project - Phase III shall be received by Developer on or after March 1, 2005, Developer shall be entitled to receive thirty-three percent (33%) of the Development Fee-Phase III, which shall be paid to Developer at the time Developer is reimbursed for its expenditures reasonably incurred with respect to the Project-Phase III. The reimbursement of expenditures and payment of portions of the Development Fee upon termination of this Agreement as contemplated above in this Section IV.B. shall be the obligation and responsibility of the Foundation on behalf of SELU.

In no event shall the Foundation have any right to terminate this Agreement with respect to any Project Phase after the Commencement Date for such Project Phase, other than upon the occurrence of Developer Default that is not cured within the applicable cure periods contained herein. In the event that this Agreement is terminated due to Developer Default that is not cured within the applicable cure periods contained herein, in no event shall Developer be entitled to receive any portion of the Development Fee not applicable to the Project Phase under construction at the time of the occurrence of such Event of Default.

- C. The Project Schedule-Phase I as approved by SELU is attached as Exhibit 13. The Project Schedule-Phase II shall be finalized, agreed to by SELU and the Parties, and attached hereto as Exhibit 14 prior to the commencement of construction on the Project-Phase II, and the Project Schedule-Phase III shall be finalized, agreed to by SELU and the Parties, and attached hereto as Exhibit 15 prior to the commencement of construction on the Project-Phase III. In no event shall the number of days in the Construction Phase of any Project Phase be less than that contemplated in Exhibit 1, unless Developer shall specifically consent to any such reduction(s) in writing. The Project Schedule for any Project Phase will be revised as needed to reflect changes to such Project Phase approved by the Foundation. The parties acknowledge that the Project Schedule

for any Project Phase shall be preliminary until the time of financial close for such Project Schedule.

- D. Time is of the essence in the performance of this Agreement.
- E. Developer acknowledges that its failure to complete any Project Phase in a timely manner will result in substantial damages to the Foundation which are extremely difficult and impractical to ascertain or compute at the outset of this Agreement. In lieu of all other damages related to timely completion, the Foundation and Developer, desiring to stipulate a measure of damages reasonably proportionate to the amount of actual damages that would be sustained by the Foundation in the event of Developer's delay in performance, agree that, as liquidated damages and not as a penalty, Developer shall, for each day after the Guaranteed Date for any Project Phase, during which students who are parties to signed, valid lease agreements for such Project Phase are unable to occupy their dwelling units in such Project Phase, and to the extent that such students cannot be housed in any existing residence halls on the campus on SELU due to such residential halls being occupied by other SELU students or such residence halls then being unfit for human occupancy due to reasonable health and safety concerns, pay the direct costs incurred to place such students in temporary housing accommodations selected by Developer and reasonably approved by the Foundation and SELU, such as extended stay motel or hotel rooms, alternative dormitories or similar accommodations. Further, Developer shall make reasonably available to such students placed in temporary housing some form of mass transportation to the campus of SELU if such temporary housing is located further than one-half (1/2) mile from the campus of SELU. In no event shall Developer pay any temporary housing costs or mass transportation costs in excess of actual costs incurred.

V. Limitations and Restrictions.

- A. Developer shall comply with the Ground Lease, and shall comply with the Management Agreement to the extent not inconsistent with this Agreement. Developer shall not take or allow any action within its control to be taken which would, with the passage of time or the giving of notice, cause an Event of Default under the Ground Lease or the Management Agreement. As between the Foundation and Developer, if a conflict exists between the Ground Lease as compared to this Agreement, then this Agreement then the Ground Lease will control. As between the Foundation and Developer, if a conflict exists between the Management Agreement as compared to this Agreement, then this Agreement will control.
- B. Developer, Consultants, and their respective contractors, subcontractors, subconsultants, agents, employees, and others supplying labor, equipment, or material by or through them to the Project may not do any of the following without the Foundation's prior written consent:
1. Make any expenditure or incur any obligation on behalf of the Foundation unless otherwise permitted by this Agreement; or
 2. Make any change to the Project affecting quality, function or appearance, the Guaranteed Date for Substantial Completion of any Project Phase or the date for Final Completion of any Project Phase. The Parties understand and agree that the General Contractor may adjust near-term schedules from time to time in order for Developer to achieve Substantial Completion by the Guaranteed Date of any Project Phase and/or Final Completion by the date for Final Completion of any Project Phase.

- C. Notwithstanding Section V(B), Developer may act, if Developer in its reasonable, good faith judgment considers that such action is necessary to preserve the structural integrity of any Project Phase, to protect the safety and welfare of people or property, to comply with the requirements of a governmental authority, or to avoid an Event of Default under the Ground Lease and/or the Use Agreement (an "Emergency"). If Developer takes such Emergency action, Developer will immediately notify the Foundation of the action taken, and any appropriate Project change order (see Section XXI) shall be issued in connection with such Emergency action.
- D. Although SELU is not a party to this Agreement, it is understood and agreed between Parties that the Foundation seeks to act in accordance with the intentions of SELU regarding the development, design, construction and equipping of the Project and that the Ground Lease in some instances requires SELU's consent or approval. In order to effectuate any such required approval, Developer agrees to furnish SELU with copies of all notices furnished to the Foundation under this Agreement, to the address and in the manner specified in the Ground Lease, and to recognize SELU's right to approve or consent to any such matters as provided therein.
- E. Notwithstanding anything contained in this Agreement to the contrary, it is understood that the Ground Lease places certain requirements on the Foundation relating to the development, design, construction and equipping of the Project. Developer's attention is specifically directed to all of the provisions of the Ground Lease setting such forth such requirements, and Developer assumes toward the Foundation to the same obligations that the Foundation has assumed toward SELU under the Ground Lease, except to the extent expressly limited or as otherwise provided to the contrary in this Agreement.

VI. Development Team.

- A. Developer shall supply qualified staff and employ qualified Consultants to perform all of Developer's responsibilities and obligations under this Agreement in a prompt and timely manner. All such qualified staff shall be paid by the Developer from the Development Fee, and all such qualified Consultants shall be paid out of the Development Budget.
- B. In the performance of this Agreement, Developer and Consultants (including, but not limited to, the General Contractor) shall comply with all applicable laws and regulations, including those affecting employees.
- C. Developer, Consultants and all personnel used or employed by Developer and Consultants to perform the Services shall have and keep all required or necessary licenses, permits, and insurance coverages.

VII. Development Budget.

- A. The Parties have negotiated the Development Budget-Phase I and Phase II (set forth on Exhibit 10) (which does not include the "Project Costs Outside Development Budget", if any). It is the total budget for all costs related to the Project - Phase I and the Project - Phase II design, development and construction. Portions of such budget applicable to the Project - Phase II have yet to be finalized. The Development Budget - Phase III (which shall be set forth on Exhibit 12) shall be finalized, agreed to by the Parties and attached hereto prior to the Commencement Date for the Project - Phase III, respectively. For each Project Phase:

1. the Total Construction Budget Amount plus the Total Soft-Cost Budget Amount plus the Development Fee equals the Guaranteed Maximum Price.
 2. the component line item costs of the Total Construction Budget Amount and the Total Soft-Cost Budget Amount are the Development Costs.
- B. The Development Budget for any Project Phase will be revised as needed to reflect changes to such Project Phase approved by the Foundation, and to reflect modifications in the costs, financing or otherwise, for each Project Phase based upon prevailing market conditions and Credit Enhancer requirements as of the date of the applicable Project Phase closing. The Parties acknowledge that such Development Budgets, including financing costs, shall be preliminary estimates until such time.
- C. With respect to any particular Project Phase, Developer may reallocate demonstrated costs savings in any component line items of the Development Costs to other component line items of the Development Costs so long as the Guaranteed Maximum Price for such Project Phase is unaffected.

VIII. The Project Development Account.

- A. Within ten days after the execution of this Agreement and prior to the Commencement Date-Phase I, Developer shall open and thereafter keep open until Final Completion of the Project-Phase I and the Project-Phase II, one operating account for the Project-Phase I and the Project-Phase II. Prior to the Commencement Date-Phase III, Developer shall open and thereafter keep open one separate operating account for the Project-Phase III (the operating account for the Project-Phase I and the Project-Phase II, and the operating account for the Project-Phase III are sometimes hereinafter referred to singularly as a "Project Development Account" and collectively as the "Project Development Account"). The Project Development Account shall be at a bank or other financial institution in Birmingham, Alabama approved by the Foundation. The Project Development Account shall be opened and maintained in the name of the Developer, and only the signature of Developer shall be required on checks drawn on the Project Development Account.
- B. Developer shall deposit all Draws and Development Fee installments into the applicable Project Development Account.
- C. Developer shall make all Project payments to itself, Consultants, and Suppliers from the Project Development Account.
- D. Developer shall make, keep, and furnish to the Foundation upon request accurate records of all deposits and withdrawals from the Project Development Account. Each withdrawal record made by Developer shall indicate the associated Draw Request, the payee, the amount, the date, the type of Development Cost involved, and any other information that the Foundation reasonably requires.
- E. Developer shall send to the Foundation full and accurate copies of each month's Foundation Project Development Account statement showing all deposits, payments, and withdrawals from the Foundation Project Development Account.

- F. All funds in the Project Development Account shall be separate from all other funds of Developer. Developer may not commingle any of Developer's funds with funds in the Project Development Account.
 - G. If there exists an Event of Default by Developer, then the Foundation may assume sole control of the Foundation Project Development Account after five business days' notice to Developer.
 - H. Subject to Section XVI(D), upon Final Completion of any Project Phase the funds remaining in the Foundation Project Development Account, including any interest earned, shall be allocated to the Foundation and Developer, but only if:
 - 1. All Development Costs owed to others have been paid; and
 - 2. No Default by Developer has occurred that has not been cured in all respects.
 - I. A single Project Development Account shall be opened for the Project-Phase I and the Project-Phase II, and a separate Project Development Account shall be opened for the Project-Phase III. Funds in the Project Development Account with respect to the Project-Phase I and the Project-Phase II may not be commingled with funds from the Project-Phase III except as may be expressly consented to by the Foundation or SELU, or as may be reasonably necessary to coordinate the financings for the various Project Phases. Savings from the Project – Phase I and the Project – Phase II, if any, will be held for use on the Project – Phase III if necessary.
- IX. Draw Requests and Draws.**
- A. For each Project Phase Developer shall make all requests (“Draw Requests”) for payments (“Draws”) of Development Costs in writing to the Foundation and provide a copy to SELU.
 - 1. Only one Draw Request may be made in any 30-day period.
 - 2. Each Draw Request shall be made at least 15 days prior to the date funds are requested to be made available.
 - 3. Draws may only be used to pay for Development Costs incurred.
 - 4. Draw Requests shall comply with the Indenture.
 - B. Draw Requests in each Project Phase shall include the following and any other information reasonably required by the Foundation and/or SELU:
 - 1. Summary Report - A listing, by Development Budget line item, of Development Costs incurred, in the form and specificity reasonably required by the Foundation and/or SELU.
 - 2. Detail Report - A listing by vendor (that is, Developer, Consultant, or Supplier) for each of the Development Budget line items listed in the Summary Report, in the form and specificity reasonably required by the Foundation and/or SELU.
 - (a) Supporting Documentation - A copy of all schedules of values for amounts of at least \$10,000 (and, if requested by the Foundation and/or SELU for lesser

amounts for particular items) or other documentation supporting the total amount of the current Draw Request, including:

- (i) An Application and Certificate of Payment (AIA Document G702), or other document acceptable to the Foundation. That document shall include certifications by the Architect, the General Contractor and Developer that construction to the date of the Draw Request is in substantial compliance with the Construction Documents.
 - (ii) A copy of the General Contractor's application for payment, including its conditional lien waivers on progress payments.
 - (iii) Contractors' duly executed unconditional lien waivers (in form capable of being recorded), for progress payments made from the previous Draw.
 - (iv) Other documents reasonably necessary to support Development Costs to be paid by the Draw.
- (b) General Ledger Detail Report - A cash-basis general ledger reflecting all activity from the date of the most recent Draw Request to the date of the current Draw Request.
 - (c) Statement of Cash Receipts and Disbursements - A listing of all sources and uses of cash from the date of the most recent Draw Request to the date of the current Draw Request.
 - (d) Other Supporting Documentation - All other documents and information reasonably required by the Foundation and/or SELU.

C. All Draw Requests shall be submitted to the Foundation with a copy to SELU. All Monthly Progress Reports shall be submitted to the Credit Enhancer.

D. Developer has included Developer's Project Contingency in the Development Budget for each Project Phase. The Foundation and SELU acknowledge that this Developer's Project Contingency is for Developer's exclusive use for costs that are incurred in performing the work required to complete the applicable Project Phase that are not included in a specific line item or the basis for a Project change order under the Contract Documents. By way of example, and not as a limitation, such costs include acceleration, design errors, design omissions, costs in correcting defective, damaged, or nonconforming work, or Subcontractor defaults. No portion of the Developer's Project Contingency shall be available to the Foundation or SELU for any reason (including changes in scope or any other item which might cause the Development Budget for the applicable Project Phase to be exceeded) until after a final accounting of all construction costs and final payment to Developer. Any portion of the Developer's Project Contingency for any particular Project Phase remaining after the Final Completion and a final accounting of all construction costs for such Project Phase may be utilized with respect to any other Project Phase(s) and shall, at the election of Developer, constitute Developer's Project Contingency for such other Project Phase(s). Developer shall provide the Foundation and SELU with a monthly itemization of charges against Developer's Project Contingency, but the consent or approval of the Foundation or SELU to utilization of the Developer's Project Contingency shall not be

required so long as the Developer's Project Contingency is utilized in accordance with this Agreement in furtherance of the Project.

- E. The Foundation and Developer acknowledge and agree that written approval of a particular Draw Request by the Foundation is a prerequisite to funding of such Draw Request or any portion thereof.
- (a) If the Foundation disputes a Draw Request, the Foundation will notify Developer in writing within five (5) business days of Foundation's receipt of the Draw Request, and any failure to reject a Draw Request by such time shall be deemed to constitute acceptance of such Draw Request by the Foundation.
 - (b) Thereafter, Developer may immediately provide any additional information or documentation to the Foundation to satisfy the Foundation of the nature and propriety of the amount in question. If the Foundation continues to dispute a Draw Request after receiving such additional information or documentation, the Foundation will notify Developer in writing within five (5) business days of Foundation's receipt of such additional information, and any failure to continue to reject a Draw Request by such time shall be deemed to constitute acceptance of such Draw Request by the Foundation.
- F. Amounts payable under all Draw Requests for items contained in the Total Construction Budget Amount only for any particular Project Phase (but not for bonding costs of the General Contractor, and not for items contained in the Total Soft Cost Budget Amount or the Development Fee) shall be reduced by a retainage of ten percent (10%) until such time as fifty percent (50%) completion of the applicable Project Phase has been achieved, as mutually determined by Developer and the Foundation. Thereafter, all amounts payable pursuant to Draw Requests for items contained in the Total Construction Budget Amount only for any particular Project Phase (but not for bonding costs of the General Contractor and the first-tier Contractors, and not for items contained in the Total Soft Cost Budget Amount or the Development Fee) shall be reduced by a retainage of five percent (5%) until such time as Substantial Completion of the applicable Project Phase has been achieved. At the time of Substantial Completion of the applicable Project Phase, all retainage shall be released to Developer except for such amount of retainage as is equal to one hundred fifty percent (150%) of the value of all remaining punch list items to be completed to achieve Final Completion of the applicable Project Phase, as mutually determined by Developer and the Foundation. Upon the occurrence of Final Completion of the applicable Project Phase, all remaining retainage shall be released to Developer. These requirements concerning retainage shall be set forth in the applicable Construction Documents.
- G. Developer shall discharge or cause to be discharged of record by bond or otherwise, within twenty (20) days following the date whereupon Developer receives actual knowledge of the filing, of any mechanics' or similar lien filed against any Project Phase for work or materials claimed to have been furnished at Developer's request to or for the benefit of Developer and/or the applicable Project Phase. If Developer shall fail to cause such lien or claim or lien to be so discharged or bonded within such period, in addition to any other right or remedy the Foundation may have, the Foundation may, but shall not be obligated to, discharge such lien or claim or lien by procuring the discharge of such lien or claim or lien by the deposit in a court or by bonding, and, in any event, the Foundation shall be entitled, if the Foundation so elects, to compel the prosecution of any action for the foreclosure of such lien or claim by the lienor or claimant and to pay the amount of the judgment, if any, in favor of the lienor, with interest, costs and allowances. Developer shall be liable to the Foundation, on demand and from time to time, for

any sum or sums so paid by or on behalf of the Foundation and all costs or expenses incurred by the Foundation, including, but not limited to, reasonable attorney's fees actually incurred in prosecuting such discharge or in defending any such action. Developer agrees to provide the Foundation with written notice of any lien filed against any Project Phase promptly following Developer's obtaining actual knowledge of such lien.

X. Developer Records.

- A. Developer shall make and keep records and accounts on a cash basis. They shall be sufficient for financial statements in accordance with generally accepted accounting principles, consistently applied, to be prepared from them.
- B. All books and records made or kept by Developer pertaining to the Project shall be accessible or present at Developer's office in Birmingham, Alabama during the Term; and:
 - 1. They shall be available for and subject to audit, inspection, and copying by the Foundation, the Foundation's Representative, or SELU's Representative during normal business hours, after reasonable notice; and
 - 2. Within 15 days after the Foundation's written request to audit or inspect Developer's books and records, Developer shall as a Development Cost for the applicable Project Phase provide originals or copies of those books and records to the Foundation at the location requested by the Foundation.

XI. Protecting Tax-Exempt Status of Bonds.

The Foundation intends to finance the Development Budget using tax-exempt financing for the Bonds. Developer may not act or allow others within its control to act in any way that would cause the tax-exempt status of the Bonds to be revoked.

- A. All Developer and Services Agreements shall comply with Section 141 of the Internal Revenue Code of 1986, as amended, the Income Tax Regulations promulgated by the Department of Treasury thereunder, and Revenue Procedure 97-13.
- B. If this Agreement is revised or modified, the Foundation, as an expense of the Project, may seek an opinion of Counsel, in form and substance satisfactory to the Foundation:
 - 1. That the revision or modification will not adversely affect the exclusion of interest on the Bonds from gross income of the bondholders; or
 - 2. That without the deletion or modification the Bonds will be fully or partially taxable for purposes of federal income taxation.
- C. To the extent amendments, modifications, or changes to this Agreement are required by law to maintain the tax-exempt status of the Bonds, Developer will consent to and execute such amendments, modifications, and changes; provided, however, that Developer's reasonable costs actually incurred in connection therewith shall be reimbursed by issuing a Project change order with appropriate modification to the compensation provisions of this Agreement.

XII. Project Site Safety and Access; Utilities.

- A. Developer will have full and exclusive responsibility for Project Site safety during the course of performance of this Agreement. Access to the Project Site by the Foundation, SELU and the Trustee shall be as set forth in Section II. Developer, and all persons acting, by, through, under, or at the direction of, Developer, shall have unfettered access to the Project Site beginning on the Effective Date and continuing throughout the Term so as to allow construction activities to occur on a 24 hour, 7 day a week basis. Neither Developer nor any other person or entity engaged in the construction and development of the Project shall be required to spend any funds in improving or upgrading such access. Any limitations or restrictions on such access during the course of construction of any particular Project Phase shall cause the Guaranteed Date for such Project Phase to be extended on a day-for-day basis equal to the length of such limitation on access.
- B. SELU will have full and exclusive responsibility for the provision of all utilities to the Project Site in a timely manner for purposes of enabling Developer to perform the Services in accordance with this Agreement. SELU shall also be responsible for providing primary electrical service from the property line of the Project Site to transformers on the Project Site. Such utilities shall include electricity, water, gas, telephone and fiberoptic cable. Such utilities shall be provided on the various dates specified in the Project Schedule for each Project Phase so that Developer may perform the Services in a timely manner. Alternatively, SELU may direct Developer to provide utilities to any Project Phase; provided, however, the cost of same shall be at the expense of SELU or shall be an increase in the Guaranteed Maximum Price for such Project Phase in the event such utility provision is not anticipated in the Development Budget for such Project Phase. Any delay in provision of the utilities to Project Site in accordance with this Agreement shall cause the Guaranteed Date to be extended on a day-for-day basis equal to the length of such period of time that the applicable utilities are not provided to the Project Site.

XIII. Developer Insurance; Title Insurance.

- A. Throughout the Term Developer shall acquire and maintain in force "Developer Insurance" as provided in Exhibit 16.
- B. The Foundation and Developer waive all rights against each other, and the contractors, subcontractors, consultants, agents, and employees of each other, for damages caused by fire or any other peril to the extent covered by any property insurance obtained under this Section or any other property insurance applicable to the Project work, except rights to proceeds of that insurance.
- C. The Foundation shall obtain and maintain leasehold title insurance for the Project Phases.

XIV. Environmental Matters.

- A. Except for its employees fully qualified to do so, Developer may not:
 - 1. Direct, suffer, or permit any of its Project employees to handle, use, manufacture, store, or dispose of any Hazardous Materials by or under Environmental Laws in or about the Project Site; or
 - 2. Knowingly or negligently suffer or permit:

- (a) Any Hazardous Materials to be used by any third party in any manner not fully in compliance with all Environmental Laws; or
 - (b) The Project Site to become contaminated with any Hazardous Materials.
- B. "Hazardous Materials" are flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products, or derivatives, or any substance subject to regulation by or under Environmental Laws.
- C. "Environmental Laws" are all Federal, state, and local laws and ordinances relating to the protection of the environment or the keeping, use, or disposition of Hazardous Materials, substances, or wastes, presently in effect or adopted after the Effective Date. This includes all amendments to Environmental Laws, and all rules and regulations under any Environmental Laws.
- D. However, Developer may handle, store, use, or dispose of Hazardous Materials to the extent customary and necessary for the performance of Developer's duties under this Agreement. Developer shall always handle, store, use, and dispose of those Hazardous Materials in a safe and lawful manner. Developer shall also take reasonable precautions to prevent those Hazardous Materials from contaminating the land or the environment or violating any applicable laws, regulations, or ordinances of any federal, state, or local governmental authority.
- E. Developer shall promptly provide the Foundation with complete and accurate copies of all disposal tickets for materials (hazardous or not) from the Project Site that are disposed of off the Project Site.
- F. The Developer will provide copies of all MSDS (Material Safety Data Sheets) to the Office of Safety and Materials Management at SELU associated with the delivery of any materials on the campus that would require such MSDS information.

XV. Indemnities.

- A. Developer will indemnify, defend, and hold harmless the Foundation and SELU, and their respective members, designated members, officers, directors, agents, and employees from and against any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments, awards, costs, and expenses (including reasonable attorneys' fees and disbursements) related to the Project arising out of the breach of this Agreement by Developer, its agents, employees, or Consultants, except for:
 - 1. Such claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments, awards, costs, and expenses (including reasonable attorneys' fees and disbursements) as are caused directly by the negligence of the Foundation and/or SELU, or their officers, designated members, members, directors, or employees; and
 - 2. Such claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments, awards, costs and expenses (including reasonable attorneys' fees and disbursements) as are caused, directly or indirectly, by the Existing Site Conditions.

The Foundation will indemnify, defend, and hold harmless Developer, and its officers, directors, agents, and employees from and against any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments, awards, costs, and expenses (including reasonable attorneys' fees and disbursements) to the extent directly related to any Foundation Default, except for such claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments, awards, costs, and expenses (including reasonable attorneys' fees and disbursements) as are caused directly by the negligence of Developer, or its officers, designated members, members, directors, or employees.

B. This Section's provisions survive termination of this Agreement, Final Completion of the Project, and all Services and other activities contemplated by this Agreement.

XVI. Compensation.

As full compensation for Finally Completing each Project Phase and performing the Services under this Agreement with respect to such Project Phase, Developer will be paid by the Foundation the Guaranteed Maximum Price for such Project Phase, consistent with the Development Budget for such Project Phase.

A. Project-Phase I and Project-Phase II

1. The Guaranteed Maximum Price – Phase I equals \$23,336,752 and the Guaranteed Maximum Price-Phase II equals \$22,640,917 (excluding the renovation allowance for Cardinal Newman Hall as reflected on Exhibit 10). To the extent that Developer does not itself provide Services covered by the Total Construction Budget or the Total Soft-Cost Budget for the Project-Phase I and the Project-Phase II, Developer will act as a pass-through to each Consultant and Supplier who provides those Services.
2. The Development Fee – Phase I and Phase II is \$1,680,000.00.
 - (a) The Development Fee – Phase I and Phase II will be paid as follows:
 - (i) thirty-three percent (33%) of the Development Fee – Phase I and Phase II (\$554,400.00) is due upon the closing of the Bond Financing for the Project – Phase I and Phase II; and
 - (ii) sixty-seven percent (67%) of the Development Fee – Phase I and Phase II (\$1,125,600.00) will be paid in monthly installments during the Project Schedule – Phase I and Project Schedule – Phase II, with the first monthly installment due on the first day of the month following the Commencement Date-Phase I. The amount of each monthly installment of that portion of the Development Fee – Phase I and II to be paid during the Project Schedule – Phase I and Project Schedule – Phase II shall be separately calculated monthly, and shall be an amount equal to the Development Fee Completion Portion – Phase I and II (as defined in Exhibit 1).

3. The Finance Coordination Fee – There will be a \$75,000.00 Finance Coordination Fee for the Project-Phase I and the Project-Phase II, due and payable upon the closing of the Bond Financing for the Project – Phase I and Phase II.

B. Project-Phase III

1. The Guaranteed Maximum Price–Phase III shall be mutually determined and agreed upon by the Parties with the consent of SELU, prior to the Commencement Date for the Project - Phase III. To the extent that Developer does not itself provide Services covered by the Total Construction Budget or the Total Soft-Cost Budget for the Project-Phase III, Developer will act as a pass-through to each Consultant and Supplier who provides those Services.
2. The Development Fee – Phase III is \$270,000.00.
 - (a) The Development Fee – Phase III will be paid as follows:
 - (i) thirty-three percent (33%) of the Development Fee – Phase III (\$89,100.00) is due upon the closing of the Bond Financing for Project – Phase III; and
 - (ii) sixty-seven percent (67%) of the Development Fee–Phase III (\$180,900.00) will be paid in monthly installments during the Project Schedule–Phase III, with the first equal monthly installment due on the first day of the month following the Commencement Date–Phase III. The amount of each monthly installment of that portion of the Development Fee – Phase III to be paid during the Project Schedule – Phase III shall be separately calculated monthly, and shall be an amount equal to the Development Fee Completion Portion – Phase III (as defined in Exhibit 1).
3. The Finance Coordination Fee – Phase III shall be \$29,200.00, and shall be due and payable upon the closing of the Exempt Bond Financing for the Project – Phase III.

C. Development Fee payments may be delayed or withheld in whole or in part if:

1. Developer is not diligently and timely rendering the Services under this Agreement (including providing in the field office, available for inspection by the Foundation or SELU at any time, a complete set of all Construction Documents, including all change orders, supplementary drawings, current as-built Construction Drawings, clarifications, contracts, and purchase orders with Consultants and Suppliers); or
2. Developer Default has occurred and is continuing.

- D. For any Project delay occasioned by the failure of Developer to comply with the terms and conditions of this Agreement, Development Fee installments will be withheld by the Foundation during the delay. The installment schedule will be recalculated based on a revised Development Schedule (prepared by Developer to reflect the delay), and subject to approval by the Foundation. Development Fee installments will not be withheld and the installment schedule will not be**

recalculated for any Project delay occasioned for any reason other than the failure of Developer to comply with the terms and conditions of this Agreement. All remaining Development Fee payments for any Project Phase will be due on Final Completion of such Project Phase.

- E. The Foundation's liability to Developer for payment of the Guaranteed Maximum Price and the Development Fee for each Project Phase will be limited to the proceeds of the Bonds. (The proceeds of the Bonds will equal or exceed the Guaranteed Maximum Price for each Project Phase).
- F. Developer will not be reimbursed for any expenses, except as provided in the Development Budget for each Project Phase or as contemplated herein.
- G. If the actual Development Costs for any Project Phase are less than as provided in the Development Budget for such Project Phase, such savings shall be held and applied, if necessary, to mitigate Development costs in subsequent Project Phases that exceed the Development Budgets for such Project Phases. If upon Final Completion of the Project – Phase III there shall remain any savings, Developer will receive as additional compensation its negotiated portion, if any, of such savings as outlined in Exhibit 21.

XVII. Payment Bonds and Performance Bonds.

For each Project Phase Developer shall cause to be provided the Performance Bond and Payment Bond attached as Exhibit 18, with the General Contractor as contractor and principal; Capstone Development Corp., acting as Developer for the Foundation as the Owner/Obligee; together with a dual obligee rider, naming the Foundation, SELU, and the Credit Enhancer as dual obligees. The Performance Bond and Payment Bond surety shall be obligated to perform all obligations of the General Contractor for each Project Phase.

XVIII. Force Majeure; Termination; Default.

- A. Neither party shall be in default to the extent that any of the following delays its performance or makes its performance impossible ("Force Majeure"): act of God, war, act of terrorism, civil commotion, governmental action, fire, storm, flood, explosion, strike, walkout, other industrial disturbance, Existing Site Conditions, Abnormal Weather Conditions (as defined herein), the delay or inability to obtain any necessary permits for any portion of the Project after using commercially reasonable efforts to obtain same, or any other cause beyond its reasonable control. Developer shall not incur any cost or expense as a result of Force Majeure, and time frames required for performance under this Agreement shall be extended, on a day-to-day basis, during the pendency of any events of Force Majeure. For purposes of this Agreement, "Abnormal Weather Conditions" shall consist of weather conditions that deviate from the average of the proceeding five (5) year climatic range during the same time interval based on National Oceanic and Atmospheric Administration National Weather Service statistics for the locality of the Project Site and based on weather logs kept at the Project Site reflecting the effect of the weather on the progress in completing the Project.
- B. This Agreement will remain in effect until Developer fulfills all of the Services and its obligations under this Agreement, and each Project Phase is Finally Completed (including punch list items), or as otherwise provided in this Agreement.

C. The Foundation may terminate this Agreement (subject to Developer's right to cure) for any default ("Developer Default") by Developer (a Developer Default, after expiration of any applicable grace or cure period hereunder, shall constitute an "Event of Default"). Developer Default includes any one or more of the following:

- 1. Developer files a voluntary proceeding under any bankruptcy or insolvency laws, or is the subject of an order of relief under any present or future law relating to bankruptcy, insolvency, or other relief for debtors;**
- 2. Developer seeks, consents to, or acquiesces in the issuance of an order of relief, appointment of any trustee, receiver, custodian, conservator, or liquidator of Developer, for all or any substantial part of its properties ("acquiesce" includes the failure to file a petition or motion to vacate or discharge any order of relief, judgment, or decree providing for that appointment within the time specified by law);**
- 3. A court of competent jurisdiction enters an order of relief, judgment, or decree approving an involuntary bankruptcy proceeding filed against Developer;**
- 4. Developer seeks any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future law relating to bankruptcy, insolvency, or other relief for debtors, or Developer consents to or acquiesces (as defined above) in the entry of an order of relief, judgment, or decree, or it is not vacated and not stayed for an aggregate of 60 days after its entry;**
- 5. Any trustee, receiver, custodian, conservator, or liquidator of Developer or of all or any substantial part of its properties is appointed without the consent or acquiescence of Developer and that appointment is not vacated and not stayed for an aggregate of 60 days;**
- 6. Developer materially fails or refuses to provide any of the Services or to perform any other obligation under this Agreement in the manner and within the time required by this Agreement;**
- 7. Developer or a Consultant commits or permits a material breach of any of Developer's duties, liabilities, or obligations under this Agreement without full and timely cure or remedy; or**
- 8. Any act by Developer or any Consultant or other third party employed by or claiming through Developer that causes, or with the passage of time or the giving of notice would cause, an Event of Default under the Ground Lease.**

D. The Foundation shall provide Developer with a written notice of Developer Default that describes the nature of the Developer Default, after which:

- 1. Developer will have 30 days to cure the Developer Default.**
- 2. However, Developer can cure a Developer Default not reasonably capable of being cured within 30 days, if Developer begins the cure within 30 days and then diligently pursues the cure thereof to completion to the reasonable satisfaction of the Foundation.**

- E. Developer may terminate this Agreement (subject to the Foundation's right to cure) for any default ("Foundation Default") by the Foundation (a Foundation Default, after expiration of any applicable grace or cure period hereunder, shall constitute an "Event of Default"). Foundation Default includes any one or more of the following:
1. The Foundation materially fails or refuses to pay Development Costs or otherwise perform any obligation under this Agreement in a manner and within the time required by this Agreement;
 2. The Foundation or a Foundation Representative commits or permits a material breach of any of the Foundation's duties, liabilities or obligations under this Agreement without full and timely cure or remedy;
 3. Any act by the Foundation, any Foundation Representative or any third party employed or claiming through the Foundation that causes, or with the passage of time or the giving of notice would cause, an Event of Default under the Ground Lease and/or the Management Agreement; or
 4. The Foundation unreasonably refuses to approve Project work or otherwise cooperate with Developer hereunder.
- F. Developer shall provide the Foundation with a written Notice of Default that describes the nature of the Foundation Default, after which:
1. The Foundation shall have thirty (30) days to cure the Foundation Default;
 2. However, the Foundation can cure a Foundation Default not reasonably capable of being cured within thirty (30) days, if Foundation begins to cure within thirty (30) days and then diligently pursues the cure thereof to completion to the reasonable satisfaction of Developer.

XIX. Project Completion.

- A. For purposes of this Agreement, each Project Phase will be deemed substantially complete ("Substantially Complete" or "Substantial Completion") when the Services have been substantially performed and the applicable Project Phase's improvements are:
1. Substantially completed as required by the Construction Documents for such Project Phase and the Indenture, as applicable, including all life safety systems, all required temporary certificates of occupancy are issued, the applicable Project Phase housing is reasonably capable of being occupied for its intended purposes, and a punch list of unfinished items has been prepared by Developer and provided to the Foundation; and
 2. All governmental authorities having jurisdiction over occupancy prior to the Final Completion, including the State Fire Marshal, if applicable, have given their approval to occupancy of the applicable Project Phase on a temporary basis pending the occurrence of Final Completion of such Project Phase.

- B.** For purposes of this Agreement, each Project Phase will be deemed finally complete (“Finally Complete” or “Final Completion”) when all Services are fully performed and the applicable Project Phase’s improvements are:
1. Fully completed as required by the Construction Documents for such Project Phase and the Construction Loan or the Indenture, as applicable (including all punch list items) and all required final certificates of occupancy are issued; and
 2. The applicable Project Phase is fully paid for and free from all liens of Developer, Consultants, Suppliers, and Project laborers, and Developer has obtained (at the Foundation’s cost as a Development Cost) an endorsement to the Foundation’s leasehold title insurance policy insuring such lien-free completion (or similar title insurance coverage); and
 3. All governmental authorities with jurisdiction, including the State Fire Marshal, have given their final approval of the applicable Project Phase.
- C.** Substantial Completion of each Project Phase shall occur on or before the Guaranteed Date for such Project Phase, which may be extended at no expense to or obligation of Developer due to (i) Force Majeure, (ii) limitations on access to the Project Site, (iii) monitoring or inspections by the Foundation, SELU and/or the Trustee that cause delays in the applicable Project Phase’s progress, (iv) the Existing Site Conditions, (v) Project change orders, (vi) failure of SELU to provide utilities to the Project Site in a timely manner, and (vii) failure or refusal by Foundation to perform its obligations hereunder that results in a delay in the progress of the applicable Project Phase. Extension of the Guaranteed Date for Substantial Completion of any Project Phase as contemplated in this Section XIX.C. may result in a delay in the financing, Commencement Date, Substantial Completion and/or Final Completion of subsequent Project Phase(s), at no expense to or obligation of Developer; provided however, in no event shall this Agreement require the Substantial Completion or Final Completion of any Project Phase as a condition precedent to the consummation of financing for, or the occurrence of the Commencement Date and initiation of construction activities for, any other Project Phase.
- D.** Final Completion of each Project Phase shall occur within a reasonable time (but in no event less than one hundred fifty (150) days) after the occurrence of Substantial Completion of such Project Phase; provided however, if one or more of the above conditions to Final Completion of such Project Phase is unfulfilled 30 days after written notice thereof from Developer to the Foundation because of any Foundation Default, then Developer may disregard that condition and declare such Project Phase completed under this Agreement.

XX. Related Contracts.

- A.** Developer shall use commercially reasonable efforts to include in all Services Agreements and contracts it executes in connection with the Project an indemnity provision requiring the other contracting party to indemnify and save harmless the Foundation, SELU, and their respective members, designated members, officers, directors, shareholders, agents, and employees (“the Foundation Indemnified Parties”) from and against all claims, losses, and liability resulting from any damage to, injury to, or death of, people or property caused by, occasioned by, in connection with, or arising out of the performance of the Services or work of that contracting party, its employees, or agents, and from and against all related fees, costs, and attorneys’ fees and costs.

- B. Before allowing any Consultant to enter the Project Site to begin any Project work, and for the duration of the Term, Developer shall obtain and deliver to the Foundation and the Bond Insurer copies of the "Principal Consultants' Insurance" as required in Exhibit 17.
- C. Upon Substantial Completion of each Project Phase, the Foundation shall provide the general liability coverage required by the Ground Lease.
- D. Notwithstanding anything contained herein to the contrary, Developer shall not be entitled to obligate the Foundation for any liability beyond its interest in the Project.

XXI. Other SELU Development; Change Orders.

- A. The Foundation and/or SELU may further develop or improve portions of the SELU campus not included within the Project as they or any of them may wish, without Developer's interference or hindrance; provided, however, in no event shall any such development or improvement interfere with the development of the Project or limit access by Developer, General Contractor, any Contractor, Consultant or Supplier to the Project Site.
- B. The Foundation may modify the Project by issuing Project change orders with appropriate modifications to the cost, time, scope of work, or compensation provisions of this Agreement, in all such cases subject to written approval of the Trustee or the Credit Enhancer, if applicable; provided, however, that Developer may raise reasonable timely objection to the issuance of any such change order that does not include an appropriate modification of the cost, time, scope of work, or compensation provisions of this Agreement, as the case may be. If the Project is thus modified, Developer will perform the Project as changed, change the Construction Documents as needed, and consent to and execute any modifications of this Agreement and the Services Agreements related to it as may be reasonably required.
- C. Project change orders shall be implemented in accordance with the following:
 - 1. The Foundation will use a Construction Change Directive ("CCD") for Developer to proceed with changes in the work or project scope. Changes which do not affect time or cost may be handled using the Request for Information ("RFI") format initiated by Developer. In addition, Developer may initiate Change Order Requests without the issuance by the Foundation of a Construction Change Directive.
 - 2. Each Change Order Request shall be initiated by Developer in a format acceptable to SELU and the Foundation, containing all information necessary to evaluate the proposed change. Each Change Order Request for time, cost, or both shall be submitted by Developer to SELU and the Foundation within 30 days after the occurrence of the event that prompts the request, and SELU and the Foundation shall respond within the time requested (no less than five (5) business days) in the Change Order Request.
 - 3. Developer shall include with each Change Order Request the following information.
 - (a) State the proposed change in any component of Development Costs (if any) for the applicable Project Phase.
 - (b) State the proposed change (if any) in the date for Substantial Completion for the applicable Project Phase. If the request is for an extension of time, Developer

shall provide a critical path schedule indicating the date of Substantial Completion before the change, identifying activities impacted by the change and the new date of Substantial Completion of the applicable Project Phase. Developer shall also provide a recovery plan indicating methods and costs for maintaining the date of Substantial Completion of the applicable Project Phase.

- (c) Include all supportive information for cost and time including detailed, itemized proposals from all affected Consultants. Information shall be broken down into the following components:
 - (i) Labor classification, rate, and hours.
 - (ii) Equipment rate and hours.
 - (iii) Material quantities and costs.
 - (iv) Applicable taxes, insurance, and bond.
 - (v) Credit for work deleted (similarly documented).
 - (vi) Overhead and profit (cumulative markup for all levels of Consultants other than the Principal Consultants shall not exceed 20%, and such cap shall not apply to the Principal Consultants).
 - (vii) Justification for any change in time, as described above.

D. Notwithstanding the foregoing, in the event any change order shall not result in any modification of the Guaranteed Maximum Price of the applicable Project Phase, any modification in the Guaranteed Date for Substantial Completion of the applicable Project Phase and will not alter any substantive component of the applicable Project Phase (as to quality or function), the approval of the Foundation and/or SELU of such change order shall not be required regardless of whether such change order shall be paid out of Developer's Project Contingency, or otherwise; provided however, Developer shall provide written notice to the Foundation and SELU of each such change order in lieu of issuing a Change Order request.

E. In the event that, in the solicitation of Project work bids to, and bids from, prospective Consultants or Suppliers, there is any inconsistency between the bid and the estimated amount in the Construction Budget or Soft-Cost Budget, the Developer's Project Contingency for the applicable Project Phase may be used to make up any difference; provided, however, that this shall not apply to the extent of Project work approved by SELU and the Foundation and actually performed that was not included as part of the work covered by such bid.

XXII. Developer's Duties in Case of Loss.

A. Developer shall promptly notify SELU and the Foundation of any fire or other damage to the Project or any portion of the Project Site. Developer will arrange for an insurance adjuster to view the Project Site or the Project before repairs are started. Developer may not settle any losses, complete loss reports, adjust losses, or endorse loss drafts without the Foundation's and the Bond Insurer's, as applicable, prior written consent.

- B. Developer shall promptly notify SELU and the Foundation of any personal injury or property damage occurring to the Project or on the Project Site.

XXIII. Taxes and Contributions; Sales Tax Exemption.

- A. Developer has full and exclusive responsibility and liability for withholding and paying, as may be required by law:
 - 1. All federal, state, and local taxes and contributions concerning, assessed against, or measured by:
 - (a) Developer's earnings under this Agreement, or
 - (b) Salaries, other contributions, or benefits paid or made available to anyone employed by Developer in connection with the Services; and
 - 2. All other taxes and contributions applicable to the Services for which Developer may be responsible.
- B. Developer shall file all returns and reports required in connection with those laws, taxes, contributions, and benefits.
- C. Developer shall assist and cooperate with the Foundation in the Foundation's preparation of federal, state, or local governmental tax or other corporate or non-profit reports or forms.

XXIV. Ownership of Information and Materials.

- A. On termination of this Agreement, Developer shall deliver to the Foundation originals of written data and information generated by or for Developer in connection with the Project; provided, however, (i) the Foundation shall have provided Developer during the Project with the required compensation for such generated data and information, and (ii) Developer shall, for the purposes of Developer's post-termination obligations and dispute resolution, be permitted to retain copies of the written data and information generated by or for Developer in connection with the Project. This includes:
 - 1. Data and information supplied to Developer by the Foundation or the Foundation's contractors or agents;
 - 2. All drawings, plans, logs, photographs, books, records, contracts, agreements, documents, and writings in Developer's possession or control relating to the Services or the Project; and
 - 3. Plans, specifications, and drawings (including as-built Construction Drawings) for the Project or any other element of the Project.
- B. The Foundation may use that data and information without further compensation to Developer or any of its Consultants and their respective contractors, subcontractors, subconsultants, agents, employees and their supplying labor, equipment, or material by or through them to the Project.

- C. Developer may use that data and information (except the Foundation's and any other's proprietary financial information) in marketing its services to other owners or governmental agencies.
- D. Developer may identify itself as the developer of the Project on any sign, advertisement, promotional publication, commercial, or other dissemination of any information about the Project (generically, "Publication").

XXV. Notices.

Each notice, request, and communication required under this Agreement (other than those under Section II.C.) shall be in writing. It will be deemed to have been received: (i) on personal delivery; (ii) on the second business day after its deposit for overnight delivery with a recognized overnight delivery service; (iii) if by facsimile, on receipt of electronic confirmation of its receipt (but only if the facsimile is followed by delivery by United States mail); or (iv) if mailed, on actual receipt (but only if sent by registered or certified mail, with return receipt requested, addressed to the other Party's address below):

If to the Foundation:
 University Facilities, Inc.
 SLU Box 10709
 Hammond, LA 70402
 Attn: Stephen Smith
 Fax: 985-549-5095

If to Developer:
 Capstone Development Corp.
 431 Office Park Drive
 Birmingham, AL 35223
 Attn: Will Davenport
 Fax: 205-414-6405

With a copy to:

Seale & Ross
 P. O. Drawer 699
 Hammond, LA 70404
 Attn: T. Jay Seale
 Fax: 985-542-4111

With a copy to:

Hand Arendall L.L.C.
 112 West Laurel Avenue
 Foley, AL 36535
 Attn: David Ryan
 Fax: 251-970-3375

XXVI. Non-Discrimination Policy.

Developer will not deny the benefits of this Agreement to any person, or discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, or other applicable protected classification. Developer will ensure that the evaluation and treatment of employees are free from such discrimination. Developer, unless exempt, will abide by the terms of all applicable Federal and state non-discrimination provisions.

XXVII. Dispute Resolution.

The Parties will resolve all disputes as provided in Exhibit 20.

XXVIII. Agent for Service of Process; Venue.

- A. If Developer is not a resident of the State of Louisiana, is an association or partnership without a member or partner resident in the State of Louisiana, or is a foreign corporation, Developer will appoint an agent for service of process in the State of Louisiana.
- B. If Developer fails to appoint that agent, the Secretary of State of the State of Louisiana will be Developer's agent for the purpose of service of process in any court action involving Developer, the Foundation, SELU, the City, or the Parish arising out of or based on this Agreement. Service will be made as provided by the State of Louisiana's laws for service on a non-resident. If, for any reason, service of that process is not possible, as an alternative method of service of process, Developer may be personally served with that process out of the State of Louisiana by the registered mailing of the complaint and process to Developer at its address stated in this Agreement. Any such service out of the State of Louisiana will constitute valid service on Developer as of the seventh day after the date of mailing. Developer will not object to the process so served, and will submit to jurisdiction. Developer waives all protests to such service, despite any laws to the contrary.
- C. Subject to the dispute resolution provisions of this Agreement, venue for any litigation between the Foundation and Developer which relates to or arises out of this Agreement or its breach will be exclusively in a trial court in the City or Parish or in the Federal District Court that includes within it the Parish, with Developer expressly waiving any rights to begin, defend, or remove any such litigation in any other forum or venue.

XXIX. Attorneys' Fees.

- A. In any lawsuit, arbitration, or injunctive proceeding between the Parties concerning any part of this Agreement or the rights and duties of either Party, the Party prevailing in that matter (as determined by the court or arbitral panel) will be entitled to recover its reasonable attorneys' fees and court costs, to the extent permitted by applicable law. This includes its reasonable attorneys' fees and costs related to any post-judgment collection or enforcement proceedings.
- B. Those attorneys' fees and costs will be recoverable separately from and in addition to any other amount included in such judgment.

XXX. Independent Contractor.

In providing Services, Developer will be an independent contractor of the Foundation, not its employee or agent.

XXXI. Severability.

Each part of this Agreement is intended to be severable. If an arbitral panel or court of competent jurisdiction finds any part of this Agreement to be unenforceable or invalid for any reason, that finding will not invalidate or adversely affect the rest of this Agreement. But if that finding would result in unjust enrichment or extreme hardship to either of the Parties, or make performance of either Party's obligations under this Agreement unreasonable or impossible, the remaining portions of this Agreement may be invalidated or modified, in whole or in part, as determined by the arbitral panel or the court of law.

XXXII. Waiver; Consents.

No consent or waiver to a Default may be deemed or construed to be a consent or waiver to any other Default.

XXXIII. Governing Law.

This Agreement is entered into in the State of Louisiana, and is governed by its laws, without regard to its principles of conflicts of laws. However, the arbitration procedures and provisions of this Agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. 1, et seq.

XXXIV. Assignment.

Developer may not assign its rights or obligations without the Foundation's prior written consent (not to be unreasonably withheld). All of the rights, benefits, duties, liabilities, and obligations of the Parties will inure to the benefit of and be binding on their respective successors and assigns. Developer acknowledges the collateral assignment under the Indenture of the Foundation's rights hereunder to Bond Trustee (the Bond Trustee, together with any successor in title to the Project prior to completion thereof as described herein, "Permitted Assignees"). Developer consents to such assignment, recognizes the Bond Trustee as the party entitled to exercise or enforce such rights (including consent rights), and agrees to make payment of all sums assigned by the Foundation directly to the Bond Trustee. Nothing herein or in the Indenture shall be construed, however, to require the Bond Trustee to perform any obligations of the Foundation under this Agreement. Provided that the actual Development Costs and the Development Fee are paid to Developer as provided in this Agreement: (i) subject to Section XVI(D), Developer agrees to perform all obligations of this Agreement for or for the benefit of any one or more of the Permitted Assignees; and (ii) Developer shall cause the General Contractor to cause the General Contractor's Performance Bond and Payment Bond surety to perform all obligations of the General Contractor for the benefit of any one or more of the Permitted Assignees.

XXXV. Modification of Agreement.

To be effective, any modification of this Agreement shall be in writing and signed by both Parties and by the Bond Insurer.

XXXVI. Headings.

The headings are inserted for convenience only. They may not affect the construction or meaning of anything in this Agreement.

XXXVII. Interpretation.

"Include" and "including" each refers to all other items or matters that could reasonably fall within the broadest possible scope of the general statement, term, or matter appearing before it. All references to Articles, Sections, Paragraphs, Recitals, Preamble, and Exhibits mean designated parts of this Agreement.

XXXVIII. Further Assistance.

Each Party will execute other documents and take other actions as may be reasonably required by the other Party to carry out the purposes of this Agreement.

XXXIX. Counterparts.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

XL. Entire Agreement.

This Agreement and its exhibits contain the entire agreement between the Parties concerning its subject matter. Neither Party nor its agents have made representations or promises concerning this Agreement except as expressly stated in this Agreement. No claim or liability may arise for any representations or promises not expressly stated in this Agreement.

XLI. Credit Enhancer as Third Party Beneficiary.

As to the provisions hereof benefiting the Credit Enhancer, the Credit Enhancer shall be a third party beneficiary hereof, for so long as the Credit Enhancer is the "Credit Provider" under the Indenture.

XLII. SELU as Third Party Beneficiary; Consent and Agreement of SELU

As to the provisions hereof benefiting SELU, SELU shall be a third party beneficiary hereof. Further, any right, duty or obligation of the Foundation hereunder may require the consent or agreement of SELU, at the election of SELU and/or as required by the Ground Lease. SELU, by its execution of this Agreement, does hereby consent and agree to the provisions hereof in all respects.

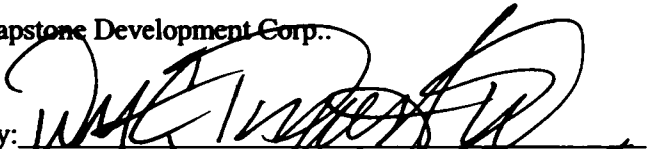
[Signature page follows]

Effective on the first date set forth above.

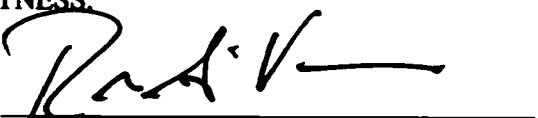
WITNESS:

By: 
Print Name: DAVID A. BRYAN
Title:

Capstone Development Corp..

By: 
Print Name: WILLIAM D. VETTER
Title: OWNER VILLAGE

WITNESS:

By: 
Print Name: Raefella A. Lopez
Title:

University Facilities, Inc.

By: 
Print Name: Phil K. Livingston
Title: Vice President

CONSENTED AND AGREED TO:

Southeastern Louisiana University

By: 
Print Name: _____
Title: President

EXHIBIT 1

DEFINED TERMS

- A. This “Agreement” is defined in the Preamble.
- B. “Approvals” are defined in Paragraph A of Exhibit 9.
- C. The “Architect” is the Project’s architect and its subconsultants and subcontractors selected by Developer. The various Project Phases may have different architects.
- D. “Board” is the Board of Supervisors for the University of Louisiana System, on behalf of Southeastern Louisiana
- E. “Board Representative” is the person designated in writing from time-to-time by the Board to serve as its representative with respect to this Agreement.
- F. The “Bonds” are defined in the Recitals.
- G. The “Bond Financing” is defined in the Recitals.
- H. The “Bond Trustee” is Bank of New York Trust Company, N.A., the trustee under the Indenture.
- I. “Bond Underwriter” is Morgan Keegan and Company, the underwriter of the Bonds.
- J. “Change Order Request” is the request for a Project change order described in Section XXI.
- K. “City” is defined in the Recitals.
- L. The “ Commencement Date” for each Project Phase is the date on which the Foundation shall deliver to Developer Notice to Proceed with Construction for such Project Phase. In no event shall the Commencement Date for any Project Phase (other than the Project-Phase II) be more than 7 days after the closing of financing for such Project Phase. The Commencement Date for the Project-Phase I is referred to as the “Commencement Date-Phase I”, the Commencement Date for the Project-Phase II is referred to as the “Commencement Date-Phase II” and the Commencement Date for the Project-Phase II is referred to as the “Commencement Date-Phase III.
- M. The “Construction Budget” for each Project Phase is the portion of the Development Budget for such Project Phase depicted as such in the Exhibit for the Development Budget for such Project Phase.
- N. “Construction Change Directive” is defined in Section XXI.
- O. The “Construction Contingency” for each Project Phase is the amount of the Construction Budget depicted as such in the Exhibit for the Development Budget for such Project Phase.

- P. The “Construction Contract” is the contract by and between Developer and the General Contractor for construction and development of the Project.
- Q. The “Construction Documents” are the plans, Construction Drawings, specifications and change orders prepared by Developer, the Architect or other Consultants and approved by the Foundation for the construction of each Project Phase, and any changes, modifications, or supplements to them.
- R. The “Construction Documents – Phase I” are the Construction Documents for the Project – Phase I.
- S. The “Construction Documents – Phase II” are the Construction Documents for the Project – Phase II.
- T. The “Construction Documents – Phase III” are the Construction Documents for the Project – Phase III.
- U. The “Construction Drawings” are the drawings, including schematic drawings, design development drawings, and construction drawings, prepared by Developer, the Architect or other Consultants and approved by the Foundation for the construction of the Project, and any changes, modifications, or supplements to them. The “Construction Drawings–Phase I” are the Construction Drawings for the Project–Phase I; the “Construction Drawings–Phase II” are the Construction Drawings for the Project–Phase II; and the “Construction Drawings–Phase III” are the Construction Drawings for the Project–Phase III.
- V. The “Construction Phase” for each Project Phase begins on the Commencement Date for such Project Phase and ends on the date of Final Completion of such Project Phase.
- W. The “Construction Phase – Phase I” is the Construction Phase for the Project – Phase I. In no event shall the Construction Phase-Phase I be less than 236 days.
- X. The “Construction Phase – Phase II” is the Construction Phase for the Project – Phase II. In no event shall the Construction Phase-Phase II be less than 367 days.
- Y. The “Construction Phase – Phase III” is the Construction Phase for the Project – Phase III. In no event shall the Construction Phase-Phase III be less than 322 days.
- Z. “Consultant” is any company, entity, firm, attorney, person, individual, or advisor (other than the Foundation, SELU, Bond Trustee, Credit Enhancer, Developer, and their employees) that contracts with and is paid by or charges a fee to Developer, the General Contractor, or both of them, to perform any duties or services (including any Services) relating to Project design, development, demolition, or construction. The Project Engineer, the Architect, and the General Contractor are Principal Consultants (and Consultants). Contractors and Suppliers are Consultants.
- AA. “Contractor” is any of the General Contractor, subcontractors, and sub-subcontractors providing work, labor, equipment, or materials under the Construction Budget or the Soft-Cost Budget, each of whom shall be licensed, and selected by Developer.

- BB.** The Credit Enhancer” is the entity insuring the bonds through the provision of credit enhancement, and is MBIA Insurance Corporation, its successors and assigns.
- CC.** “Deed of Trust” is that certain leasehold Deed of Trust, Security Agreement and Assignment of Rents and Leases by and between the Foundation, as Grantor, and Bank of New York Trust Company, N.A., as Trustee under such instrument for the benefit of Trustee, as of the effective date.
- DD.** “Detail Report” is defined in Section IX.
- EE.** “Developer Default” is defined in Section XVIII.
- FF.** “Developer” is defined in the Preamble.
- GG.** “Developer Insurance” is attached as Exhibit 16.
- HH.** “Developer’s Project Contingency” is either the Developer’s Project Contingency – Phase I and the Developer’s Project Contingency Phase II, or the Developer’s Project Contingency – Phase III, or all of such items, as the case may be.
- II.** “Developer’s Project Contingency-Phase I and Phase II” is such amount of the Total Soft Cost Budget for Phase I depicted as such in Exhibit 10.
- JJ.** “Developer’s Project Contingency-Phase III” is such amount of the Total Soft Cost Budget for Phase III depicted as such in Exhibit 12.
- KK.** “Developer’s Representative” is the person designated in writing by Developer as its agent and contact for all purposes under this Agreement. The initial Developer’s Representatives are Will Davenport and Billy Higginbotham.
- LL.** The “Development Budget” is either the Development Budget-Phase I and Phase II or the Development Budget-Phase III, as the case may be.
- MM.** The “Development Budget-Phase I and Phase II” is the portion of Exhibit 10 shown therefore (but does not include the “Project Cost Outside Development Budget” portion of Exhibit 10).
- NN.** The “Development Budget-Phase III” is the portion of Exhibit 12 shown therefore (but does not include the “Project Cost Outside Development Budget” portion of Exhibit 12).
- OO.** “Development Costs” of each Project Phase are the component line item costs of the Total Construction Budget Amount and the Total Soft-Cost Budget Amount for such Project Phase.
- PP.** The “Development Fee” is defined in Section XVI.
- QQ.** “Development Fee Completion Portion – Phase I and II” is the amount, as of the date each month during the Project Schedule – Phase I and Project Schedule – Phase II on which the payment of a portion of the Development Fee – Phase I and II is calculated, and which is derived by dividing the amount of the current construction draw for the Project – Phase I and

Phase II (as reflected in line #4, Total Completed & Stored to Date, of the AIA G702 Application and Certificate for Payment) by the amount of the total construction amount for the Project – Phase I and Phase II (as reflected in line #3, Contract Sum to Date, of the AIA G702 Application and Certificate for Payment), and multiplying the quotient thereof by the dollar amount of the Development Fee – Phase I and Phase II to be paid during the Project Schedule – Phase I and Project Schedule – Phase II (which amount is \$1,125,600.00) (by way of example and for illustrative purposes only, if as of the date during the month when payment of a portion of the Development Fee – Phase I and II is to be calculated the current construction draw for the Project – Phase I and Phase II is \$1,200,000.00 and the total construction amount for Phase I and Phase II is \$33,000,000.00, then the development Fee Completion Portion – Phase I and II as of such date shall be calculated as $\$1,200,000.00 \div 33,000,000.00 = 3.64\% \times \$1,125,600.00 = 40,930.91$).

- RR. “Development Fee Completion Portion – Phase III” is the amount, as of the date each month during the Project Schedule – Phase III on which the payment of a portion of the Development Fee – Phase III is calculated, which is derived by dividing the amount of the current construction draw for Phase III (as reflected in line #4 Total Completed & Stored to Date, of the AIA G702 Application and Certificate for Payment) by the amount of the total construction amount for the Project – Phase III (as reflected in line #3, Contract Sum to Date, of the AIA G702 Application and Certificate for Payment), and multiplying the quotient thereof by the dollar amount of the Development Fee – Phase III to be paid during the Project Schedule – Phase III (which amount is \$180,900.00) (by way of example and for illustrative purposes only, if as of the date during the month when payment of a portion of the Development Fee – Phase III is to be calculated the current construction draw for the Project – Phase III is \$425,000.00 and the total construction amount for the Project – Phase III is \$5,000,000.00, then the Development Fee Completion Portion – Phase III as of such date shall be calculated as $425,000.00 \div 5,000,000.00 = 8.50\% \times \$180,900.00 = 15,376.50$).
- SS. “Draw” is defined in Section IX.
- TT. “Draw Requests” are defined in Section IX.
- UU. The “Effective Date” is defined in the Preamble.
- VV. “Emergency” is defined in Section V.
- WW. “Environmental Laws” are defined in Section XIV.
- XX. “Event of Default” is defined in Section XVIII.
- YY. “Existing Site Conditions” are any and all conditions of the Project Site as of the Effective Date (or, if not owned by SELU as of the Effective Date, then as of the date of acquisition of such portion of the Project Site, including, but not limited to, geological, geotechnical, archeological, paleontological and environmental, including the presence or absence of any Hazardous Materials and compliance or non-compliance with Environmental Laws as of the Effective Date. SELU shall be solely responsible for any and all such matters, and shall indemnify and hold harmless Developer and the Foundation from and against any and all losses, costs, expenses, liabilities or obligations concerning same as provided in this Agreement.

- ZZ.** “Finally Complete” and “Final Completion” are defined in Section XIX.
- AAA.** The “Finance Coordination Fee-Phase I and Phase II” is the fee payable to Developer for coordinating the closing on the Bond Financing for the Project – Phase I and Phase II.
- BBB.** The “Finance Coordination Fee-Phase III” is the fee payable to Developer for coordinating the closing of the Bond Financing for the Project – Phase III.
- CCC.** “Force Majeure” is defined in Section XVIII.
- DDD.** “The Foundation” is defined in the Preamble.
- EEE.** “Foundation Default” is defined in Section XVIII.
- FFF.** “The Foundation Indemnified Parties” are defined in Section XX.
- GGG.** “The Foundation’s Representative” is the person designated in writing by the Foundation as its agent and contact for all purposes under this Agreement. The initial Foundation’s Representative is Jay Seale .
- HHH.** The “General Contractor” is the Project’s prime or general contractor selected by Developer.
- III.** The “General Ledger Detail Report” is defined in Section IX.
- JJJ.** The “Ground Lease” is defined in the Recitals.
- KKK.** “Guaranteed Date” for each Project Phase is the date by which Developer must cause such Project Phase to be Substantially Complete. The “Guaranteed Date” for the Project-Phase I is January 7, 2005, as may be extended from time-to-time as provided in this Agreement; the “Guaranteed Date” for the Project-Phase II is July 29, 2005, as may be extended from time-to-time as provided in this Agreement; and the “Guaranteed Date” for the Project-Phase III is August 1, 2006, as may be extended from time-to-time as provided in this Agreement.
- LLL.** “Guaranteed Maximum Price” is the sum of the Total Construction Budget Amount, the Total Soft-Cost Budget Amount, the Developer’s Project Contingency and the Development Fee for the Project – Phase I, and is the sum of the Total Construction Budget Amount and the Total Soft Cost Budget Amount for the Project – Phase II. The “Guaranteed Maximum Price” for each Project Phase is the amount shown therefore in the Exhibit setting forth the Total Construction Budget Amount for such Project Phase.
- MMM.** “Hazardous Materials” are defined in Section XIV.
- NNN.** The “Indenture” is the indenture of trust providing for the issuance, terms, and security for the Bonds.
- OOO.** “Management Agreement” is defined in the Recitals.
- PPP.** “Master Site Plan” is the master plan for the Project Site created or modified pursuant to this Agreement.

- QQQ.** “Monthly Progress Reports” is defined in Paragraph L of Exhibit 9.
- RRR.** “Notice to Proceed with Construction” is the notice to be delivered by the Foundation, not later than 7 days after the closing of financing for any Project Phase (other than the Project-Phase II), pursuant to which Developer is directed to commence construction on such Project Phase.
- SSS.** “Other Supporting Documentation” is defined in Section IX.
- TTT.** “Parish” is defined in the Recitals.
- UUU.** “Party” and “Parties” are defined in the Recitals.
- VVV.** “Payment and Performance Bond” are the payment and performance bond required by this Agreement, the forms of which are shown in Exhibit 18.
- WWW.** “Principal Consultants” are the Project Engineer, the Architect, and the General Contractor. Principal Consultants are also Consultants.
- XXX.** “Principal Consultants’ Insurance” is the insurance described in Exhibit 17.
- YYY.** The “Project” is defined in the recitals, and consists of the Project-Phase I, the Project-Phase II and the Project-Phase III, or any combination or components thereof.
- ZZZ.** The “Project-Phase I” is generally described and defined in Exhibit 3.
- AAAA.** The “Project-Phase II” is generally described and defined in Exhibit 4.
- BBBB.** The “Project-Phase III” is generally described and defined in Exhibit 5.
- CCCC.** “The Project Development Account” is defined in Section VIII.
- DDDD.** The “Project Engineer” is the Project’s professional engineering firm and its subcontractors selected by Developer. The Project Engineer will perform various duties required by Developer. Those duties may be outside of the scope of the Architect’s agreement and will be in addition to the basic services provided under it.
- EEEE.** “Project Phase” is defined in the Recitals.
- FFFF.** The “Project Schedule” is a schedule prepared and updated by Developer for each Project Phase. It represents the best current estimate of Developer of the timetable required to complete each Project Phase.
- GGGG.** The “Project Schedule-Phase I” is the schedule prepared by Developer setting forth the best current estimate of Developer of the timetable required to complete the Project-Phase I, and is attached hereto as Exhibit 13.

- HHHH.** The “Project Schedule-Phase II” is the schedule prepared by Developer setting forth the best current estimate of Developer of the timetable required to complete the Project-Phase II, and is attached hereto as Exhibit 14.
- IIII.** The “Project Schedule-Phase III” is the schedule prepared by Developer setting forth the best current estimate of Developer of the timetable required to complete the Project-Phase III, and is attached hereto as Exhibit 15.
- JJJJ.** The “Project Site” is the real property leased under the Ground Lease as of the Effective Date, and also includes any property that at any time becomes a part of the Project, whether owned by SELU as of the Effective Date or acquired by SELU subsequent to the Effective Date, regardless of whether such property is leased under the Ground Lease.
- KKKK.** “Publication” is defined in Section XXIV.
- LLLL.** “RFI” is a request for information or clarification of the Construction Drawings.
- MMMM.** “Plans and Specifications-Phase I” are attached as Exhibit 6.
- NNNN.** “Plans and Specifications-Phase II” are attached as Exhibit 7.
- OOOO.** “Plans and Specifications-Phase III” are attached as Exhibit 8.
- PPPP.** “SELU” is defined in the Recitals.
- QQQQ.** “SELU’s Representative” is the person designated in writing by SELU as its agent and contact for all purposes under this Agreement. The initial SELU’s representative is Stephen Smith.
- RRRR.** The “Services” are the services described in Exhibit 9.
- SSSS.** The “Services Agreements” is defined in Paragraph B of Exhibit 9.
- TTTT.** The “Soft-Cost Budget” is the portion of the Development Budget for each Project Phase shown therefor in Development Budget for such Project Phase.
- UUUU.** The “Statement of Cash Receipts and Disbursements” is defined in Section IX.
- VVVV.** “Substantially Complete” and “Substantial Completion” is defined in Section XIX.
- WWWW.** “Summary Report” is defined in Section IX.
- XXXX.** “Suppliers” are suppliers of materials to the Project, each of whom shall be selected by Developer.
- YYYY.** “Supporting Documentation” is defined in Section IX.
- ZZZZ.** “Term” is defined in Section IV.

- AAAAA.** The “Termination Date” is the date that is the earlier of: (i) 12 months after Final Completion of the Project-Phase III, (ii) the termination of the Ground Lease, (iii) the abandonment of the Project by the Foundation, or (iv) another date mutually agreed in writing by the Foundation and Developer.
- BBBBB.** The “Total Construction Budget Amount” for each Project Phase is the amount shown therefor in the Exhibit setting forth the Total Construction Budget Amount for such Project Phase.
- CCCCC.** The “Total Soft-Cost Budget Amount” is the amount shown therefor in the Exhibit setting forth the Total Construction Budget Amount for such Project Phase.
- DDDDD.** “Warranty Defects” are any material defects, deficiencies, or needed repairs as a result of breach of any warranties extended by the General Contractor, Consultants, or Suppliers, but shall exclude ordinary wear and tear, misuse, abuse or use for other than the originally-intended purpose.

EXHIBIT 2
GROUND LEASE

EXECUTION COPY

GROUND AND BUILDINGS LEASE AGREEMENT

by and between

**Board of Supervisors for the University of Louisiana System,
on behalf of Southeastern Louisiana University
(as Lessor)**

and

**University Facilities, Inc.
(as Lessee)**

Dated as of August 1, 2004

in connection with:

**Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project)
Series 2004**

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GROUND AND BUILDINGS LEASE AGREEMENT

This GROUND AND BUILDINGS LEASE AGREEMENT (together with any amendment hereto or supplement hereof, the "Ground Lease") dated as of August 1, 2004, is entered into by and between the BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM (the "Board"), a public constitutional corporation organized and existing under the laws of the State of Louisiana, acting herein on behalf of Southeastern Louisiana University (the "University"), which Board is represented herein by Randy Moffett, President of the University, duly authorized, and UNIVERSITY FACILITIES, INC., a Louisiana, nonprofit corporation represented herein by Phil K. Livingston, its Vice Chairperson, (the "Corporation").

WITNESSETH

WHEREAS, the Board is a public constitutional corporation organized and existing under the laws of the State of Louisiana and the University is a university under its management pursuant to Louisiana Revised Statutes 17:3217;

WHEREAS, the Corporation is a private nonprofit corporation organized and existing under the Louisiana Nonprofit Corporation Law (La. R.S. 12:201 et seq.), whose purpose is to support and benefit the educational, scientific, research and public service missions of the University;

WHEREAS, pursuant to La. R.S. 17:3361 through 17:3366, the Board is authorized to lease to a private entity, such as the Corporation, any portion of the campus of the University (the "Campus") provided the Corporation is thereby obligated to construct improvements for furthering the educational, scientific, research or public service functions of the Board;

WHEREAS, in order to further these functions of the Board, by development of housing and related facilities for students, faculty and staff on the Campus, the Board deems it advisable that a portion of the Campus be leased to the Corporation for the purpose of demolishing certain existing facilities and renovating, developing and constructing such student housing and related facilities and leasing such facilities back to the Board; and

WHEREAS, the Board and the Corporation have agreed to enter into this Ground Lease whereby the Board will lease certain tracts of land owned by the Board and located on the Campus to the Corporation; and

WHEREAS, the Board and the Corporation have agreed that the Corporation shall demolish certain existing facilities and renovate, develop and construct student housing and related facilities on the land leased hereunder which student housing and related facilities will be owned by the Board as constructed and leased to the Corporation pursuant to this Ground Lease; and

WHEREAS, the Corporation shall lease the student housing and related facilities back to the Board pursuant to a lease of even date herewith (the "Facilities Lease") for use by students, faculty and staff of the University and such other persons as set forth in the Facilities Lease;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree as follows:

ARTICLE ONE LEASE OF PROPERTY - TERMS OF GROUND LEASE

Section 1.01 Lease of Land. The Board does hereby let, demise, and rent unto the Corporation, and the Corporation does hereby rent and lease from the Board, the real property (the "Land") more particularly described on **Exhibit A** attached hereto, together with all existing and future improvements, alterations, additions and attached fixtures located or to be located on the Land (the "Facilities") and the right of uninterrupted access to and from all streets and roads now or hereafter adjoining the Land for vehicular and pedestrian ingress and egress. Notwithstanding Article VIII of the Loan Agreement, the Board shall have the right to release from this Ground Lease, after demolition has been completed, any portion of the Land upon which existing facilities were demolished, if no portion of the Facilities is thereafter constructed thereon. The Corporation, by execution of this Ground Lease, accepts the leasehold estate herein demised subject only to the matters described on **Exhibit B** attached hereto.

Section 1.02 Habendum. To have and to hold the Land and the Facilities, together with all and singular the rights, privileges, and appurtenances thereto attaching or anyway belonging, exclusively unto the Corporation, its successors and assigns, for the term set forth in Section 1.03 below, subject to the covenants, agreements, terms, provisions, and limitations herein set forth.

Section 1.03 Term. Unless sooner terminated as herein provided, this Ground Lease shall continue and remain in full force and effect for a term commencing on the effective date hereof and ending on the earlier of (i) August 1, 2044, or (ii) the date on which any of the following events occur: (a) repayment of the Bonds in full, including principal, premium, if any, interest and all Administrative Expenses with respect to the Bonds or the defeasance of the Bonds, all as set forth in the Indenture, or (b) the exercise by the Board of the Option to Purchase and the purchase of the Corporation's interest in the Facilities pursuant to the Option.

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. In addition to such other defined terms as may be set forth in this Ground Lease, the following terms shall have the following meanings:

"**Affiliate**" means, with respect to a designated Person under this Ground Lease, any other Person that, directly or indirectly, controls is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person.

"Agreement" means the Loan Agreement dated as of August 1, 2004, between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

"Applicable Laws" means all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority which are applicable to the parties performing their obligations under this Ground Lease.

"Award" means any payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

"Board" means Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities or its legal successor as the management board of the University, acting on behalf of the University.

"Board Representative" means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Ground Lease; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Corporation has been notified in writing.

"Board's Interest" means the Board's ownership interest in and to the Land and the Facilities.

"Bond Documents" shall have the meaning set forth in Section 3.12 of the Indenture.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

"Campus" means the campus of the University.

"Commencement of Construction" means the date on which demolition, excavation or foundation work is begun for the Facilities, which date shall occur on or before August 14, 2004.

"Commencement Date" means the effective date of this Ground Lease, which is August 13, 2004.

"Construction Contract" means the Development Agreement between the Corporation and the Developer for the design and construction of each phase of the Facilities.

"Corporation" means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

"Date of Opening" means the date the demolition is complete and the Facilities are opened for occupancy or use, which date shall be on or before January 7, 2005 with respect to Phase One of the Facilities and July 29, 2005 with respect to Phase Two of the Facilities.

"Developer" means Capstone Development Corporation.

"Event of Default" means any matter identified as an event of default under Section 11.01 hereof.

"Expiration Date" means the expiration date of this Ground Lease as set forth in Section 1.03 hereof.

"Facilities" means the student housing and related facilities described in **Exhibit D** attached hereto, as amended and supplemented in accordance with the provisions of the Agreement, which are to be renovated and/or constructed in three (3) phases with the proceeds of the Bonds and Additional Bonds, and Southeastern Oaks and The Village.

"Facilities Lease" means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby the Facilities are leased by the Corporation to the Board, on behalf of the University.

"Force Majeure" means any (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, act of terrorism, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of the Corporation; (d) adoption of or change in any Applicable Laws after the date of execution of this Ground Lease; (e) any actions by the Board which may cause delay; or (f) any other similar cause or similar event beyond the reasonable control of the Corporation.

"Governmental Authority" means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

"Independent Architect" means the architect, engineer, or consultant selected and retained by the Board to inspect the Facilities on behalf of the Board.

"Issuer" means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana created by the provisions of the Act (as defined in the Indenture), or any agency, board, body, commission,

department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Issuer by said provisions shall be given by law.

"Land" means the real property more particularly described on **Exhibit A** attached hereto upon which certain existing facilities are to be demolished and upon which the Facilities are to be renovated, constructed and located.

"Mortgage" shall have the meaning set forth in the Agreement.

"Permitted Sublessees" means persons other than University students, faculty and staff who are participants in any activities related to the mission of the University and who are using the Facilities for a period of one (1) month or less pursuant to a concession or other housing arrangement with the University.

"Permitted Use" means the operation of the Facilities for the housing of University students, faculty, staff and Permitted Sublessees and for purposes related to or associated with the foregoing.

"Person" means an individual, a trust, an estate, a Governmental Authority, partnership, joint venture, corporation, company, firm or any other entity whatsoever.

"Plans and Specifications" means the plans and specifications for the construction of each phase of the Facilities, as implemented and detailed from time to time, as the same may be revised from time to time prior to the completion of the Facilities in accordance with the Agreement and this Ground Lease.

"Rent" means the annual rent paid by the Corporation as set forth in Section 3.01 hereof.

"RFP" means the Request for Proposals relating to the selection of the developer that will construct the Facilities, the lessee of the portion of the Campus upon which the Facilities will be located pursuant to this Ground Lease and the manager of the Facilities.

"Taking" means the actual or constructive condemnation, or the actual or constructive acquisition by condemnation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

"Term" means the term of this lease as set forth in Section 1.03 hereof.

"Trustee" shall have the meaning set forth in the Facilities Lease.

"University" means Southeastern Louisiana University in Hammond, Louisiana.

ARTICLE THREE RENT

Section 3.01 Rent. Commencing on the Commencement Date and continuing throughout the Term the Corporation shall pay to the Board, at the address set forth in Section

18.02 hereof or such other place as the Board may designate from time to time in writing, as annual rent for the Land ("Rent"), the sum of \$1.00 per year. Rent shall be due and payable annually in advance, with the first such payment of Rent being due on the Commencement Date and a like installment due on each anniversary thereafter during the Term.

Section 3.02 Additional Obligations. As further consideration for the entering into of this Ground Lease by the Board, the Corporation agrees to perform its construction obligations as set forth in Article Five herein, and to execute and perform its obligations under the Facilities Lease and all other documents contemplated by and ancillary to this Ground Lease and the Facilities Lease. Title to all improvements constructed or placed in service on the Land by the Corporation shall vest in the Board and the cost thereof incurred by the Corporation shall constitute additional rent hereunder. In addition, the Corporation agrees to pay the costs of demolishing, developing and/or constructing the Facilities pursuant to the terms of this Ground Lease and the Facilities Lease, title to which shall vest in the Board, which payment obligation shall constitute additional rent hereunder.

ARTICLE FOUR USE OF LAND

Section 4.01 Purpose of Lease. The Corporation enters into this Ground Lease for the purpose of demolishing certain existing facilities and renovating, developing and constructing the Facilities in accordance with the Plans and Specifications and leasing the Facilities to the Board in accordance with the Facilities Lease. Except as otherwise provided herein, the Facilities are to be used for no other purpose.

Section 4.02 Benefit of the Board and the University. The Board shall own the Facilities subject to the Corporation's rights under this Ground Lease and, for so long as the Facilities Lease remains in full force and effect, the Board shall lease back the Facilities from the Corporation for the support, maintenance and benefit of the Board and the University. The Facilities shall be owned and leased solely for a public purpose related to the performance of the duties and functions of the Board and the University. Under no circumstances shall the Facilities be used for any purpose other than the Permitted Use.

Section 4.03 Data and Voice Communication Systems. The Board, at its expense, agrees to provide to the Facilities appropriate cabling to tie its computer system into the Facilities. The Board shall provide the Facilities access to its computer system at no charge to the Corporation. The internal installation of such computer wiring within the Facilities in accordance with the Plans and Specifications shall be at the expense of the Corporation.

Section 4.04 Compliance with Statutory Requirements. Section 3361, et, seq. of Title 17 of the Louisiana Revised Statutes prescribes rules and regulations for leases of any portion of the campus by a college or university. By execution of this Ground Lease, the Board represents that it has complied with applicable statutory requirements of such Title 17 including, without limitation:

- A. the waiver by written consent of the formulation and adoption of rules, regulations and requirements, if any, relative to the erection, construction and maintenance of the Facilities referenced in Section 3362 A of Title 17 of the Louisiana Revised Statutes, other than those set forth in this Ground Lease or specifically referenced in this Ground Lease;
- B. the waiver by written consent of the Board's right to require removal of the Facilities referenced in Section 3362 B of Title 17 of the Louisiana Revised Statutes, except as set forth in this Ground Lease; and
- C. the waiver by written consent of the Board's right to adopt such rules or regulations as it deems necessary or desirable relative to the conduct and social activities of people in structures erected on the leased grounds referenced in Section 3364 of Title 17 of the Louisiana Revised Statutes, except as may be specified in this Ground Lease.

ARTICLE FIVE CONSTRUCTION OF THE FACILITIES

Section 5.01 The Corporation's Construction Obligations. The Corporation will demolish certain existing facilities and renovate, develop and construct the Facilities on the Land at its own cost and expense. The Corporation shall lease the Facilities to the Board pursuant to the Facilities Lease. The Board shall not have any financial obligation or other obligation of any kind under this Ground Lease except to review and approve the Corporation's activities and as specifically set forth herein.

- A. The Corporation shall furnish or cause to be furnished all supervision, tools, implements, machinery, labor, materials and accessories such as are necessary and proper for the demolition of certain existing facilities and the construction of the Facilities, shall pay all applicable permit and license fees, and shall demolish certain existing facilities and construct, build, and complete the Facilities in a good, substantial and workmanlike manner all in accordance with this Ground Lease, and generally in compliance with the Plans and Specifications and all documents executed pursuant hereto and thereto. The Corporation and the Board agree to cooperate fully to the end that fee and permit exemptions available with respect to the Facilities under applicable law are obtained by the party or parties entitled thereto.
- B. Subject to the provisions of this Section 5.01, all decisions regarding construction matters shall be made by the Corporation, working with the Developer. The Developer has been selected as developer to demolish certain existing facilities and design and construct the Facilities in accordance with the RFP. The parties hereto acknowledge that the Board Representative and any other party whose consent is necessary to the Board's authority have previously reviewed and approved the Plans and Specifications and the form of the Construction Contract

for phase one of the Facilities. Prior to the application of Bond proceeds or the issuance of any Additional Bonds (as defined in the Indenture) to finance any subsequent phase of the Facilities, the Board Representative and any other party whose consent is necessary to the Board's authority shall review and approve the Plans and Specifications and the form of the Construction Contract relating to such subsequent phase of the Facilities.

- C. Changes in work and materials are subject to review and approval of the Board Representative; however minor changes in work or materials, not affecting the general character of the Facilities or increasing the cost of construction may be made in the Plans and Specifications at any time by the Corporation without the approval of the Board Representative, but a copy of the altered Plans and Specifications shall promptly be furnished to the Board Representative. The Corporation shall notify the Board Representative of any changes in work or materials that require the Board Representative's approval and the Board Representative shall either approve or disapprove any such changes within ten (10) business days after receipt of such notice from the Corporation. Notification shall include sufficient information for the Board Representative to make a determination and to approve or disapprove any changes in work or materials.

- D. After completion of the Facilities, at least sixty (60) days prior to undertaking any structural alteration, renovation, or remodeling of the Facilities during the Term, the Corporation shall submit plans for such renovation or remodeling to the Board Representative for approval which approval must be obtained prior to the Corporation making or causing to be made any such structural alteration, renovation, or remodeling of the Facilities. The Board Representative shall either approve or disapprove any such alteration within thirty (30) days after receipt of such plans from the Corporation. All alterations, renovations or additions to the Facilities undertaken by the Corporation shall be in conformance with all applicable laws, codes, rules and regulations, and amendments thereto, including 1988 Standard Building Code with 1989 and 1990 revisions, ANSIA 1117.1 1986 edition, and NFPA 101 Life Safety Code and all local and state building codes. The Corporation shall have the right to contest any such codes for reasonable grounds by ordinary and proper procedures.

- E. Subject to Force Majeure, the Corporation covenants that the Corporation shall substantially complete construction of the Facilities, subject to punch list items, on or before January 1, 2005 for Phase One, July 29, 2005 for all of Phase Two other than the renovation of Cardinal Newman Hall and August 1, 2006 for Cardinal Newman Hall with all units ready for occupancy. Notwithstanding anything to the contrary contained herein, a breach by the Corporation of the covenant set forth in this Section 5.01. E. shall not be an Event of Default hereunder. The Board shall be entitled to institute an action seeking specific performance of this covenant by the Corporation.

- F.** Prior to the commencement of construction of any phase of the Facilities, the Corporation and the Developer shall meet with the Board Representative to coordinate construction activity under the Construction Contract. Upon commencement of construction of such phase of the Facilities, the Corporation shall deliver to the Board Representative, (1) a copy of the signed Construction Contract between the Corporation and the Developer for the design and construction of such phase of the Facilities, and (2) a copy of the labor and materials payment and performance bonds in an amount equal to the contract price set forth in the Construction Contract for such phase of the Facilities issued by a company qualified, permitted or admitted to do business of the State of Louisiana and approved by the Board. The Corporation shall take the action specified by La. R.S. 9:4802(C) to be taken by an owner to protect the premises from any liens related to the design or construction of the Facilities.
- G.** Prior to the Commencement of Construction of any phase of the Facilities, any architect whose services have been retained shall provide a standard errors and omissions policy, with such additional provisions as may be approved by counsel to the Corporation.
- H.** Any performance bond, labor and material payment bond, or completion bond provided by a contractor hired by the Corporation shall be for 100% of the amount of the contract with such contractor, and shall contain a dual obligee rider in favor of the Board; subject, however, to the reasonable underwriting guidelines of the surety issuing the bond and rules of the Governmental Authorities regulating the surety.
- I.** The Corporation shall, upon written request of the Board, make, in such detail as may reasonably be required, and forward to the Board Representative, reports in writing as to the actual progress of the construction of the Facilities. During such period, the construction work shall be subject to inspection by the Independent Architect and by authorized personnel of the Board in order to verify reports of construction, determine compliance with safety, fire, and building codes, determine compliance with approved construction plans, or such other inspections as may be necessary in the reasonable opinion of the Board Representative.
- J.** The Corporation shall inspect the Land and arrange for boundary surveys, topographical surveys, soil borings and other site investigations at its expense to the extent these things have not been done by the Board. The Board does not guarantee that the Land is suitable for construction of the Facilities. Subject to the matters shown on **Exhibit B** attached to this Ground Lease, the Corporation accepts the Land in its present condition. However, the Board represents that to the best of its knowledge and belief there are no Hazardous Materials or other materials on or under the Land that would materially impact the construction of the Facilities.

- K. Except as provided in Section 4.03 hereof, part of the cost of construction of the Facilities shall include all costs necessary for the contractor or applicable utility company to bring lines for all such utilities to the Facilities so that such utilities will be available when required for construction and operation of the Facilities.

ARTICLE SIX ENCUMBRANCES

Section 6.01 Mortgage of Leasehold or the Facilities. Except for the Mortgage, the Corporation shall not mortgage, lien or grant a security interest in the Corporation's leasehold interest in the Land or the Facilities or any other right of the Corporation hereunder without the prior written consent of the Board.

ARTICLE SEVEN MAINTENANCE AND REPAIR

Section 7.01 Maintenance, Repairs and Renovations. (a) For as long as the Facilities Lease is in effect, the University, at the direction of the Board, shall be responsible for maintaining and repairing the Facilities in accordance with Section 7 of the Facilities Lease. The Corporation, acting as agent for the Board, will initially contract with Capstone On-Campus Management, LLC to provide these services.

(b) In the event that the Facilities Lease has been terminated, the Corporation will: (1) maintain or cause to be maintained the Facilities, and will keep the Facilities in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; and (2) make from time to time any additions, modifications or improvements to the Facilities the Corporation may deem desirable for its business purposes that do not materially impair the effective use of the Facilities, provided that all such additions, modifications and improvements will become a part of the Facilities.

ARTICLE EIGHT CERTAIN LIENS PROHIBITED

Section 8.01 No Mechanics' Liens. Except as permitted in Section 8.02 hereof the Corporation shall not suffer or permit any mechanics' liens or other liens to be enforced against the Board's ownership interest in the Land or the Facilities nor against the Corporation's leasehold interest in the Land or the Facilities by reason of a failure to pay for any work, labor, services, or materials supplied or claimed to have been supplied to the Corporation or to anyone holding the Land or Facilities or any part thereof through or under the Corporation.

Section 8.02 Release of Recorded Liens. If any such mechanics' liens or materialmen's liens shall be recorded against the Land or Facilities, the Corporation shall cause the same to be released of record or, in the alternative, if the Corporation in good faith desires to contest the same, the Corporation shall be privileged to do so, but in such case the Corporation hereby agrees to indemnify and save the Board harmless from all liability for damages occasioned

thereby and shall in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and released prior to the execution of such judgment. In the event the Board reasonably should consider the Board's interest in the Land or the Facilities endangered by any such liens and should so notify the Corporation and the Corporation should fail to provide adequate security for the payment of such liens, in the form of a surety bond, cash deposit or cash equivalent, or indemnity agreement reasonably satisfactory to the Board within thirty (30) days after such notice, then the Board, at the Board's sole discretion, may discharge such liens and recover from the Corporation immediately as additional Rent under this Ground Lease the amounts paid, with interest thereon from the date paid by the Board until repaid by the Corporation at the rate of ten percent (10%) per annum.

Section 8.03 Memorandum of Recitals. The memorandum of lease to be filed pursuant to Section 18.04 of this Ground Lease shall state that any third party entering into a contract with the Corporation for improvements to be located on the Land, or any other party claiming under said third party, shall be on notice that neither the Board nor the Board's property shall have any liability for satisfaction of any claims of any nature in any way arising out of a contract with the Corporation.

ARTICLE NINE OPERATION AND MANAGEMENT OF FACILITIES

Section 9.01 Management of Facilities. For as long as the Facilities Lease is in effect, the University, at the direction of the Board, shall operate and manage the Facilities or cause the Facilities to be operated and managed in accordance with the Section 7 of the Facilities Lease. The Corporation, as approved by the Board, will initially contract with Capstone On-Campus Management, LLC to provide operations and management services for the Facilities. In the event the Facilities Lease is terminated, the Corporation will be responsible for the operations and management of the Facilities and the Board will no longer have the right to operate or manage the Facilities.

Section 9.02 Books and Records. The Corporation shall keep, or cause to be kept, accurate, full and complete books, including bank statements, and accounts showing exclusively its assets and liabilities, operations, transactions and the financial condition of the Corporation.

Section 9.03 Audits. The Board may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of the Corporation. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of the Board, by the Louisiana Legislative Auditor or by independent auditors retained by the Board desiring to conduct such audit, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs by the Corporation.

ARTICLE TEN INDEMNIFICATION

Section 10.01 Indemnification by the Corporation. Excluding the acts or omissions of the Board, its employees, agents or contractors, the Corporation shall and will indemnify and save harmless the Board, its agents, officers, and employees, from and against any and all liability, claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions, and causes of action of any and every kind and nature arising or growing out of or in any way connected with the Corporation's construction of the Facilities. This obligation to indemnify shall include reasonable fees of legal counsel and third-party investigation costs and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand has been made; however, the Corporation and the Board shall use the same counsel if such counsel is approved by the Board, which approval shall not be unreasonably withheld or delayed. If the Board does not approve such counsel then the Board may retain independent counsel at the Board's sole cost and expense. It is expressly understood and agreed that the Corporation is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that the Board shall in no way be responsible therefor.

Section 10.02 Contributory Acts. Whenever in this Ground Lease any party is obligated to pay an amount or perform an act because of its negligence or misconduct (or that of its agents, employees, contractors, guests, or invitees), such obligations shall be mitigated to the extent of any comparative fault or misconduct of the other party (or that of its agents, employees, contractors, guests, or invitees) as determined by a court of law, and in any disputes damages shall be apportioned based on the relative amounts of such negligence or willful misconduct as determined by a court of law.

ARTICLE ELEVEN TERMINATION, DEFAULT AND REMEDIES

Section 11.01 Events Of Default. Any one of the following events shall be deemed to be an "Event of Default" by the Corporation under this Ground Lease.

- A. The Corporation shall fail to pay any sum required to be paid to the Board under the terms and provisions of this Ground Lease and such failure shall not be cured within thirty (30) days after the Corporation's receipt of written notice from the Board of such failure.
- B. The taking by execution of the Corporation's leasehold estate (other than a foreclosure of the Mortgage) for the benefit of any Person.
- C. The Corporation shall fail to perform any other covenant or agreement, other than the payment of money, to be performed by the Corporation under the terms and provisions of this Ground Lease, other than the covenant set forth in Section 5.01. E. hereof, and such failure shall not be cured within ninety (90) days after receipt of written notice from the Board of such failure; provided that if during such ninety (90) day period, the Corporation takes action to cure such failure but is unable, by reason of the nature of the

work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure.

- D. A court of competent jurisdiction shall enter an order for relief in any involuntary case commenced against the Corporation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction over the Facilities appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation or ordering the winding up or liquidation of the affairs of the Corporation, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.
- E. The commencement by the Corporation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Corporation to the commencement of a case under such Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation.
- F. The Corporation, after Commencement of Construction but prior to substantially completing construction of the Facilities, abandons (with no intent to continue) demolition, renovation or construction for a period of forty-five (45) consecutive days.

Section 11.02 The Board's Rights Upon Default. Upon the occurrence and during the continuance of an Event of Default, the Board may at its option seek any and all damages occasioned by the Event of Default or may seek any other remedies available at law or in equity, including specific performance.

Section 11.03 Termination of Right of Occupancy. Notwithstanding any provision of law or of this Ground Lease to the contrary, except as set forth in Section 1.03 hereof, the Board shall not have the right to terminate this lease prior to the Expiration Date hereof. However, in the event there is an Event of Default by the Corporation hereunder, the Board shall have the right to terminate the Corporation's right to occupancy of the Land and the Facilities, except that the Facilities, at the option of the Board, shall remain thereon. The Board shall have the right upon ninety (90) days' written notice and opportunity to cure provided to the Bond Insurer and the Trustee, to take possession of the Land and the Facilities and to re-let the Land and the Facilities or take possession in its own right for the remaining Term of the Ground Lease upon such terms and conditions as the Board is able to obtain. Upon such re-letting, the Corporation hereby agrees to release its leasehold interest and all of its rights under this Ground Lease and the Facilities Lease to the new lessee of the Land (or to the Board, if the Board wishes to remain in possession on its own behalf) in consideration for the new lessee (or the Board, as applicable) agreeing to assume all of the Corporation's obligations under the Ground Lease, the Facilities Lease and under any debt incurred by the Corporation in connection with the construction of the Facilities.

Section 11.04. Rights of The Board Cumulative. All rights and remedies of the Board provided for and permitted in this Ground Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. The Board shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by the Board of a breach of any of the covenants, conditions or restrictions of this Ground Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of the Board to insist in any one or more cases upon the strict performance of any of the covenants of this Ground Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option.

ARTICLE TWELVE TITLE TO THE FACILITIES

Section 12.01 Title to Facilities. Title to the existing Facilities and any new Facilities as they are constructed or placed in service upon completion thereof shall be vested in the Board. The Board's right to obtain title to the Facilities unencumbered by the leasehold interest of the Corporation granted hereunder shall be as set forth in the Facilities Lease. All furniture, fixtures, equipment and furnishings permanently affixed to the Facilities shall be the property of the Board upon termination of this Ground Lease whether such termination be by expiration of the Term or an earlier termination under any provision of this Ground Lease.

Section 12.02 The Board's Option to Require Demolition. Upon the Expiration Date of the Term or earlier termination hereof, in the event the Facilities are no longer suitable for the Board's purposes, the Board in its sole discretion may require the Corporation to demolish the Facilities and remove the Facilities from the Land, and restore the Land to substantially the same condition as it existed on the date of this Ground Lease, to be accomplished within one hundred eighty (180) days of such Expiration Date or earlier termination hereof. However, such demolition and removal of the Facilities shall be at the Board's sole cost and expense. In the event of such election upon the expiration of the Term, the Board shall notify the Corporation no later than six (6) months prior to the expiration of the Term. If this Ground Lease is terminated earlier, the Board shall notify the Corporation within thirty (30) days after the termination.

Section 12.03 Termination of Facilities Lease. Upon the termination of the Facilities Lease as a result of the Board's exercise of its option to purchase the Facilities granted under the Facilities Lease, all right and interest of the Corporation in and to this Ground Lease, the Facilities Lease and the Facilities shall be transferred to the Board, and the Corporation hereby agrees to execute any documents necessary to effectuate such transfer, or the Board may require the demolition of the Facilities as set forth in Section 12.02 above.

Section 12.04 Insurance Proceeds. Notwithstanding the fact that title to the Facilities is vested in the Board, if the Facilities Lease is no longer in force and effect, and all or any portion of the Facilities is damaged or destroyed by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise

(collectively "Casualty"), the proceeds of any insurance received on account of any such Casualty shall be disbursed in accordance with the provisions of the Bond Documents, or if the Bond Documents are no longer in effect shall be disbursed to the Corporation as though the Corporation were the owner of the Facilities.

Section 12.05 Condemnation, Casualty and Other Damage. The risk of loss or decrease in the enjoyment and beneficial use of the Facilities due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise (collectively "Casualty") or in consequence of any foreclosures, attachments, levies or executions; or the taking of all or any portion of the Facilities by condemnation, expropriation, or eminent domain proceedings (collectively "Expropriation") is expressly assumed by the Board. The Corporation and the Trustee shall in no event be answerable, accountable or liable therefor, nor shall any of the foregoing events entitle the Board to any abatements, set-offs or counter claims with respect to its Base Rental, Additional Rental or any other obligation hereunder.

ARTICLE THIRTEEN CONDEMNATION

Section 13.01 Condemnation. If the Facilities Lease has been terminated, upon the permanent Taking of all the Land and the Facilities, this Ground Lease shall terminate and expire as of the date of such Taking, and both the Corporation and the Board shall thereupon be released from any liability thereafter accruing hereunder except for Rent and all other amounts secured by this Ground Lease owed to the Board apportioned as of the date of the Taking or the last date of occupancy, whichever is later. The Corporation shall receive notice of any proceedings relating to a Taking and shall have the right to participate therein.

Section 13.02 Partial Condemnation if Facilities Lease is No Longer in Effect. Upon a temporary Taking or a Taking of less than all of the Land and the Facilities and if the Facilities Lease is no longer in effect, the Corporation, at its election, may terminate this Ground Lease by giving the Board notice of its election to terminate at least sixty (60) days prior to the date of such termination. Upon any such termination, the Rent accrued and unpaid hereunder shall be apportioned to the date of termination. In the event there is a partial condemnation of the Land and the Corporation decides not to terminate this Ground Lease, the Board and the Corporation shall either amend this Ground Lease or enter into a new lease so as to cover an adjacent portion of property, if necessary to restore or replace any portion of the Land and/or Facilities.

Section 13.03 Partial or Total Condemnation if Facilities Lease is in Effect. If this Ground Lease is terminated under Section 13.01 or in the event of a Taking of less than all of the Land and the Facilities while the Facilities Lease is in force and effect, and the Board decides to restore or replace the Facilities in accordance with the Facilities Lease, the Board and the Corporation agree to enter into a new lease (in form and substance substantially the same as this Ground Lease) of a portion of property necessary to place thereon the Facilities and to enter into a new Facilities Lease (in form and substance substantially the same as the Facilities Lease) covering such replacement Facilities.

Section 13.04 Payment of Awards - If Facilities Lease is in Effect. Upon the Taking of all or any portion of the Land or the Facilities while the Facilities Lease remains in full force and effect (a) the proceeds of the Award allocable to the value of the Facilities shall be disbursed in accordance with the provisions of the Facilities Lease and the Bond Documents, and (b) the Board shall be entitled (free of any claim by the Corporation) to the Award for the value of the Board's Interest (such value to be determined as if this Ground Lease were in effect and continuing to encumber the Board's Interest); and (c) the Corporation shall be entitled to the Award for the value of the Corporation's interest in the Land under this Ground Lease that is the subject of the Taking.

Section 13.05 Payment of Awards - If Facilities Lease is not in Effect. Upon the Taking of all or any portion of the Land or the Facilities at any time after the Facilities Lease is no longer in force and effect, (a) the proceeds of the Award allocable to the value of the Facilities shall be disbursed in accordance with the provisions of the Bond Documents, or if the Bond Documents are no longer in effect shall be disbursed to the Corporation, (b) the Board shall be entitled (free of any claim of the Corporation) to the Award for the value of the Board's Interest in the Land (such value to be determined as if this Ground Lease were in effect and continuing to encumber the Board's Interest) and (c) the Corporation shall be entitled to the Award for the value of the Corporation's interest in the Land under this Ground Lease that is the subject of the Taking.

Section 13.06 Bond Documents Control. Notwithstanding anything in this Ground Lease to the contrary, in the event of a Casualty or a Taking of all or any portion of the Facilities, the provisions in the Bond Documents shall control the division, application and disbursement of any insurance proceeds or Award paid as a result thereof for so long as the Bond Documents remain in effect.

ARTICLE FOURTEEN ASSIGNMENT, SUBLETTING, AND TRANSFERS OF THE CORPORATION'S INTEREST

Section 14.01 Assignment of Leasehold Interest. Except as expressly provided for in Article Six and in this Article Fourteen, the Corporation shall not have the right to sell or assign the leasehold estate created by this Ground Lease, or the other rights of the Corporation hereunder to any Person without the prior written consent of the Board.

Section 14.02 Subletting. The Corporation is not authorized to sublet the leasehold estate to any entity other than the Board; provided, however, that if the Facilities Lease terminates, the Corporation shall have the right to sublease the Facilities to University students, faculty and staff and Permitted Sublessees.

Section 14.03 Transfers of the Corporation's Interest. Except as otherwise expressly provided herein, any Person succeeding to the Corporation's interest as a consequence of any permitted conveyance, transfer or assignment shall succeed to all of the obligations of the Corporation hereunder and shall be subject to the terms and provisions of this Ground Lease.

ARTICLE FIFTEEN COMPLIANCE CERTIFICATES

Section 15.01 The Corporation Compliance. The Corporation agrees, at any time and from time to time upon not less than thirty (30) days prior written notice by the Board, to execute, acknowledge and deliver to the Board or to such other party as the Board shall request, a statement in writing certifying (a) that this Ground Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of the Corporation to be performed (and if so specifying the same), (c) the dates to which the Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of the Board's Interest or by any other Person.

Section 15.02 The Board's Compliance. The Board agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by the Corporation, to execute, acknowledge and deliver to the Corporation a statement in writing addressed to the Corporation or to such other party as the Corporation shall request, certifying (a) that this Ground Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Rent and other charges have been paid; (c) to the best of its knowledge after due inquiry, whether an Event of Default has occurred and is continuing hereunder (and stating the nature of any such Event of Default; (d) during the construction period, the status of construction of the Facilities and the estimated date of completion thereof; and (e) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective (and permitted) assignee, sublessee or mortgagee of this Ground Lease or by any assignee or prospective assignee of any such permitted mortgage or by any undertenant or prospective undertenant of the whole or any part of the Facilities, or by any other Person.

ARTICLE SIXTEEN TAXES AND LICENSES

Section 16.01 Payment of Taxes. The Board shall pay, and, upon request by the Corporation, shall provide evidence of payment to the appropriate collecting authorities of, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon the Corporation's interest in the Land or in the Facilities or upon any of the Corporation's property used in connection therewith or upon the Board or the Board's Interest. The Board may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of the Board to pay taxes and fees under this Section 16.01 shall apply only to the extent that the Board or the Corporation are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated. The Board and the Corporation agree to cooperate fully with each other to the end that tax exemptions available

with respect to the Land and the Facilities under applicable law are obtained by the party or parties entitled thereto.

Section 16.02 Contested Tax Payments. The Board shall not be required to pay, discharge or remove any such taxes or assessments so long as the Board is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. The Corporation shall cooperate with the Board in completing such contest and the Corporation shall have no right to pay the amount contested during the contest. The Corporation, at the Board's expense, shall join in any such proceeding if any law shall so require.

ARTICLE SEVENTEEN FORCE MAJEURE

Section 17.01 Discontinuance During Force Majeure. Whenever a period of time is herein prescribed for action to be taken by the Corporation, the Corporation shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. The Board shall not be obligated to recognize any delay caused by Force Majeure unless the Corporation shall within ten (10) days after the Corporation is aware of the existence of an event of Force Majeure, notify the Board thereof.

ARTICLE EIGHTEEN MISCELLANEOUS

Section 18.01 Nondiscrimination, Employment and Wages. Any discrimination by the Corporation or its agents or employees on account of race, color, sex, age, religion, national origin or handicap, in employment practices or in the performance of the terms, conditions, covenants and obligations of this Ground Lease, is prohibited.

Section 18.02 Notices. Notices or communications to the Board or the Corporation required or appropriate under this Ground Lease shall be in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) registered or certified United States mail, postage prepaid, or (d) prepaid telecopy if confirmed by expedited delivery service or by mail in the manner previously described, addressed as follows:

If to the Board:

Board of Supervisors for the University of Louisiana System
1201 North Third Street, Suite 7-300
Baton Rouge, Louisiana 70802

Attention: Assistant Vice President for Facilities Planning

with copies to:

**Southeastern Louisiana University
Western Avenue
Friendship Circle (SLU Box 10709)
Hammond, Louisiana 70402**

Attention: Vice President for Administration and Finance

and

**Southeastern Louisiana University
Auxiliary Services
SLU Box 11850
Hammond, Louisiana 70402**

Attention: Director of Auxiliary Services

If to the Corporation:

**University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director**

with a copy to:

**Seale & Ross
200 North Cate Street
Hammond, LA 70404**

Attention: T. Jay Seale

If to Bond Insurer:

**MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management**

If to Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Corporate Trust Division

or to such other address or to the attention of such other person as hereafter shall be designated in writing by such party. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of deposit in the mail in the manner provided herein, or in the case of telecopy, upon receipt.

Section 18.03 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any acts of the parties hereto creates a relationship other than the relationship of Lessor and Lessor hereunder.

Section 18.04 Memorandum of Lease. Neither the Board nor the Corporation shall file this Ground Lease for record in Tangipahoa Parish, Louisiana or in any public place without the written consent of the other. In lieu thereof the Board and the Corporation agree to execute in recordable form a memorandum of this Ground Lease in the form of **Exhibit C** attached hereto. Such memorandum shall be filed for record in Tangipahoa Parish, Louisiana.

Section 18.05 Attorney's Fees. If either party is required to commence legal proceedings relating to this Ground Lease, the prevailing party shall be entitled to receive reimbursement for its reasonable attorneys' fees and costs of suit.

Section 18.06 Louisiana Law to Apply. This Ground Lease shall be construed under and in accordance with the laws of the State of Louisiana, and all obligations of the parties created hereunder are performable in Tangipahoa Parish, Louisiana.

Section 18.07 Warranty of Peaceful Possession. The Board covenants that the Corporation, on paying the Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Corporation, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Land and the Facilities during the Term, subject to the Facilities Lease, and may exercise all of its rights hereunder; and the Board agrees to warrant and forever defend the Corporation's right to such occupancy, use, and enjoyment and the title to the Land against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof subject only to the provisions of this Ground Lease, the Facilities Lease, and the matters listed on **Exhibit B** attached hereto.

Section 18.08 Curative Matters. Except for the express representations and warranties of the Board set forth in this Ground Lease, any additional matters necessary or desirable to make the Land useable for the Corporation's purpose shall be undertaken, in the Corporation's sole discretion, at no expense to the Board. The Corporation shall notify the Board in writing of all

additional matters (not contemplated by the Plans and Specifications) undertaken by the Corporation to make the Land usable for the Corporation's purpose.

Section 18.09 Nonwaiver. No waiver by the Board or the Corporation of a breach of any of the covenants, conditions, or restrictions of this Ground Lease shall constitute a waiver of any subsequent breach of any of the covenants, conditions or restrictions of this Ground Lease. The failure of the Board or the Corporation to insist in any one or more cases upon the strict performance of any of the covenants of the Ground Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by the Board or acceptance of payment by the Board of Rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach. No waiver, change, modification or discharge by the Board or the Corporation of any provision of this Ground Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

Section 18.10 Terminology. Unless the context of this Ground Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; (d) the word "or" shall have the inclusive meaning represented by the phrase "and/or"; (e) the words "hereof," "herein," "hereunder," and similar terms in this Ground Lease shall refer to this Ground Lease as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Ground Lease and the Table of Contents to this Ground Lease are for reference purposes and shall not control or affect the construction of this Ground Lease or the interpretation hereof in any respect. Article, section and subsection and exhibit references are to this Ground Lease unless otherwise specified. All exhibits attached to this Ground Lease constitute a part of this Ground Lease and are incorporated herein. All references to a specific time of day in this Ground Lease shall be based upon Central Standard Time (or the other standard of measuring time then in effect in Hammond, Louisiana).

Section 18.11 Counterparts. This agreement may be executed in multiple counterparts, each of which shall be declared an original.

Section 18.12 Severability. If any clause or provision of this Ground Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Ground Lease, then and in that event, it is the intention of the parties hereto that the remainder of Ground Lease shall not be affected thereby.

Section 18.13 Authorization. By execution of this Ground Lease, the Corporation and the Board each represent to the other that they are entities validly existing, duly constituted and in good standing under the laws of the jurisdiction in which they were formed and in which they presently conduct business; that all acts necessary to permit them to enter into and be bound by this Ground Lease have been taken and performed; and that the persons signing this Ground Lease on their behalf have due authorization to do so.

Section 18.14 Ancillary Agreements. In the event it becomes necessary or desirable for the Board to approve in writing any ancillary agreements or documents concerning the Land or concerning the construction, operation or maintenance of the Facilities or to alter or amend any such ancillary agreements between the Board and the Corporation or to give any approval or consent of the Board required under the terms of this Ground Lease, all agreements, documents or approvals shall be forwarded to the Board Representative.

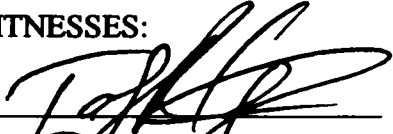
Section 18.15 Amendment. No amendment, modification, or alteration of the terms of this Ground Lease shall be binding unless the same be in writing dated on or subsequent to the date hereof and duly executed by the parties hereto and consented to the extent required by Article VIII of the Agreement. No such amendment to this Ground Lease shall alter the obligations of the parties hereto in any manner inconsistent with the scope of their obligations as contemplated by the RFP.

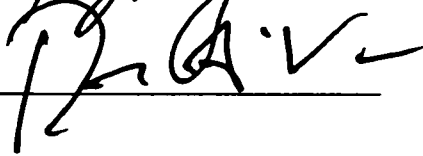
Section 18.16 Successors and Assigns. All of the covenants, agreements, terms and conditions to be observed and performed by the parties hereto shall be applicable to and binding upon their respective successors and assigns including any successor by merger or consolidation of the University into another educational institution or the Board into another educational management board.

Section 18.17 Entire Agreement. This Ground Lease, together with the exhibits attached hereto, contains the entire agreement between the parties hereto with respect to the Land and contains all of the terms and conditions agreed upon with respect to the lease of the Land, and no other agreements, oral or otherwise, regarding the subject matter of this Ground Lease shall be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written.


IN WITNESS WHEREOF, the undersigned representative has signed this Ground Lease on behalf of the Board of Supervisors for the University of Louisiana System on the 12th day of August, 2004.

WITNESSES:






BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM

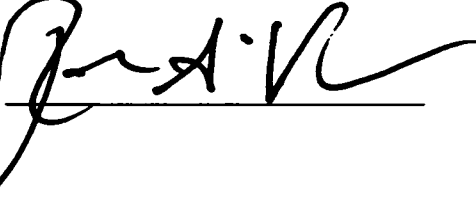
By: 

Randy Moffett, President of Southeastern
Louisiana University

IN WITNESS WHEREOF, the undersigned representative has signed this Ground Lease on behalf of University Facilities, Inc. on the 12th day of August, 2004.

WITNESSES:





UNIVERSITY FACILITIES, INC.

By: 

Phil K. Livingston, Vice Chairperson

STATE OF LOUISIANA

PARISH OF ORLEANS


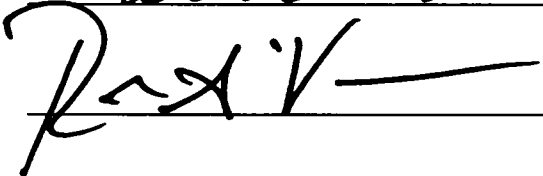
BE IT KNOWN, that on this 12th day of August, 2004, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:

Phil K. Livingston

to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the Vice Chairperson of University Facilities, Inc. (the "Corporation"), and that the aforesaid instrument was signed by him, on this date, on behalf of the Corporation and that the above named person acknowledges the approval of said instrument to be the free act and deed of the Corporation.


Phil K. Livingston, Vice Chairperson

WITNESSES:


NOTARY PUBLIC


STATE OF LOUISIANA

PARISH OF ORLEANS


BE IT KNOWN, that on this 12th day of August, 2004, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:

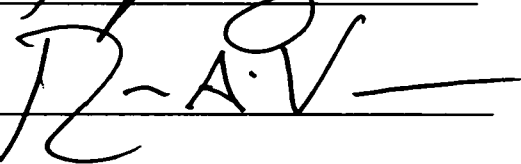
Randy Moffett

to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the President of Southeastern Louisiana University and the authorized representative of the Board of Supervisors for the University of Louisiana System (the "Board"), that the aforesaid instrument was signed by him, on this date, on behalf of the Board and that the above named person acknowledges said instrument to be the free act and deed of the Board.


Randy Moffett, President of Southeastern Louisiana
University

WITNESSES:







NOTARY PUBLIC

EXHIBIT A

LAND DESCRIPTION ATTACHED

EXHIBIT "A"

LEGAL DESCRIPTIONS

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land containing 0.46 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey

Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana” prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

EXHIBIT B

PERMITTED ENCUMBRANCES

1. **Amended and Restated Ground Lease Agreement dated July 27, 2000 by and between the Board of Supervisors for the University of Louisiana System, as lessor, and University Facilities, Inc., as lessee, relating to the 11.28 acre tract described as Tract 2 herein and the portion of the Facilities located thereon.**
2. **Amended and Restated Agreement to Lease with Option to Purchase dated July 27, 2000 by and between University Facilities, Inc., as lessor, and the Board of Supervisors for the University of Louisiana System, as lessee, relating to the 11.28 acre tract described as Tract 2 herein and the portion of the Facilities located thereon.**
3. **Assignment of Leases and Rents dated July 27, 2000 by and between University Facilities, Inc., as assignor, and Hibernia National Bank, as assignee, relating to all leases and rents from the portion of the Facilities located on the 11.28 acre tract described as Tract 2 herein.**

MEMORANDUM OF GROUND LEASE

STATE OF LOUISIANA

§

PARISH OF TANGIPAHOA

§

KNOW ALL MEN BY THESE PRESENTS:

§

MEMORANDUM OF LEASE

This Memorandum of Lease (this "Memorandum") is entered into by and between the Board of Supervisors for the University of Louisiana System ("Lessor") and University Facilities, Inc. ("Lessee").

RECITALS

A. Lessor and Lessee have entered into a Ground Lease Agreement dated as of August 1, 2004 and executed August 13, 2004 (the "Lease"), whereby Lessor did lease to Lessee, and Lessee did lease from Lessor, the immovable property more particularly described on **Exhibit A** attached hereto and incorporated herein (the "Land") and the facilities which are and will be located on the Land as more particularly described in the Lease.

B. Lessor and Lessee desire to enter into this Memorandum, which is to be recorded in order that third parties may have notice of the parties' rights under the Lease.

LEASE TERMS

Specific reference is hereby made to the following terms and provisions of the Lease:

1. The term of the Lease commenced on August 13, 2004 and shall continue until midnight on August 1, 2044, unless sooner terminated or extended as provided in the Lease.
2. Lessor has the right under the Lease to purchase the improvements constructed by Lessee on the Land at any time during the term of the Lease in accordance with the provisions thereof.
3. Additional information concerning the provisions of the Lease can be obtained from the parties at the following addresses:

**Lessor: Board of Supervisors for the University of Louisiana System
1201 North 3rd Street, Suite 7300
Baton Rouge, Louisiana 70802
Attention: Assistant Vice President for Facilities Planning**

**Lessee: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director**

This Memorandum is executed for the purpose of recordation in the public records of Tangipahoa Parish, Louisiana in order to give notice of all the terms and provisions of the Lease and is not intended and shall not be construed to define, limit, or modify the Lease. All of the terms, conditions, provisions and covenants of the Lease are incorporated into this Memorandum by reference as though fully set forth herein, and both the Lease and this Memorandum shall be deemed to constitute a single instrument or document.

THUS DONE AND PASSED on the ___ day of August, 2004, in New Orleans, Louisiana, in the presence of the undersigned, both competent witnesses, who herewith sign their names with Phil K. Livingston, Vice Chairperson, of University Facilities, Inc, and me, Notary.

WITNESSES:

UNIVERSITY FACILITIES, INC.

**By: _____
Phil K. Livingston, Vice Chairperson**

NOTARY PUBLIC

FACILITIES

Phase One

Phase One of the housing development is comprised of two primary elements:

1. Hazardous material abatement and demolition of the following existing residence halls:
 - (a) Holloway Smith Hall (to occur March, 2004)
 - (b) Hammond Hall (to occur March, 2004)
 - (c) Carter Harris Hall (to occur May / June, 2004)

2. Construction of a new residence hall ("Residence Hall I") to provide approximately seven hundred fourteen (714) student beds in a mix of private and shared occupancy suites (scheduled to open January, 2005)

The total scope has yet to be determined. It is anticipated that the project shall include: (1) removal of existing built-in furniture; (2) renovation of the building to bring the facility up to code compliance; (3) installation of life-safety equipment; (4) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility.

(a) Construction of Residence Hall I (169,032 square feet)

Residence Hall I shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately three hundred sixty-four (357) units of two-bedroom / one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred twenty-eight (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, the Residence Hall I phase shall include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

The first phase of development includes a park at the main entrance and an approximately 2,000 square feet maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 1, 2005.

Phase Two

Phase Two of the housing development is comprised of:

1. Construction of a new residence hall ("Residence Hall II") to provide approximately eight hundred (800) student beds in a mix of private and shared occupancy suites (scheduled to open August, 2005).
2. Hazardous materials abatement and demolition of Lee Hall.
3. Full renovation of the existing Cardinal Newman Hall.

(i) Construction of Residence Hall II (185,616 square feet)

Residence Hall II shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately four hundred (400) units of housing configured in two-bedroom / one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, the Residence Hall II phase shall include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. The second phase of development includes relocation of the campus police facility into one of the buildings, along with office / meeting space for the property manager. Residence Hall II is scheduled for completion by August 1, 2005.

Residence Hall II unit mix and design is subject to further revision based upon University input.

Phase Three

Phase Three of the housing development is comprised of two primary elements and is subject to further revision based upon input from the University. The following is preliminary scope and design:

1. Hazardous material abatement and demolition of the following existing residence hall:
 - a. Taylor Hall (to occur June / July 2006)
2. Construction of a new residence hall ("Residence Hall III") to provide approximately two hundred (200) student beds in private occupancy suites (scheduled to open August, 2006).

(b) Construction of Residence Hall III (56,640 square feet)

Residence Hall III shall be comprised of two wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately one hundred (100) units of two-bedroom / one-bathroom suites configured for private occupancy, yielding a total of approximately two hundred (200) beds. Additionally, the Residence Hall III phase shall include a common area laundry facility in one of the buildings and a resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

Residence Hall III is scheduled for completion by August 1, 2006.

Residence Hall III unit mix and design is subject to further revision based upon University input.

EXHIBIT 3

THE PROJECT-PHASE I

The initial phase of housing development is comprised of the following primary elements:

1. Hazardous material abatement and demolition of the following existing residence halls:
 - a. Holloway Smith Hall (to occur March, 2004)
 - b. Hammond Hall (to occur March, 2004)
 - c. Carter Harris Hall (to occur May / June, 2004)

2. Construction of a new residence hall ("Residence Hall I") to provide approximately seven hundred fourteen (714) student beds in a mix of private and shared occupancy suites (scheduled to open January 7, 2005)

Construction of Residence Hall I (169,032 square feet)

Residence Hall I shall be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately three hundred sixty-four (357) units of two-bedroom / one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred twenty-eight (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, the Residence Hall I phase shall include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

The first phase of development includes a park at the main entrance and an approximately 2,000 sf maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 7, 2005.

EXHIBIT 4

THE PROJECT-PHASE II

The second phase of housing development is comprised of the following primary elements:

1. Hazardous material abatement and demolition of the following existing residence hall:
 - a. Lee Hall (to occur June / July 2005)
2. Construction of a new residence hall ("Residence Hall II") to provide approximately eight hundred (800) student beds in a mix of private and shared occupancy suites (scheduled to open July 29, 2005).
3. Full renovation of the existing Cardinal Newman Hall (to occur from June, 2005 – August, 2006)

Construction of Residence Hall II (185,616 square feet)

Residence Hall II shall comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately four hundred (400) units of housing configured in two-bedroom / one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, the Residence Hall II phase shall include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. The second phase of development includes relocation of the campus police facility into one of the buildings, along with office / meeting space for the property manager. Residence Hall II is scheduled for completion by July 29, 2005.

Residence Hall II unit mix and design is subject to further revision based upon University input.

Full renovation of Cardinal Newman Hall

The total scope has yet to be determined. It is anticipated that the project shall include: (1) removal of existing built-in furniture; (2) renovation of the building to bring the facility up to code compliance; (3) installation of life-safety equipment; (4) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility.

***Information contained in this Exhibit is subject to modification.**

EXHIBIT 5

**THE PROJECT-PHASE III
TO OCCUR FROM JULY 2005 – AUGUST 2006**

The third phase of housing development is comprised of two primary elements and is subject to further revision based upon input from the University. The following is preliminary scope and design:

1. Hazardous material abatement and demolition of the following existing residence hall:
 - a. Taylor Hall (to occur June / July 2006)
2. Construction of a new residence hall (“Residence Hall III”) to provide approximately two hundred (200) student beds in private occupancy suites (scheduled to open August, 2006).

Construction of Residence Hall III (56,640 square feet)

Residence Hall shall be comprised of two wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately one hundred (100) units of two-bedroom / one-bedroom suites configured for private occupancy, yielding a total of approximately two hundred (200) beds. Additionally, the Residence Hall III phase shall include a common area laundry facility in one of the buildings and a resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

Residence Hall III is scheduled for completion by August 1, 2006.

Residence Hall III unit mix and design is subject to further revision based upon University input.

***Information contained in this Exhibit is subject to modification.**

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15050 BASIC MECHANICAL MATERIALS AND METHODS
15325 AUTOMATIC SPRINKLER SYSTEM
15375 STANDPIPE FIRE PROTECTION SYSTEM
15410 PLUMBING PIPING
15430 PLUMBING SPECIALTIES
15440 PLUMBING FIXTURES
15450 PLUMBING EQUIPMENT
15800 H.V.A.C.

DIVISION 16 - ELECTRICAL

16010 ELECTRICAL GENERAL
16110 RACEWAYS
16122 METAL CLAD ('MC') CABLE
16123 NON-METALLIC ('NM') SHEATHED CABLE
16130 OUTLET BOXES, JUNCTION BOXES AND GUTTERS
16134 PANELBOARDS
16140 SWITCHES AND RECEPTACLES
16170 DISCONNECTS
16383 SECONDARY SERVICE METERING FOR KILOWATT HOURS
16402 PRIMARY DISTRIBUTION SYSTEM (UNDERGROUND)
16411 ELECTRICAL IDENTIFICATION PRIMARY SYSTEM
16412 RACEWAYS EXTERIOR DUCT BANKS
16420 SERVICE CHARACTERISTICS
16427 MEDIUM VOLTAGE PAD MOUNTED SWITCHGEAR - 25 KV
16433 PAD-MOUNTED TRANSFORMERS - 25 KV
16450 GROUNDING
16458 CONDUCTORS (MEDIUM VOLTAGE 25 KV)
16464 SPLICING AND TERMINATING MEDIUM VOLTAGE CABLE - 25 KV
16470 EXCAVATING
16500 LUMINAIRES
16623 NATURAL GAS FUELED EMERGENCY GENERATOR
16624 DIESEL FUELED EMERGENCY GENERATOR
16720 INTELLIGENT REPORTING FIRE DETECTION SYSTEM
16750 VOICE/DATA CABLING SYSTEM
16781 CABLE TELEVISION CABLE PLANT

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EXHIBIT 8

PLANS AND SPECIFICATIONS-PHASE III

[to be determined at a later date]

EXHIBIT 9

THE SERVICES

The Services include all design, development and construction work and services required or necessary to complete the Project, other services customarily and reasonably within the general scope of such services and responsibilities.

Among other things, the Services include the following:

- A. Obtain and pay for all necessary land use approvals, environmental approvals, approvals of historical renovation (if any) and new construction in protected historical areas (if any); entitlements; and building and other permits and licenses for the lawful construction, use, and operation of the Project (collectively, the "Approvals"), and:
 - 1. Represent the Foundation as might be required with the City, the County, and other governmental and historical (if any) agencies and bodies;
 - 2. Execute documents directly related to the development of the Project that are approved by SELU and the Foundation; and coordinate with the Architect any changes required by those documents.
- B. Execute all agreements, purchase orders, amendments, and supplements related to Project design, development and construction;
 - 1. These include all survey, architectural, environmental, geotechnical, and other testing or consulting service agreements, the Project Engineer's agreement, the Architect's agreement, the Construction Contract, and all other agreements, amendments, and supplements for the furnishing of services, supplies, materials, machinery, or equipment required for Project design, development and construction (collectively, "the Services Agreements").
 - 2. (The Services Agreements shall be consistent with the Development Budget, as amended.)
- C. Coordinate with the Foundation and all approvals required under the Ground Lease.
- D. Provide and update the Project Schedule for the Foundation.
- E. Manage and coordinate the Architect's services and activities in developing the Construction Documents, and all related submissions to any governmental or historical (if any) agencies or bodies.
- F. Submit all Construction Documents and related design specifications to the Foundation for approval and obtain such approval at least five business days before releasing such documents for construction.
- G. Provide oversight and direction to the Architect in developing the design and function of the Project and specifications for equipment required for the use and operation of the Project.

- H. Require the General Contractor to obtain bids from subcontractors in accordance with the Project Schedule, except that the following items will not be competitively bid if specified materials do not allow for competitive bidding (provided, however, labor associated therewith shall be competitively bid): concrete, brick, furniture, elevators, low voltage wiring, signage, and site lighting; review the subcontractors' bids and, based on the best overall experience (including the General Contractor's or Developer's prior experience with the bidder), construction time, and price, choose subcontractors to use on the Project.
- I. Negotiate and execute the Construction Contract.
- J. Diligently manage and monitor the General Contractor's construction so as to keep Project design, development and construction costs within the Development Budget. Provide value-engineering services and assistance to the Foundation as necessary and appropriate.
- K. Upon the issuance of the Bonds, direct all activity not already begun as needed to complete Project design, development, and construction.
- L. Establish and implement appropriate administrative and financial controls for Project design, development, and construction, including:
 - 1. Manage, coordinate, and work with the Architect, Contractors, and other contractors, environmental consultants, professionals, lawyers, and Consultants employed or retained in connection with Project design, development, and construction;
 - 2. Administer the Services Agreements in connection with or relating to Project design, development, and construction;
 - 3. Monitor compliance by the responsible party with: all Ground Lease and Management Agreement terms applicable to the Project; and approvals required or obtained for the lawful construction or use and operation of the Project;
 - 4. Keep the Foundation informed of Project progress on a regular basis by filing written progress reports ("Monthly Progress Reports"), in the form of reports required by this Agreement; and
 - 5. Deliver an updated Project Schedule to the Foundation on a monthly basis along with the Monthly Progress Reports.
- M. Verify services, work, equipment, materials, and labor used on the Project so that Developer will have a reasonable basis:
 - 1. To approve or disapprove requests for payment made by the Architect, Consultants, the General Contractor, and any other parties with respect to Project design, development, demolition, or construction; and
 - 2. To determine that the Project is being designed, constructed, and completed in accordance with this Agreement and the Construction Documents or, if construction is not being so completed, to promptly notify the Foundation.

- N. As needed, attend job meetings and conferences under this Agreement or called by the Foundation, the Architect, any Contractor, the Project Engineer, any other Consultant, or any Supplier. Such meetings shall occur biweekly.
- O. Review the results of, and inform the Foundation of actions to remedy, all inspections made by the Architect, the Project Engineer, Consultants, or any governmental or historical (if any) agencies or bodies.
- P. Prepare, file, and execute on the Foundation's behalf any notices of commencement and completion required or permitted to be filed on completion of the Project. Act as needed to obtain any certificates of occupancy or equivalent documents required for the occupancy of Project improvements (and provide copies to the Foundation).
- Q. Following Substantial Completion of the Project, coordinate the compilation of all as-built Construction Drawings and specifications for the Project, and operating and maintenance manuals for all applicable aspects of the Project. Deliver to the Foundation five sets of as-built Construction Drawings (with one of them in reproducible form), plus one electronic copy of as-built Construction Drawings. Assist the Foundation in preparing punch list items, defect notices, or warranty claims.
- R. Process and complete on the Foundation's behalf any punch list items, defect notices, or warranty claims.
- S. Provide the following services:
1. Regularly observe and record all significant development, and construction-related activities at the Project Site during the Construction Phase;
 2. Manage and administer compliance with all contractual requirements of Consultants and other parties with whom the Foundation or Developer has contracted in connection with Project development, demolition, and construction. Notify the Foundation in writing in the event that any such requirements are not being met;
 3. Use diligent efforts to maintain a cooperative attitude among the General Contractor, Consultants, and Suppliers;
 4. Use diligent efforts to have the General Contractor maintain on a current basis a daily written log or diary to record job conditions. This will be available to Developer and the Foundation for review and copying upon request. The log will include daily weather conditions, a list of important visitors or officials to the Project Site, and daily progress and activities on the Project Site;
 5. Use diligent efforts to have the General Contractor keep, on behalf of the General Contractor and Developer, available for inspection by the Foundation at any time, in the field office, a complete set of all Construction Documents, including all change orders, supplementary drawings, current as-built Construction Drawings, clarifications, contracts, and purchase orders with Consultants and Suppliers;
 6. In collaboration with the Architect and the General Contractor, use procedures to expedite the processing and approval of shop drawings;

7. Use diligent efforts to have the Architect maintain on a current basis a log of approvals of RFIs, submittals, and shop drawings to make sure all such terms and drawings have been properly approved by the Architect or Developer before starting related work. (Developer has authority to approve all submittals, shop drawings, samples, and substitutions that are in conformance with, or are greater or equivalent to, those contained in the Construction Documents.);
 8. Use diligent efforts to have the Architect receive material samples furnished at the Project Site by Consultants and Suppliers, record the date the samples (or copies) are received and from whom, and notify the Foundation (where applicable) of the availability of the samples for examination. (Developer shall use diligent efforts to have the Architect record in a log the approval or rejection of samples, and have the Architect maintain custody of copies of approved samples.);
 9. Direct the Architect to review and approve RFIs as necessary, and see that proper clarifications are issued, with all clarifications noted in the Construction Drawings, dated, and initialed by the issuing party;
 10. As necessary, attend job meetings and conferences under this Agreement or called by the Architect, other Consultants, or Suppliers, and report on such conferences to the Foundation;
 11. Attend all construction meetings and conferences and use diligent efforts to have the General Contractor's Construction Manager prepare complete and accurate minutes for all such meetings and issue them to all parties who attended or as the Foundation may direct;
 12. Subject to the requirements of the Agreement, use reasonably diligent efforts to coordinate the processing of any change orders and submissions to the Foundation for approval to the extent such change orders have an effect on the Project Schedule or Development Budget;
 13. Perform periodic Project Site supervision and observations of Project work in progress as a basis for determining conformance of such work and any materials and equipment with the Construction Documents. Report any defective work or deficiencies to the General Contractor, the Foundation and the Architect. Use diligent efforts to implement procedures to cure such deficiencies;
 14. Verify and confirm the progress of the Project work and the amounts requested by the General Contractor for payment;
 15. Review and report to the Foundation concerning any change orders and their cost; and
 16. Coordinate Project Site safety with SELU.
- T. Prepare and negotiate such contracts, easements, licenses and other agreements as are necessary or desirable for the provision of water, sewer, gas, electric, telephone, cable television, internet, and other utilities, in capacities adequate for the development and use of the Project for its intended purposes. Developer shall receive the approval of the Foundation prior to executing such agreements. Developer shall not enter into, execute or deliver any agreement, document or

undertaking, or incur any obligation in the name, on the credit, or on behalf of the Foundation except as expressly authorized by this Agreement.

EXHIBIT 10

DEVELOPMENT BUDGET-PHASE I & PHASE II

	Total
Construction Budget:	
PHASE I	
A = Total Construction Budget Amount	\$16,787,582
B = Total Soft Cost Budget Amount	3,319,042
C = Development Fee (1)	1,680,000
D - Contingency (2)	1,550,128
E = Guaranteed Maximum Price/ (A + B + C + D)	23,336,752
PHASE II	
A = Total Construction Budget Amount	\$19,338,003
B = Total Soft Cost Budget Amount	3,302,914
C = Guaranteed Maximum Price/ (A + B)	22,640,917
D = Renovation Allowance – Cardinal Newman Hall (3)	1,144,800
Project – Phase I and Phase II Cost Outside Development Budget (4)	108,972
TOTAL	47,231,441

* Excess interest earned (beyond that forecasted by the Underwriter) on the Construction Fund shall be utilized to increase the Developer's Project Contingency from the amount depicted in the line item for same, and as such, will increase the Guaranteed Maximum Price by the dollar amount of such interest.

Note 1. The Development Fee is a total amount for completion of the Services as described in Exhibit 9 for both The Project – Phase I and The Project – Phase II. As this amount is fixed, it is excluded in calculation of the Guaranteed Maximum Price for The Project – Phase II.

Note 2. The Contingency is The Developer's Project Contingency – Phase I and Phase II, and represents a total amount for completion of The Project – Phase I and The Project – Phase II. As this amount is fixed, it is excluded in calculation of the Guaranteed Maximum Price for The Project – Phase II

Note 3. The Renovation Allowance – Cardinal Newman Hall is preliminary, and as such, is subject to finalization upon defining the scope of the work and completion of the relevant Plans and Specifications.

Note 4. This is the amount of money removed from the Start-Up and Marketing Budgets to be paid from operations in fiscal year one.

EXHIBIT 11

[intentionally left blank]

EXHIBIT 12

DEVELOPMENT BUDGET-PHASE III

				<u>Total</u>
Construction Budget:				
A = Total Construction Budget Amount				\$5,935,358
B = Total Soft Cost Budget Amount				1,840,306
C = Development Fee				270,000
D = Guaranteed Maximum Price/ (A + B + C)				8,045,664
<i>Project-Phase III Cost Outside Development Budget (if any)</i>				- 0 -
TOTAL				<u>8,045,664</u>

- * Excess interest earned (beyond that forecasted by the Underwriter) on the Construction Fund shall be utilized to increase the Developer's Project Contingency from the amount depicted in the line item for same, and as such, will increase the Guaranteed Maximum Price by the dollar amount of such interest.

- * This exhibit to be completed at a later date.

EXHIBIT 13

PROJECT SCHEDULE – PHASE I

[Project Schedule to be inserted here]

EXHIBIT 14

PROJECT SCHEDULE – PHASE II

[Project Schedule to be inserted here]

* This Exhibit is subject to modification.

EXHIBIT 15

PROJECT SCHEDULE – PHASE III

[Project Schedule to be inserted here]

[This Exhibit to be determined at a later date]

EXHIBIT 16

DEVELOPER INSURANCE

1. Developer shall, as a cost of the Project, provide and maintain in force, with responsible companies with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class V or larger and licensed by the Louisiana Insurance Commissioner to transact the business of insurance in the State of Louisiana for the applicable line of insurance, and satisfactory to the Foundation, the following minimum insurance coverage and such other insurance as may be specifically required in the Ground Lease.

- (a) Worker's Compensation (statutory amount);
- (b) Employer's Liability (\$1,000,000 per accident or disease);
- (c) Commercial General Liability (1993 ISO Occurrence Form or equivalent) (occurrence basis);

Bodily injury (including death) and property damage arising from premises and operations liability, products and completed operations liability (three years), personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures, and underground damage liability:

per occurrence\$1,000,000;
general aggregate\$2,000,000;

- (d) Commercial Business Automobile Liability
(owned, non-owned, and hired vehicles) (occurrence basis):

combined single limit.....\$1,000,000;

and

- (e) Commercial Umbrella Excess Liability (occurrence basis):

per occurrence\$25,000,000;
aggregate\$25,000,000.

2. The Commercial General Liability and Umbrella Excess Liability policies shall include contractual liability coverage for liabilities assumed by Developer under this Agreement, subject to standard policy stipulations. The cost of all insurance required under this Agreement is agreed to be included in the Guaranteed Maximum Price. The Commercial General, Automobile, and Umbrella Excess Liability policies shall include endorsements naming the Foundation as an additional insured and the Credit Enhancer as mortgagee.

3. The Foundation shall be furnished a Certificate(s) of Insurance with respect to said insurance upon execution of this Agreement. All insurance policies shall provide for 45 days' prior written notice of cancellation, expiration, or modification to the Foundation and the Credit Enhancer.

4. Developer shall bear all costs of all deductibles and shall be held responsible for any and all damages as may result from the failure of Developer to exercise its responsibilities as defined under this Agreement.
5. The Commercial General Liability Insurance, Commercial Automobile Liability Insurance, and Commercial Umbrella Excess Liability Insurance shall provide coverage for Developer for acts or omissions of it and its Consultants and representatives who may be engaged in performing any Services or activities under or in connection with this Agreement.
6. Developer shall not violate or knowingly permit any violation of any conditions or terms of the policies of insurance required of Developer under this Agreement. In the event Developer neglects, refuses, or fails to provide or maintain any of the insurance required under this Agreement or if such insurance is canceled, ceases, or expires for any reason, the Foundation shall have the right, but not the duty, to procure or maintain the same. In the event the Foundation does procure or maintain such insurance, the Foundation shall have, in addition to any and all other available remedies, the right to recover from Developer (including the right of set-off against sums otherwise due Developer) all of the costs associated with procuring or maintaining such insurance.
7. The Foundation may require Developer at any time, and from time to time, during the Term of this Agreement, to obtain and maintain in force additional insurance with coverage or limits in addition to those above-described. The additional premium cost of any such additional insurance required by the Foundation, however, shall be borne by the Foundation, and Developer shall arrange to have such costs billed separately and directly to the Foundation by the insuring carrier or carriers.
8. The Foundation may purchase and maintain such other insurance as it may deem appropriate. No purchase of any insurance by the Foundation shall in any way be deemed to alter or amend the rights or responsibilities of the Foundation or Developer under this Agreement.
9. It is agreed that the Foundation will be held harmless by Developer for any loss or damage to sheds, tools, equipment, property, and materials of Developer, Consultants, and their servants and employees, it being understood that Developer may at its own expense carry any insurance which may be required to provide the necessary protection against such loss or damage.
10. The Foundation shall purchase and maintain or cause to be purchased and maintained builder's risk property insurance upon the Project for the full cost of replacement (or the Guaranteed Maximum Price, whichever is greater) at the time of loss and written on a 1991 Causes of Loss - Special Form, or its equivalent. This insurance shall include as insureds the Foundation, Developer, and the Credit Enhancer, and shall insure against loss from the periods of Fire and Extended Coverage, including flood and earthquake, and the value of related soft costs as confirmed by the Foundation's insurance administrator. The builder's risk policy shall be made payable to the Credit Enhancer, the Foundation and SELU as their interests may appear.
11. It is understood that all of the foregoing provisions requiring Developer to carry insurance shall not be construed as in any manner waiving or restricting the liability of Developer as to any obligations imposed under this Agreement.

EXHIBIT 17

PRINCIPAL CONSULTANTS' INSURANCE

Builder's Risk Insurance

Developer agrees that it will, at all times during the construction of the Project, maintain or cause the general contractor to maintain in full force and effect Builder's Risk - Completed Value Form insurance insuring the Project against fire, lightning, and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Project. Such policy or policies of insurance shall name SELU, the Foundation, and shall name Credit Enhancer as insureds, as their respective interests may appear, and shall name Credit Enhancer as mortgagee under the Standard New York Mortgagee Endorsement providing that no act or omission by the named insured shall in any way prejudice the rights of Credit Enhancer thereunder, and all net proceeds received under such policy or policies by the Borrower shall be paid over to Credit Enhancer to be applied to the restoration and/or completion of the Project or to the redemption of the Project debt.

Professional Errors and Omissions Insurance Fidelity Bond

In addition to the Developer's Insurance, the Developer shall obtain and maintain or cause to be obtained and maintained (i) in connection with the design and construction of improvements, Professional Errors and Omissions Insurance covering all architects, on an occurrence basis in an amount and with coverage subject to the reasonable approval of SELU and the Foundation and (ii) a fidelity bond for \$100,000 on any employee of Developer who are authorized to handle funds in the Project Development Account or otherwise handle funds pertaining directly to the Project. Such coverages may be provided under a blanket policy.

General Contractor's Insurance

The General Contractor, all Subcontractors and Vendors shall provide and maintain in force with responsible companies with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class V or larger and licensed by the Louisiana Insurance Commissioner to transact the business of insurance in the State of Louisiana for the applicable line of insurance, and satisfactory to the Developer, University Facilities, Inc., Foundation (hereinafter defined as "Owner") and the Lender and/or Credit Enhancer, and Bond Trustee the following minimum insurance coverage :

- (a) Worker's Compensation (statutory amount);
- (b) Employer's Liability (\$1,000,000 per accident or disease);
- (c) Commercial General Liability (1993 ISO Occurrence Form or equivalent) (occurrence basis):

Bodily injury (including death) and property damage arising from premises and operations liability, products and completed operations liability (three years), personal injury and advertising liability, contractual liability, fire legal liability, blasting and

explosion, collapse of structures, and underground damages liability: Deductible not to exceed \$10,000 per occurrence and in the aggregate (claims made basis)

per occurrence\$1,000,000;

general aggregate\$2,000,000;

(e) Commercial Automobile Liability

(owned, non-owned, and hired vehicles) (occurrence basis):

per occurrence\$1,000,000;

aggregate.....\$2,000,000

and

(f) Commercial Umbrella Excess Liability (occurrence basis):

per occurrence\$1,000,000;

aggregate: Contractor.....\$15,000,000

aggregate: Subcontractors/Vendors.....\$2,000,000

1. The Commercial General Liability and Umbrella Excess Liability policies shall cover the contractual liability assumed by the Contractor, Subcontractors and Vendors under their respective Project contract. The Commercial General and Umbrella Excess Liability policies shall include endorsements naming the Foundation as an additional insured and naming the Lender and/or Credit Enhancer as mortgagee, and also naming SELU, and its officers, members, agents, and employees, as additional insureds, but only with respect to claims arising out of services or performance under its respective Project contract .
2. The Commercial General Liability Insurance, Commercial Automobile Liability Insurance, and Commercial Umbrella Excess Liability Insurance shall provide coverage for the Contractor and Subcontractors/Vendors for acts or omissions of it and its representatives who may be engaged in performing any services or activities in connection with the Project.
3. All insurance policies of the Contractor and Subcontractor's/Vendors may be contained under umbrella insurance policies. All insurance policies shall provide for 45 days' prior written notice of cancellation, expiration, or modification to the Developer, Owner and to the Lender and/or Credit Enhancer.

The following entities and their officers and employees are named as Additional Insured's under the General, Auto and Umbrella/Excess liability policies and shall individually be Certificate Holders:

1. University Facilities, Inc.
2. Southeastern Louisiana University
3. Credit Enhancer (to be provided)

Upon closing of the anticipated tax exempt financing of the Project, the Additional Insureds shall be revised to comply with the financing documents. In the event any requirements contained herein are conflicting with the terms and conditions of the financing documents, such terms and conditions contained in the financing documents shall prevail.

**The insurance companies have waived their rights of subrogation against the Additional Insured's.
The liability insurance policies contain severability of interests and cross liability clause.**

EXHIBIT 18

PERFORMANCE BOND & PAYMENT BOND

General Contractor-Executed Performance Bond and Payment Bond

[copy of General Contractor-executed AIA Document A312-1984 performance bond and payment bond in full compliance with this Agreement, including Article XVII, to be inserted here]

THE AMERICAN INSTITUTE OF ARCHITECTS



Bond No. 104339540

AIA Document A312

Performance Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Capstone Building Corp
3415 Independence Drive
Birmingham, AL 35209

SURETY (Name and Principal Place of Business):

Travelers Casualty and Surety Company of America
One Tower Square -13 CZ
Hartford, CT 06183-6014

OWNER (Name and Address):

Capstone Development Corp
431 Office Park Drive
Birmingham, AL 35223

CONSTRUCTION CONTRACT

Date: May 20, 2004

Amount: (\$ 15,113,342.00) Fifteen Million One Hundred Thirteen Thousand Three Hundred Forty Two Dollars and 00/100

Description (Name and Location): Southeastern Louisiana University (SLU) Phase 1A consisting of Buildings AA and AB, 4-story wood frame student residence halls with 358 beds and Phase 1B consisting of Buildings AC and AD, 4-story wood frame residence halls with 358 beds, and for both Phases 1A and 1B all sitework, site utilities, parking and site improvements

BOND

Date (Not earlier than Construction Contract Date): August 2, 2004

Amount: (\$ 15,113,342.00) Fifteen Million One Hundred Thirteen Thousand Three Hundred Forty Two Dollars and 00/100

Modifications to this Bond:

None

See Page 3

CONTRACTOR AS PRINCIPAL

Company: (Corporate Seal)

Capstone Building Corp

Signature: Allen Jay Chapman
Name and Title: ALLEN JAY CHAPMAN
PRESIDENT

SURETY

Company: (Corporate Seal)

Travelers Casualty and Surety Company of America

Signature: Mark W. Edwards, II
Name and Title: Mark W. Edwards, II
Attorney-in-Fact

(Any additional signatures appear on page 3)

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:

McGriff, Seibels & Williams, Inc.
2211 7th Avenue, South
Birmingham, AL 35233
205-581-9202

OWNER'S REPRESENTATIVE (Architect, Engineer or other party):

Design Collective, Inc.
100 East Pratt Street, 14th Floor
Baltimore, MD 21202

Associate Architect:
Bruce Herrington Architect P. C.
101 Richard Arrington Jr. Blvd S
Birmingham, AL 35223

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

2 If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.

3 If there is no Owner Default, the Surety's obligation under this Bond shall arise after:

3.1 The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Construction Contract. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default; and

3.2 The Owner has declared a Contractor Default and formally terminated the Contractor's right to complete the contract. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1; and

3.3 The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Construction Contract or to a contractor selected to perform the Construction Contract in accordance with the terms of the contract with the Owner.

4 When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

4.1 Arrange for the Contractor, with consent of the Owner, to perform and complete the Construction Contract; or

4.2 Undertake to perform and complete the Construction Contract itself, through its agents or through independent contractors; or

4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the Owner resulting from the Contractor's default; or

4.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

.1 After investigation, determine the amount for

which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or

.2 Deny liability in whole or in part and notify the Owner citing reasons therefor.

5 If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

6 After the Owner has terminated the Contractor's right to complete the Construction Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Construction Contract, the Surety is obligated without duplication for:

6.1 The responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;

6.2 Additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3 Liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

7 The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators or successors.

8 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

9 Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation avail-

able to sureties as a defense in the jurisdiction of the suit shall be applicable.

10 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page.

11 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

12 DEFINITIONS

12.1 Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Con-

tractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

12.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

12.3 Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Construction Contract.

12.4 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL
Company: _____ (Corporate Seal)

SURETY
Company: _____ (Corporate Seal)

Signature: _____
Name and Title:
Address:

Signature: _____
Name and Title:
Address:

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062**

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint Mark W. Edwards, II, Ronald B. Gladrosich, of Birmingham, Alabama, their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President and their corporate seals to be hereto affixed this 1st day of May 2003.

STATE OF CONNECTICUT

)SS. Hartford

COUNTY OF HARTFORD

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY



By *George W. Thompson*
George W. Thompson
Senior Vice President

On this 1st day of May, 2003 before me personally came GEORGE W. THOMPSON to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.



Marie C Tetreault

My commission expires June 30, 2006 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this 2 day of August, 2004



By *Tim Johanson*
Kori M. Johanson
Assistant Secretary, Bond

THE AMERICAN INSTITUTE OF ARCHITECTS



Bond No. 104339540

AIA Document A312

Payment Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Capstone Building Corp
3415 Independence Drive
Birmingham, AL 35209

SURETY (Name and Principal Place of Business):

Travelers Casualty and Surety Company of America
One Tower Square -13 CZ
Hartford, CT 06183-6014

OWNER (Name and Address):

Capstone Development Corp
431 Office Park Drive
Birmingham, AL 35223

CONSTRUCTION CONTRACT

Date: May 20, 2004

Amount: (\$15,113,342.00) Fifteen Million One Hundred Thirteen Thousand Three Hundred Forty Two Dollars and 00/100

Description (Name and Location): Southeastern Louisiana University (SLU) Phase 1A consisting of Buildings AA and AB, 4-story wood frame student residence halls with 358 beds and Phase 1B consisting of Buildings AC and AD, 4-story wood frame residence halls with 358 beds, and for both Phases 1A and 1B all sitework, site utilities, parking and site improvements

BOND

Date (Not earlier than Construction Contract Date): August 2, 2004

Amount: (\$ 15,113,342.00) Fifteen Million One Hundred Thirteen Thousand Three Hundred Forty Two Dollars and 00/100

Modifications to this Bond:

None

See Page 6

CONTRACTOR AS PRINCIPAL

Company: (Corporate Seal)

Capstone Building Corp

Signature: Allen Jay Chapman
Name and Title: Allen Jay Chapman
PRESIDENT

(Any additional signatures appear on page 6)

SURETY

Company: (Corporate Seal)

Travelers Casualty and Surety Company of America

Signature: Mark W. Edwards, II
Name and Title: Mark W. Edwards, II
Attorney-in-Fact

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:

McGriff, Seibels & Williams, Inc.
2211 7th Avenue, South
Birmingham, AL 35233
205-581-9202

OWNER'S REPRESENTATIVE (Architect, Engineer or other party):

Design Collective, Inc. Associate Architect:
100 East Pratt Street, 14th Floor Bruce Herrington Architect P. C.
Baltimore, MD 21202 101 Richard Arrington Jr. Blvd S
Birmingham, AL 35223

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference.

2 With respect to the Owner, this obligation shall be null and void if the Contractor:

2.1 Promptly makes payment, directly or indirectly, for all sums due Claimants, and

2.2 Defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity whose claim, demand, lien or suit is for the payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, provided the Owner has promptly notified the Contractor and the Surety (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety, and provided there is no Owner Default.

3 With respect to Claimants, this obligation shall be null and void if the Contractor promptly makes payment, directly or indirectly, for all sums due.

4 The Surety shall have no obligation to Claimants under this Bond until:

4.1 Claimants who are employed by or have a direct contract with the Contractor have given notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and, with substantial accuracy, the amount of the claim.

4.2 Claimants who do not have a direct contract with the Contractor:

- .1 Have furnished written notice to the Contractor and sent a copy, or notice thereof, to the Owner, within 90 days after having last performed labor or last furnished materials or equipment included in the claim stating, with substantial accuracy, the amount of the claim and the name of the party to whom the materials were furnished or supplied or for whom the labor was done or performed; and
- .2 Have either received a rejection in whole or in part from the Contractor, or not received within 30 days of furnishing the above notice any communication from the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and
- .3 Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the Contractor.

5 If a notice required by Paragraph 4 is given by the Owner to the Contractor or to the Surety, that is sufficient compliance.

6 When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions:

6.1 Send an answer to the Claimant, with a copy to the Owner, within 45 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

6.2 Pay or arrange for payment of any undisputed amounts.

7 The Surety's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

8 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any Construction Performance Bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

9 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.

10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

11 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or part of the work is located or after the expiration of one year from the date (1) on which the Claimant gave the notice required by Subparagraph 4.1 or Clause 4.2.3, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

12 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by Surety, the Owner or the Contractor, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.

13 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this

Bond shall be construed as a statutory bond and not as a common law bond.

14 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor shall promptly furnish a copy of this Bond or shall permit a copy to be made.

15 DEFINITIONS

15.1 Claimant: An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Contract. The intent of this Bond shall be to include without limitation in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the

Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

15.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

15.3 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL
Company: _____ (Corporate Seal)

SURETY
Company: _____ (Corporate Seal)

Signature: _____
Name and Title:
Address:

Signature: _____
Name and Title:
Address:

DUAL OBLIGEE RIDER

To be attached and form part of Bond No. 104339540 issued
by the Travelers Casualty and Surety Company of America
a Connecticut corporation as Surety, on the 20 day of May,
2004, on behalf of Capstone Building Corp as principal
in favor of Capstone Development Corp as obligee.

WHEREAS, upon the request of the Principal and Obligee, the attached Performance and
Payment Bond(s) is (are) hereby amended to add Southeastern Louisiana University, its Officers, Members
Agents and Employees as an additional Obligee.

Provided, however, that notwithstanding anything contained herein to the contrary, there shall
be no liability on the part of the Principal or Surety under this bond to the Obligees, or either of them, unless the
Obligees, or either of them, shall make payments to the principal, or to the Surety in case it arranges for completion
of the Contract upon default of the Principal, strictly in accordance with the terms of said Contract as to payments
and shall perform all the other obligations required to be performed under said Contract at the time and in the
manner therein set forth.

It is understood and agreed that nothing herein contained shall be held to change, alter or vary
the terms of the above described bond(s) except as hereinbefore set forth.

Signed, sealed and dated this 2 day of August, 2004.

Capstone Building Corp

By: Allen Jay Chapman
Principal

Capstone Development Corp

By: Joseph F. Harrison
Joseph F. Harrison Ex.V.P.
Obligee

Travelers Casualty and Surety Company of America

By: Mark W. Edwards
Mark W. Edwards, II Attorney-in-Fact
Attorney-in-Fact

DUAL OBLIGEE RIDER

To be attached and form part of Bond No. 104339540 issued
by the Travelers Casualty and Surety Company of America
a Connecticut corporation as Surety, on the 20 day of May,
2004, on behalf of Capstone Building Corp as principal
in favor of Capstone Development Corp as obligee.

WHEREAS, upon the request of the Principal and Obligee, the attached Performance and
Payment Bond(s) is (are) hereby amended to add MBIA Insurance Corporation (Credit Enhancer)
as an additional Obligee.

Provided, however, that notwithstanding anything contained herein to the contrary, there shall
be no liability on the part of the Principal or Surety under this bond to the Obligees, or either of them, unless the
Obligees, or either of them, shall make payments to the principal, or to the Surety in case it arranges for completion
of the Contract upon default of the Principal, strictly in accordance with the terms of said Contract as to payments
and shall perform all the other obligations required to be performed under said Contract at the time and in the
manner therein set forth.

It is understood and agreed that nothing herein contained shall be held to change, alter or vary
the terms of the above described bond(s) except as hereinbefore set forth.

Signed, sealed and dated this 2 day of August, 2004.

Capstone Building Corp

By: Allen Jay Cyr
Principal

Capstone Development Corp

By: Joseph F. Harrison Ex. V.P.

Obligee

Travelers Casualty and Surety Company of America

By: Mark W. Edwards, II
Mark W. Edwards, II Attorney-in-Fact
Attorney-in-Fact

DUAL OBLIGEE RIDER

To be attached and form part of Bond No. 104339540 issued
by the Travelers Casualty and Surety Company of America
a Connecticut corporation as Surety, on the 20 day of May,
2004, on behalf of Capstone Building Corp as principal
in favor of Capstone Development Corp as obligee.

WHEREAS, upon the request of the Principal and Obligee, the attached Performance and
Payment Bond(s) is (are) hereby amended to add The Bank of New York Trust Company, N.A. (Trustee)
as an additional Obligee.

Provided, however, that notwithstanding anything contained herein to the contrary, there shall
be no liability on the part of the Principal or Surety under this bond to the Obligees, or either of them, unless the
Obligees, or either of them, shall make payments to the principal, or to the Surety in case it arranges for completion
of the Contract upon default of the Principal, strictly in accordance with the terms of said Contract as to payments
and shall perform all the other obligations required to be performed under said Contract at the time and in the
manner therein set forth.

It is understood and agreed that nothing herein contained shall be held to change, alter or vary
the terms of the above described bond(s) except as hereinbefore set forth.

Signed, sealed and dated this 2 day of August, 2004.

Capstone Building Corp

By: Allen Jay Chapman

Principal

Capstone Development Corp

By: Joseph F. Harrison

Obligee

Travelers Casualty and Surety Company of America

By: Mark W. Edwards, II

Mark W. Edwards, II Attorney-in-Fact
Attorney-in-Fact



IMPORTANT DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of covered losses caused by certain acts of international terrorism. We are providing you with this notice to inform you of the key features of the Act, and to let you know what effect, if any, the Act will have on your premium.

Under the Act, insurers are required to provide coverage for certain losses caused by international acts of terrorism as defined in the Act. The Act further provides that the Federal Government will pay a share of such losses. Specifically, the Federal Government will pay 90% of the amount of covered losses caused by certain acts of terrorism which is in excess of Travelers' statutorily established deductible for that year. The Act also caps the amount of terrorism-related losses for which the Federal Government or an insurer can be responsible at \$100,000,000,000.00, provided that the insurer has met its deductible.

Please note that passage of the Act does not result in any change in coverage under the attached policy or bond (or the policy or bond being quoted). Please also note that no separate additional premium charge has been made for the terrorism coverage required by the Act. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium, and is no more than one percent of your premium.

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062**

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: Mark W. Edwards, II, Ronald B. Giadrosich, of Birmingham, Alabama, their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President and their corporate seals to be hereto affixed this 1st day of May 2003.

STATE OF CONNECTICUT

)SS. Hartford

COUNTY OF HARTFORD

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY



By *George W. Thompson*
George W. Thompson
Senior Vice President

On this 1st day of May, 2003 before me personally came GEORGE W. THOMPSON to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.



Marie C Tetreault
My commission expires June 30, 2006 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this *2* day of *August*, *2004*



By *Tim M Johanson*
Kori M. Johanson
Assistant Secretary, Bond

EXHIBIT 19

[intentionally left blank]

EXHIBIT 20

DISPUTE RESOLUTION

1. In the event a claim, dispute, or controversy (defined for the purposes of this Exhibit as "Claim") arises out of or relates to this Agreement, Developer's performance under this Agreement, or the relationship or obligations of the Parties, Developer and the Foundation agree that, as a condition precedent to mediation or arbitration under this Agreement, the Developer's Representative and the Foundation's Representative shall meet and attempt to resolve the matter. If the matter is not resolved by these representatives within 15 days after the date the Claim arose, then Developer and the Foundation shall each designate a senior representative (with similar or equivalent organizational stature). Each designated senior representative shall have the authority to settle or compromise the Claim, and they shall meet at a mutually agreeable time and place within 30 days after the date the Claim arose, and thereafter as often as they deem reasonably necessary to exchange relevant information and to attempt to resolve the Claim.
2. If the Claim has not been resolved within 15 days after the date on which the senior representatives first meet, then either Party may request a non-binding mediation of the Claim by providing the other written notice of the desire to mediate the Claim. Once such a mediation notice is issued by one of the Parties, the following mediation procedures shall be mandatory unless the Parties agree in writing to waive mediation. All such mediations shall occur before a single mediator. The mediator shall be selected by the senior representatives referred to in Paragraph 1 above, but if they are unable to agree upon an acceptable mediator within ten days after the date the written notice of desire to mediate is received, either Party may petition the Atlanta Regional Office of the American Arbitration Association ("AAA") for the appointment of a mediator, and the mediation, including the selection of the mediator, shall occur pursuant to the AAA's Construction Industry Mediation Rules then in effect. Notwithstanding the above, demand for mediation shall be made within a reasonable time after the Claim has arisen, but in no event after the date when notification of legal or equitable proceedings would be barred by the applicable statute of limitations.
3. If the Claim has not been resolved pursuant to mediation within 60 days after initiation of the mediation procedure, then either Party may submit such Claim to final and binding arbitration to be conducted in accordance with the Construction Industry Dispute Resolution Rules of the AAA as in effect on the date of the commencement of the arbitration proceeding. Unless otherwise agreed by the Parties, the situs of the arbitration under this Agreement shall be Atlanta, Georgia, and all arbitration hearings shall be transcribed by court reporter, with transcripts thereof promptly available to the Parties. Judgment on the award of the arbitral tribunal may be entered in any court of competent jurisdiction. The arbitration is to be conducted by three neutral arbitrators, with each Party to select one neutral arbitrator, and such two arbitrators to select the third neutral arbitrator who shall be the arbitral panel's chair.
4. The arbitral panel may grant interim measures including injunctions, attachments, and conservation orders in appropriate circumstances, which measures the Parties agree may be immediately enforced by the arbitral panel or by court order. Hearings on requests for interim measures may be held in person, by telephone, or by video conference, and requests for relief, responses, briefs, or memorials may be sent to, and orders or awards received from, the arbitral panel by facsimile or other similar means which include a confirmation of delivery. Notwithstanding the requirements for alternative dispute resolution procedures in this Exhibit, prior to the constitution of the arbitral panel and thereafter as necessary to enforce the arbitral

panel's rulings or in the absence of the jurisdiction of the arbitral panel to rule on interim measures in a given jurisdiction, either Party may apply to a court for interim measures, and the Parties agree that seeking and obtaining such measures shall not waive the right to arbitration.

5. The Parties expressly agree that any court with jurisdiction may order the consolidation of any Claim subject to arbitration under this Agreement with any related arbitral claim, controversy, or dispute, as the court may deem necessary in the interest of justice, efficiency, or on such other grounds as the court may deem appropriate.

Notwithstanding any Claim between the Foundation and Developer or any claim or controversy between Developer and any Consultant, or any claim or controversy between or among such Consultants, and so long as the Draws, pursuant to Article IX, and the Development Fee, pursuant to Article XVI, are being timely paid, then it shall be the responsibility of Developer to continue to perform all of its Services diligently in a good and workmanlike manner in conformity with this Agreement.

EXHIBIT 21

COST SAVINGS COMPENSATION

Foundation

100%

Developer

0 %

EXHIBIT 22

[intentionally left blank]

EXHIBIT 23

MANAGEMENT AGREEMENT

MANAGEMENT AGREEMENT

BETWEEN

UNIVERSITY FACILITIES, INCORPORATED
AS UFI

AND

CAPSTONE ON-CAMPUS MANAGEMENT, LLC
AS AGENT

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MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made as of the 1st (first) day of July, 2004 by and between University Facilities, Incorporated hereinafter designated as "UFI" having its principal office at University Facilities, Inc., SLU Box 10746, Hammond, LA 70402, and acting herein with the consent and approval of the Board of Supervisors for the University of Louisiana System, on behalf of Southeastern Louisiana University (the "Board"); Capstone On-Campus Management, LLC, an Alabama limited liability company having its principal place of business at 431 Office Park Drive, Birmingham, Alabama 35223, hereinafter designated as "Agent."

The purpose of this Management Agreement (the "Agreement") is to set forth the understanding by and between UFI, Agent, and University relative to the management of existing student housing and student housing currently under development, on the University campus in Hammond, LA.

Scope of Work

- A. The Agent shall provide management of student housing facilities, resident student life programs, and administration of student housing operations to include: staffing, marketing and rental of the facilities, enforcement of leases, administration of ongoing maintenance and capital improvements of student housing facilities, and operation of the resident student life programs.
- B. With the primary objective of ensuring the excellence of SLU's student housing program, the Agent will design a student housing operation including resident student life programs that attracts students to live on campus, enhances student's quality of life, enhances the retention of students and contributes significantly to their educational experience.
- C. The Agent's services will consist of management of student housing facilities owned or operated by UFI wherein the quality, the manner of service, and the economy of price to the consumer are the primary considerations, and must be satisfactory and subject to the supervision and control of UFI. UFI shall have no direct supervision of employees of the Agent, and any communication of employee matters shall be through the designated representatives of the parties.

Recitals

In consideration of the mutual promises and covenants herein contained, UFI and Agent agree as follows:

Section 1. Appointment and Acceptance. UFI appoints the Agent as exclusive agent for the management of the on campus student housing facilities at Southeastern Louisiana University, and the Agent accepts the appointment, subject to the terms and conditions set forth in this Agreement.

Section 2. Description of Project. The property to be managed by the Agent under this Agreement is the existing and proposed on campus student housing facilities located on the campus of Southeastern

Louisiana University, located within the city of Hammond, Louisiana and hereafter referred to as “the Project”.

Section 3. Management Services of the Project. The Agent will be responsible for all management operations as well as Residence Life programming. As a directive from UFI, provision of services as enumerated in Section 3.2 below will be contracted with the University by the Agent.

Section 3.1 Provision of Services by Agent:

- (a) **Staffing.** Agent will employ an adequate staff to manage the Project and will have full authority and complete supervision over the employment, discharge and performance of duties of all personnel used in the management of the Project. The Agent shall use its commercially reasonable best efforts in the management of the Project and to collect the rents and other income due and to become due there from and to otherwise perform the manager functions, as may be determined jointly by UFI and Agent. Management of the Project includes practices that are specific requirements for student residences owned by UFI. These specific requirements are set forth in this Agreement and exhibit thereto, including, but not limited to, the following minimum staffing requirements for on-site professional personnel:
1. A General Manager (GM) preferably with residence life experience at the college or university level or requisite work experience in student housing. The compensation package for the GM may include a rent-free Apartment in the Project and an annual salary and benefits to be reasonably determined by Agent and approved by UFI upon approval of the annual operating budget. Agent will conduct a thorough background check on the General Manager in order to determine whether the applicant has a good work history, and is free from criminal convictions and civil suits which would reflect adversely on his suitability as a General Manager, which background check shall be provided to UFI upon its completion. In the event that UFI and University are not reasonably satisfied with the qualifications or performance of the GM, UFI or University may request that Agent replace the GM. UFI and University reserve the right to participate in the annual review and evaluation of the General Manager. UFI and University reserve the right (but does not have a duty) to require the replacement of any on-site management personnel because of operating difficulties reasonably determined to be the result of inferior on-site management.
 2. An Assistant General Manager (AGM) preferably with residence life experience at the college or university level or requisite work experience in student housing. The compensation package for the AGM may include a rent-free Apartment in the Project and an annual salary and benefits to be reasonably determined by Agent and approved by UFI upon approval of the annual operating budget. Agent will conduct a thorough background check on the AGM in order to determine whether the applicant has a good work history, and is free from criminal convictions and civil suits which would reflect adversely on his suitability as an AGM, which background check shall be provided to UFI upon its completion. In the event that UFI and University are not reasonably satisfied with the qualifications or performance of the AGM, UFI or University may request that Agent replace the AGM. UFI and University reserve the right to participate in the annual review and

evaluation of the AGM. UFI and University reserve the right (but does not have a duty) to require the replacement of any on-site management personnel because of operating difficulties reasonably determined to be the result of inferior on-site management.

3. At least one Community Assistant (CA) per 75 residents within the Project. The CA(s) must be students in good standing enrolled at Southeastern Louisiana University. The CA will be required to serve the following primary functions:
 - (i) monitoring to assure resident personal safety and fire safety,
 - (ii) developing personal acquaintances with all residents over which they have supervision,
 - (iii) advising a resident association,
 - (iv) monitoring conduct problems occurring within the Project and responding to resident complaints concerning such conduct problems, including enforcement of policies established by UFI and SLU.
 - (v) providing orientation of incoming students residing in the Project,
 - (vi) assisting with the resolution of interpersonal conflicts among residents of the Project,
 - (vii) responding to and processing resident maintenance complaints and reporting needed repairs to the GM,
 - (viii) assisting the GM in planning and programming social activities and special events for residents of the Project, and
 - (ix) performing administrative functions as needed to assist with the operation of the property, including working regularly scheduled desk and on-call shifts, mail delivery, and other duties as assigned and necessary.
4. UFI and Agent will add or subtract additional staff upon mutual agreement.
5. The Agent will assign for duty at the Project only employees acceptable to UFI. Assignment of management personnel must be approved by UFI, said approval of the employees not to be unreasonably withheld by UFI and the University. In the event of a proposed change in management personnel, the Agent will provide UFI and the University adequate and timely notice and will endeavor to expeditiously fill the management position. Management personnel are defined as the General Manager and Assistant General Manager (s).
 - (b) **Marketing.** The Agent will supervise the marketing activities for the Project. Advertising expenses will be paid out of the Operating Fund as defined in Section 3.2. (b) and treated as Project expenses. The Agent shall implement a Student Life Plan and a University Housing Marketing Plan subject to approval by UFI and the University, in effect pursuant to the terms of this Agreement.
 - (c) **Rentals.** The Agent will supervise the on-site staff in the renting of the dwelling units. Incident thereto, the following provisions will apply:
 1. The Agent will coordinate the initial leasing activities with the designated Southeastern Louisiana University liaison.

2. The Agent will follow the tenant selection policies as prescribed from time to time by the designated Southeastern Louisiana University liaison.
 3. The Agent will train the on-site staff to show the Project to prospective tenants and to learn other leasing procedures as specified in the leasing plan.
 4. The Agent will supervise the taking and processing of applications for student rentals.
 5. The Agent will prepare all student housing leases on the best terms available for UFI but in all events subject to the terms hereof, and will cause them to be executed by the resident; and Agent, the General Manager, or such other person as designated by Agent.
- (d) **Enforcement of Leases.** The Agent will use its commercially reasonable best efforts to secure full compliance by each tenant with the terms of his lease. Voluntary compliance will be emphasized. The Agent, General Manager or any Assistant General Manager may lawfully terminate any tenant when, in their reasonable judgment, sufficient cause (including but not limited to nonpayment of rent) for such termination occurs under the terms of such tenant's lease. For this purpose, the Agent and/or the General Manager and/or the Assistant General Manager is authorized to bring action for eviction and to execute notice to vacate and judicial proceedings incident to such actions in the name of and on behalf of UFI. Agent will inform University of incidents concerning lease violations and pending resident evictions by notifying the designated Southeastern Louisiana University liaison. Further, the Agent is authorized to sue for a recovery of rents, upon prior approval of UFI, and when appropriate, to settle, compromise and release such actions or suits, or reinstate such tenancies. The Agent shall keep UFI informed of such actions as requested and follow reasonable instructions as UFI may prescribe for the conduct of any such action. Attorney's fees and other necessary costs incurred in connection with such actions will be paid out of the Operating Fund as Project expenses and will be reflected in the annual operating budget as such.
- (e) **Capital Improvements.**
1. Agent will prepare a Student Housing Capital Budget Plan (the "Capital Budget Plan") and periodically advise UFI **and the University** of the status of the Plan. The Agent is authorized at the Project's expense to make contracts for all renovations, repairs, additions, or improvements falling under the category of Capital Improvements and outlined in the Capital Budget Plan, subject to the prior written approval of UFI.
 2. Agent shall provide UFI with advance written notification (hereinafter "Work Notification") of any proposed work done in accordance with the Capital Budget Plan. The Work Notification shall be provided to UFI as far in advance of the work as possible, shall be coordinated with UFI to assure the minimum disruption to the student tenants occupying the Project (including reasonable notice to such student tenants) and shall consist of a general description of the work, when it will occur, its location by building and room, and building materials which the work may contact or disturb. Agent shall cooperate with UFI personnel to provide any other pertinent information they may request with regard to the Work Notification.

- (f) **Noninterrupted Services.** The Agent will have provisions in place for non-interrupted services in case of the loss of student housing facilities for any reason; for both short and long-term periods. Agent will have a designated representative(s) as part of the university's Emergency Response Team.
- (g) **Employees.** *Capstone Employees* – All on-site personnel will be employees of the Agent. UFI and Agent will make any additional employee contractual arrangements only upon mutual agreement in writing. The Agent or General Manager will hire, pay, supervise and discharge such personnel, subject to the following conditions:
- a. The Agent will coordinate activities in the interest of good overall management.
 - b. The compensation, including fringe benefits, of the Agent and all other Capstone employees performing on-site functions will be determined by Agent. Compensation of bookkeeping, clerical, and other managerial personnel will be within the Agent's sole discretion. The anticipated compensation, including fringe benefits, of all Capstone employees expected to perform on-site functions will be included in the annual operating budget provided to and approved by UFI, however Agent reserves the right to modify this compensation schedule within the confines of the Operating Budget in order to recruit and retain qualified staff for the facility.
 - c. UFI will reimburse the Agent for compensation, including fringe benefits, payable to all employees performing on-site functions, and for all local, state and Federal taxes, assessments (including but not limited to Social Security taxes, unemployment insurance, and worker's compensation insurance) and other expenses incident to the employment of such personnel to the extent that such are expenses that are described in Section 5.02(1) of Revenue Procedure 97-13 (the "Permitted Expenses"). Such reimbursements will be payable solely out of the Operating Fund and constitute Project expenses and will not be paid out of the Agent's fee or any funds of UFI.
 - d. The rental value of any dwelling units furnished rent-free to any employees of the Project will be treated as a cost of the Project.
 - e. Agent shall be an equal opportunity employer and shall conform to all applicable laws regarding employment. Agent further agrees to provide full information concerning its employment practices and procedures to any government agency having jurisdiction over such matters. Agent shall not engage in or permit discrimination against any person or groups of persons on the grounds of race, color, handicap, religion, national origin, age, or sex in any manner prohibited by the laws of the United States, or the State of Louisiana.
 - f. Agent and its employees will strictly adhere to all policies, procedures, and regulations of UFI and the University made applicable to the Project (including but not limited to parking, smoking, security and drug and alcohol policies) while on either UFI or University premises.
- (h) **Disbursements From Operating Fund.** Rental proceeds shall be applied to the Operating Fund (as defined in the Trust Indenture) in accordance with Section 3.2(b). From the funds in the Operating Fund, the Agent will make (to the extent funds are

available and that such are Permitted Expenses) the following disbursements promptly when payable in the following priority:

1. Reimbursement to the Agent for compensation payable to the employees and for the taxes and assessments payable to local, state and Federal governments and other expenses in connection with the employment of such personnel, and
2. All sums otherwise due and payable by UFI as expenses of the Project authorized to be incurred by the Agent under the terms of this Agreement, and
3. Compensation payable to the Agent pursuant to Section 10 below.

(i) **Budgets.** Annual operating budgets for the Project will be submitted to UFI by Agent for approval not less than ninety (90) days prior to the commencement of the Lease Year in question; with the exception that rental rates for the following academic year may be submitted for approval prior to this date to allow for sufficient time to properly market the Project. The first Lease Year begins July 1, 2004. Each Lease Year thereafter will begin on the immediately following June 30th of the next year. Among other items, the budget shall reflect the number of employees to be employed by the Agent, the compensation and fringe benefits for such employees, compensation, advertising and other promotional expenses, maintenance expenses, utility costs, costs for supplies and insurance expenses. The budget shall indicate the amount to be expended for each line item on a monthly basis. In the event UFI and Agent are unable to agree on any portion of the annual operating budget for any particular Lease Year, then that portion of the annual operating budget for such Lease Year shall be the actual annual costs of the preceding Lease Year multiplied by the change in the U.S. Department of Labor, Consumer Price Index, as published in The Wall Street Journal, from the first day of the preceding Lease Year to the first day of such Lease Year.

(j) **Records and Reports.** The Agent will have the following responsibilities with respect to the records and reports:

The Agent will establish and maintain a comprehensive system for records, books and accounts including, but not limited to, records covering all tenants/residents living on campus, records tracking all inventory purchased and used in connection with the Project and records of all maintenance and repairs performed on behalf of the Project. Agent shall maintain an archive of all such records in accordance with University policy, state law, and federal law. Agent shall process invoices in a timely manner to benefit from discounts offered by vendor. The Agent shall allow to UFI any rebate or discount which the Agent shall obtain.

1. All records, books and accounts will be subject to examination at reasonable hours by any authorized representative of UFI.
2. The Agent shall provide UFI with unaudited financial reports for the Project on a monthly basis. Such financial reports must include a balance sheet, a report of income and expenditures, and a statement of cash flows in sufficient detail to indicate the financial condition of the Project. In addition, within one hundred twenty (120) days of the end of each fiscal year, Agent

shall provide UFI with a certified annual financial report containing a balance sheet, income statement and statement of cash flows, audited by and prepared by the certified public accountant in accordance with generally accepted accounting and auditing principles. With respect to each fiscal year ending during the term of this Agreement, the Agent will have the annual financial report prepared by a Certified Public Accountant or other person acceptable to UFI. Compensation for the preparer's services will be paid out of the Operating Fund, as an expense of the Project.

3. On a monthly basis, the Agent will provide to UFI a statement of receipts and disbursements, balance sheet, general ledger, and comparison of budget to actual for the prior month and for the fiscal year to date.
 4. The Agent shall provide to UFI a Collection Activity Report on a monthly basis, providing detailed information on its steps to collect outstanding rent payments due, including the use of outside credit collection companies, civil suit for rent payments, eviction proceedings and landlord lien actions, if any.
- (k) **Specific Management Practices.** The Agent shall provide management services for the Project in accordance with UFI and University guidelines and industry standards, including, but not limited to, services related to: student staff coordination, key management, customer service, student contract issuance, and summer programs.
- (l) **Evaluation of the Project's Performance.** UFI and the University shall evaluate the performance of the Project on an annual basis. The criteria to be used in such evaluation (the "*Evaluation Criteria*") shall be determined by mutual agreement of the Agent and UFI and the University (in a timely manner) after the end of each fiscal year. The results of the annual evaluation shall be reviewed by UFI and the University, and the Agent, and, to the extent performance deficiencies are noted, shall use their best efforts to cure such performance deficiencies.
- (m) **Confidentiality.** The Agent understands and agrees that all personal information concerning the residents and students of which it becomes aware or is exposed to while performing the services under this Agreement is to be kept confidential. Agent will neither use nor disclose such information except as may be required by law, as directed to do so by UFI or the University, or as necessary to fulfill its obligations of management under this Agreement.
- (n) **Liens.** Agent shall not allow or suffer any liens to be placed upon the Project. Agent shall require contractors performing any material work on the Project to provide lien waivers or other, suitable documentation as necessary to keep the Project clear of liens. Agent shall reimburse UFI the cost of any legal fees required to clear any liens, which are placed or maintained due to Agent's violation of this Section.

Section 3.2 Provision of Services by Agent Utilizing University Services:

- (a) **Deposits.** The Agent will supervise the collection, deposit and disbursement of advance reservation deposits and security deposits, if required, in accordance with the terms of each tenant's lease and the laws of Louisiana applicable to such deposits. All such deposits will be deposited in an account, separate from all other accounts and funds. All personnel of Agent having contact with deposits shall be bonded through a carrier acceptable to UFI.
- (b) **Collection of Rents and Other Receipts.** When due, the Agent will supervise the collection of all rents, charges and other amounts receivable on UFI's account in connection with the management and operation of the Project. Rent will be collected by the Agent and deposited to a deposit only account in a financial institution selected by UFI in the geographic vicinity of the housing community. Local staff will have no check writing privileges for this depository account. All collected revenue is to be transferred on a daily basis to the trustee for the Bonds (the "Bonds") issued to finance the Project, or UFI who will hold the money in a separate revenue account.

The Agent shall open and maintain another account in the Project's name for the payment of expenses of operating the Project ("Operating Fund") at such bank as it may choose. Funds will be deposited therein in accordance with student housing financing documents.

- (c) **Risk of Loss.** The risk of loss of deposits from the time when payments are received until the deposit is made in the depository bank shall be Agent's risk.
- (d) **Maintenance and Repair.** The Agent will use its commercially reasonable best efforts to maintain the Project in good repair, including but not limited to cleaning, painting, decorating, plumbing, carpentry, grounds care and such other maintenance and repair work as may be necessary, subject to any limitations imposed by UFI and in addition to those contained herein. Incident thereto, the following provisions will apply:
1. Special attention will be given to preventive maintenance. The Agent will develop a comprehensive preventive maintenance schedule which provides for periodic inspection and servicing of mechanical, electronic, waterproofing, roofing and cosmetic components to the project according to a schedule acceptable to UFI. Agent may contract with qualified independent contractors for preventative maintenance and repair work but shall be responsible to UFI for documentation of compliance with the preventive maintenance schedule. Whether Agent performs the work or subcontracts it, Agent will be responsible for assuring that all preventative maintenance procedures are conducted as required for the proper upkeep of the Project.
 2. Agent shall review and approve all invoices for maintenance and repair expenses subject to reimbursement or payment by UFI or designated Trustee. Agent shall process these Invoices in a timely manner to benefit from discounts offered by any third party vendor. The Agent shall allow to UFI any rebate or discount which the Agent shall obtain.
 3. The Agent will systematically and promptly receive and investigate all service requests from tenants/residents, take such action thereon as may be justified and will keep records of the same. Complaints of a serious nature, which may negatively

affect the financial performance of the property, will be reported to UFI after investigation.

4. The Agent will be authorized in accordance with the annual operating budget prepared by Agent and approved by UFI to purchase materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair of the Project.
 5. The Agent will reflect in the annual operating budget supplied to and approved by UFI, those certain amounts to be reserved in a reserve account. No withdrawals will be made from the Reserve Account for repairs and maintenance without the prior written consent of UFI.
 6. Agent will prepare and regularly update an inventory of materials, equipment, tools, appliances, and supplies purchased for the Project, none of which may be used by Agent for any purpose unrelated to the Project.
- (e) **Utilities and Services.** As approved by UFI, the Agent will contract with the University (or a third party contractor, if necessary) for water, electricity, gas, cable television, telephone service, Internet, sewage, trash disposal and vermin extermination. The expenses incurred for utilities and services will be paid out of the Operating Fund as Project Expenses.
- (f) **Student Conduct.** The Agent shall work with the University to hold all residents accountable to the University's Code of Student Conduct and all other University policies, procedures, regulations and guidelines.
- (g) **Law Enforcement.** The University shall provide law enforcement services through the University's Police Department.
- (h) **Food Service.** The University shall provide food services, including meal plans, through the University's designated Food Service Program provider.

Section 4. Administrative and Supervisory Expenses. All administrative and supervisory salaries and expenses and other management overhead expenses (other than expenses for on-site employees and pro-rata cost for Regional Manager) will be borne by the Agent out of its own funds and will not be treated as Project expenses. However, when it is to the financial benefit of the Project, normal on-site duties and expenses (including but not limited to staff, bookkeeping, accounting services, clerical, office supplies and equipment, telephone and postage) may, with the prior approval of UFI, be performed off-site and paid for and treated as Project expenses.

Section 5. Management Overhead Expenses. Management overhead expenses which will be borne by the Agent out of its own funds and which will not be treated as Project expenses shall include:

- (1) compensation of central office or off-site personnel employed or contracted by the Agent (with the exception of the Regional Manager),
- (2) rent for off-site offices utilized by the Agent; telephone and utility charges incurred at such offices; office supplies; rent for and repair and maintenance of office machines used at such offices; postage used at such offices any rental for or allocation of depreciation or amortization of any properties owned by or leased by the Agent and used in the performance of its duties hereunder,
- (3) premiums for fidelity bonds on the Agent's employees not associated with the Project, and

(4) premiums for general liability, worker's compensation, or other such insurance carried by the Agent not associated with the Project.

Section 6. Fidelity Bond. All employees of the Agent who handle or are responsible for the safekeeping of any monies of UFI are to be covered by a fidelity bond with Agent as Loss Payee in an amount of not less than \$100,000.00 (One Hundred Thousand Dollars) with a company determined by the Agent, but approved by UFI, such approval to not unreasonably be withheld.

Section 7. On-Site Management Facilities. The Agent shall maintain a rental and leasing management office for the Project at the Project, and UFI will make no rental charge for the same. All office expenses for this office will be borne by the Project.

Section 8. Indemnification. Agent agrees to indemnify and hold harmless UFI and University, including their officers, directors, employees and agents, against all claims, losses, damages, liabilities costs or expenses (including, without limitation, reasonable attorney's fees and costs of litigation and or settlement), arising from Agent's breach of this Agreement, gross negligence or intentional wrongful acts with respect to the Project. UFI agrees to indemnify and hold harmless Agent including its officers, directors, employees and agents, against all claims, losses, damages, liabilities costs or expenses (including, without limitation, reasonable attorney's fees and costs of litigation and or settlement) arising from UFI's breach of this Agreement, gross negligence or intentional wrongful acts with respect to the Project. Neither party shall have a duty to indemnify or hold harmless the other from third-party fault unless that fault is attributable in fact or in law to the conduct of a party.

Section 9. Insurance. Agent will maintain general liability insurance written on the Standard Approved Comprehensive General Liability Policy Form naming both the Agent, UFI and University as Joint Assureds with limits of liability of not less than \$1,000,000 per occurrence, combined single limit, bodily injury including death, property damage liability and coverage for personal injury, blanket contractual liability and product liability. The policy shall also be endorsed with the Personal Injury Endorsement and the Accident Defined Endorsement. Any premiums as a result of this policy will be permitted operating expenses and included in the annual budget. Agent will also contract for Workers Compensation and Employee's Liability, with minimum statutory limits, Crime, and Employment Practices and Umbrella and Business Income (Loss of Rents) Coverages as expenses of the Project. Other insurance (Property & Casualty, UFI's General Liability, UFI's Crime, Mold and UFI's Umbrella) may also be paid from Project funds by including premium amounts in the Annual Budget. Comprehensive Automobile Liability (including owned, non-owned, and hired) with minimum limits of \$1,000,000 each occurrence, single limit, bodily injury including death and property damage liability.

The Agent shall furnish UFI and University with a certificate showing that such insurance is in effect and the protection afforded under the policy will not be canceled or reduced until at least ten (10) days prior notice is sent to the University by the insurance company, such notice being sent by registered mail.

UFI shall be entitled to name the Agent of Record and select the carrier or carriers for the coverages required under this Section.

Section 10. Agent's Compensation. The Agent will be compensated for its services under this

Agreement as follows:

- (a) For the period commencing July 1, 2004 and ending on June 30, 2009, the Management Fee shall be \$220,000 per year, payable in monthly installments.
- (b) The fee owed to the Agent will be paid on a monthly basis out of the Receipts Fund, on the twenty-fifth (25th) day of each month.
- (c) Compensation to agent is subordinate to other debt as outlined in associated financial documents.

Section 11. Environmental Matters. The Agent shall adhere to any applicable Federal, State, or Local "Hazardous Materials Laws".

Section 12. Compliance with Laws. Agent and its employees and subcontractors, shall perform all of the services under this Agreement in compliance with all applicable rules, regulations, orders, determinations, ordinances or laws of any federal, state or municipal authority.

Section 13. Limitations on Agent's authority. Notwithstanding, the authority granted to the Agent in the foregoing provisions of this Agreement, the Agent shall not have the authority and shall not do any of the following:

- (a) Enter into any contract, which is not cancelable by UFI on ninety (90) days notice, without UFI's written consent;
- (b) Enter into any contract or agreement whose cost; either in a single payment or group of payments exceeds \$10,000.00 without UFI's written consent unless budgeted funds are available in the current year approved Operating Budget;
- (c) Agent shall have the authority to enter into any contract or group or series of related contracts that are within the parameters of the budgets, funds and/or accounts referenced herein;
- (d) Institute any legal action, other than eviction proceedings, without UFI's written consent;
- (e) Expend or commit any funds other than as approved by UFI pursuant to the budget submitted by the Agent as aforesaid;
- (f) Execute any deed, note, mortgage or security agreement binding on UFI; or
- (g) Obligate UFI for any liability under any Project contracts, tenant leases, or otherwise for any liability beyond its interest in the Project.

Section 14. Rights of UFI. Notwithstanding the authority granted to UFI or the Agent in the foregoing provisions of this Agreement, UFI shall have the authority to enter into any contract or group or series of related contracts that are within the parameters of the budgets, funds and/or accounts referenced herein and institute any legal action instead of the Agent if it is in the best interests of the Project and mutually agreed upon by UFI and the Agent.

Section 15. Assignment. Except as a requirement of UFI's financing under its Trust Indenture, UFI shall not have any right to transfer, assign, pledge or hypothecate any of its rights, duties or obligations under this Agreement and any attempt to do any of the foregoing shall be null and void and of no force or effect, nor shall Agent.

Section 16. Term of Agreement. This Agreement shall be in effect for a period beginning August 1, 2004 and ending June 30, 2009, after which it may be renewed for two (2) consecutive two (2) year terms upon agreement by the Agent and UFI.

Section 17. Performance Review and Termination. The performance of Agent shall be subject to an annual performance review in accordance with the performance matrix provided in Exhibit B, attached hereto. Failure of Agent to maintain a satisfactory evaluation on the annual performance review shall be grounds for termination of the Agreement.

This Agreement may also be terminated in accordance with the following conditions:

- (a) Except as hereinafter provided, in the event a petition in bankruptcy is filed by or against either UFI or the Agent, or in the event either makes an assignment for the benefit of creditors or takes advantage of any insolvency act, the other party may terminate this Agreement upon written notice to the other.
- (b) Either UFI or the Agent may terminate this Agreement by written notice to the other party in the event that the other party breaches its obligations, duties or covenants under the terms of this Agreement. Such notice shall specify the nature and scope of the claimed breach of this Agreement and shall provide the defaulting party with the right to cure the claimed breach within ninety (90) days of the receipt thereof. If the claimed default is not cured to the reasonable satisfaction of the non-defaulting party within the cure period, this Agreement shall terminate. The non-defaulting party shall also have the right to seek damages and exercise such other remedies as may be provided by law or in equity against the defaulting party.
- (c) Upon termination, the Agent will submit to UFI and the University financial statements (as described in subsection 3.1(i)) reasonably requested by UFI. The termination of this Agreement shall not affect the rights and obligations of the parties hereto as set forth herein as to matters, events, obligations and duties that pertained or accrued prior to the date of termination.
- (d) The Agent will promptly turn over to UFI all of the Project's cash, trust accounts, investments and records upon termination of this Agreement. UFI shall have the right at its expense to audit the accuracy of such books and records either by itself or through the accountants of its reasonable choosing. In such event, Agent will reasonably cooperate with the audit and provide such background information on the preparation and detail of the records as may be reasonably requested.

- (e) Upon termination of this agreement, UFI and the Agent shall jointly conduct a physical inventory of all expendable and capital equipment and inspect the premises. At that time, the Agent shall surrender the buildings and expendable and capital equipment to UFI in as good a condition as at the start of the agreement, except for ordinary wear and tear or loss and damage by fire and other perils covered by UFI's fire and extended coverage policy, acts of God, and theft by persons other than the employees. During each fiscal year, authorized representatives of UFI, University, and Agent will conduct jointly a physical inventory and certify that all capital equipment is in place and good condition except for ordinary wear and tear.
- (f) If UFI or the Agent for any reason terminates the contract, the Agent must continue the operation of the student housing facilities and resident student life programs until a new contractor can be selected provided this period shall not exceed six (6) months.

Section 18. Representations.

- (a) **Agent.** The Agent represents and warrants that it is qualified to do business in the state of Louisiana, is in good standing in the state in which it is organized and in the State of Louisiana, has obtained all licenses required or necessary for the performance of the manager functions and other obligations under this Agreement, is solvent, and has taken all necessary corporate action to approve the execution and delivery of this Agreement.
- (b) **UFI.** UFI represents and warrants that it is qualified to do business in the State of Louisiana, is in good standing in the state in which it is organized and in the State of Louisiana, has obtained all licenses required or necessary for the performance of its obligations under this Agreement, is solvent, and has taken all necessary corporate action to approve the execution and delivery of this Agreement.

Section 19. Interpretative Provisions.

- (a) This written Agreement and attachments hereto (if any) constitute the entire and complete agreement between the parties hereto and supersede any prior oral or written agreements between UFI and Agent with respect to the Project. It is expressly agreed that there are no verbal understandings or agreements which in any way change the terms, covenants and conditions herein set forth, and that no modification of this Agreement and no waiver of any of its terms and conditions shall be effective unless made in writing and duly executed by UFI and Agent.
- (b) This Agreement has been executed in several counterparts, each of which constitutes a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any of the other counterparts.
- (c) As used herein, whenever appropriate, the masculine gender shall be construed to mean the feminine or neuter gender, or both of them; the feminine gender shall be construed to mean the masculine or neuter gender, or both of them, and the neuter gender shall be construed to mean the masculine or feminine gender, or both of them.

- (d) As used herein, whenever expressed, the singular number shall be construed to mean the plural number and the plural number shall be construed to mean the singular number.
- (e) The paragraph headings or captions appearing in this Agreement are for convenience only, and are not to be considered in interpreting the Agreement.

Section 20. Notices. All notices or approvals required to be given hereunder shall be in writing and delivered personally or be certified mail, return receipt requested, and addressed as follows:

- (a) To UFI:

University Facilities, Incorporated
Attention: Stephen M. Smith, President
SLU Box 10709
Hammond, LA 70402
Telephone: 985.549.2282
Fax: 985.549.5095

With a copy to:

Steve Leon
Directory of Auxiliary Services
Southeastern Louisiana University
SLU 11850
Hammond, LA 70402
Telephone: 985.549.2094
Fax: 985.549.2321

- (b) To Agent:

Capstone On-Campus Management, LLC.
Attention: Douglas Brown
431 Office Park Drive
Birmingham, Alabama 35223
Telephone: 205.414.6439
Facsimile: 205.414.6405

Each mailed notice shall be deposited with the United States Postal Service, in registered or certified mail, return receipt requested, postage prepaid, properly addressed in the manner provided above. Each such notice shall be deemed to have been given to, or served upon, the party to whom delivered, upon delivery at the addresses provided above. Any party hereto may change its address for the service of notice hereunder by providing written notice of said change to the other parties hereunder, in the manner specified above, ten (10) days prior to the effective date of said change.

Section 21. Limitation on Liability.

- (a). Notwithstanding anything to the contrary in this Agreement, the liability of UFI under this Agreement will be 'non-recourse' except to the extent of UFI's interest in the Project and accordingly, no party shall have any right to obtain payment from any person or entity comprising UFI or from any assets of UFI other than the Project. If Agent shall recover any judgment against UFI in connection with this Agreement, Agent shall look solely to UFI's then interest in the Project for the collection or enforcement of any such judgment, and no other assets of UFI shall be subject to levy, execution or other process for the satisfaction or enforcement of such judgment, and neither UFI nor any person having an interest in UFI shall be liable for any deficiency.
- (b). Notwithstanding anything to the contrary in this Agreement, the liability of Agent under this Agreement will be 'non-recourse' except to the extent of the Agent's interest in the Project, including but not limited to, the fees payable to Agent hereunder, and accordingly, no party shall have any right to obtain payment from any person or entity comprising the Agent or from any assets of Agent other than its interest in the Project. If UFI shall recover any judgment against Agent in connection with this Agreement, UFI shall look solely to Agent's then interest in the Project for the collection or enforcement of any such judgment, and no other assets of Agent shall be subject to levy, execution or other process for the satisfaction or enforcement of such judgment, and neither Agent nor any person having an interest in Agent shall be liable for any deficiency.

Section 22. Applicable Law. This Agreement and all obligations hereunder shall be construed and interpreted under and in accordance with the laws of the State of Louisiana.

Section 23. Successors and Assigns. This Agreement shall be binding upon the parties hereto, their successors and assigns.

Section 24. Preservation of Tax Exempt Status. The Agent shall not take any action with respect to the Project that would adversely affect the tax-exempt status of UFI or the Bonds.

Section 25. Representations. All representations, warranties, obligations of indemnity or confidentiality set forth herein shall survive the termination or expiration of this Agreement for a period of two years thereafter.

Section 26. No Waiver. Any party to this Agreement, as to such party, may (a) extend the time for the performance of any obligations of the other party; (b) waive any inaccuracies and representations and warranties by the other party; (c) waive performance of any obligations by any other party; and (d) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations hereunder. Any such waiver must be in writing and signed by an authorized representative of the parties or party to such amendment or waiver. No such waiver shall be deemed to constitute the waiver of any other breach of the same or of any other terms or condition of this Agreement.

Section 27. Bond Insurer Provisions. It is understood and agreed that this Agreement is being entered into contemporaneously with the issuance by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") of certain Student Housing Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, Series 2004B and Series 2004C (the "Bonds"). The Bonds are being issued pursuant to a certain

Trust Indenture dated as of August 1, 2004 by and between the Issuer and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee") and the proceeds of the Bonds are being loaned to UFI pursuant to a certain Loan Agreement dated as of August 1, 2004 by and between the Issuer and UFI (the "Loan Agreement"). MBIA Insurance Corporation ("Bond Insurer") is issuing its financial guaranty insurance policies insuring regularly-scheduled payments of principal and interest on the Bonds (the "Insurance Policies"). In connection with the issuance of the Insurance Policies, Bond Insurer has required certain conditions regarding the manager of the Project. UFI and the Agent agree that, so long as any of the Bonds remain outstanding, the following provisions will be applicable to this Agreement and shall control any other provision of this Agreement to the contrary:

- (a) Bond Insurer has the right to direct a termination of this Agreement upon thirty (30) days prior written notice in the event that the Debt Service Coverage Ratio (as defined in the Loan Agreement) is less than 1.10 times for any two (2) consecutive Fiscal Years.
- (b) Bond Insurer has the right to direct UFI to remove the Agent from the Project or to terminate this Agreement upon the occurrence of an Event of Default (however defined) under the Indenture or the Loan Agreement.
- (c) The Agent shall deposit rents, charges and other amounts receivable on UFI's account (other than security deposits) with the Trustee in accordance with Section 4.8(j) of the Indenture and the Loan Agreement.
- (d) Payments to the Agent of the Agent's fee shall be made in accordance with Section 4.8(j) of the Indenture, it being understood by the Agent that the payment of the Agent's fee is subordinate to the payment of debt service on the Bonds, operational expenses of the Project and the payment of certain other fees, expenses and other priorities described in Section 4.8(j) of the Indenture.
- (e) The Agent shall not file an involuntary bankruptcy petition against UFI for failure to make any one or more payments of the Agent's fee.
- (f) This Agreement shall not be modified or amended in any manner without the prior written consent of Bond Insurer.
- (g) Termination of this Agreement by UFI shall require the prior written consent of Bond Insurer.
- (h) The Agent and UFI shall provide Bond Insurer with copies of any notices of default or termination under this Agreement to: MBIA Insurance Corporation, 113 King Street, Armonk, NY 10504, Attention: Insured Portfolio Management.
- (i) In the event the annual audit for any Fiscal Year shall reflect that the Debt Service Coverage Ratio is less than 1.10 for such Fiscal Year, Agent shall, within thirty (30) days of receiving notice from Bond Insurer, remit such portion of the Management Fee paid to Agent for such Fiscal Year (up to the total amount of the Management Fee paid to Agent for such Fiscal Year) as is necessary to cause the Debt Service Coverage Ratio to not be less than 1.10 for such Fiscal Year. To the extent Agent is required to remit any portion of the Management Fee for any particular Fiscal Year to cause the Debt Service Coverage Ratio for such Fiscal Year to be not less than 1.10, such portion of the Management Fee so remitted shall accrue and be paid out of

next following Fiscal Year(s) in which the Debt Service Coverage Ratio shall exceed 1.10. In fulfilling this obligation, in no event shall Agent be required to remit any sums other than Management Fees received during the Fiscal Year in which the Debt Service Coverage Ratio is less than 1.10 (including Management Fees previously paid for prior Fiscal Years or Management Fees to be paid for future Fiscal Years).

Section 28. Amendments. This Agreement may be amended by an instrument in writing signed by the Agent and UFI.

IN WITNESS WHEREOF, UFI and Agent by their duly authorized representatives have executed this Agreement on the date first above written.

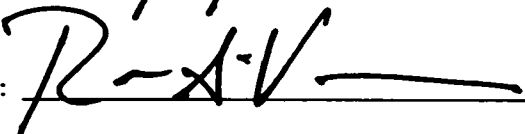
UFI:

University Facilities, Incorporated

[SEAL]

By: 
Phil K. Livingston, Vice President

Date: 8/12/04

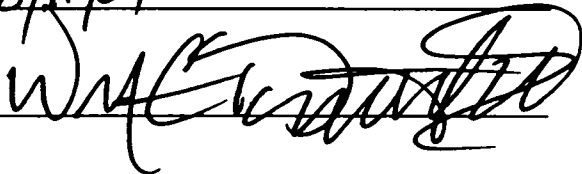
Witness: 

Agent:

Capstone On-Campus Management, LLC

By: 
Michael A. Mouron, Chairman

Date: 8/11/04

Witness: 

The Board hereby executes below to evidence the Board's acknowledgment and approval of the entering into and execution of this Agreement by UFI, and the Board hereby approves all actions taken and to be taken by UFI in furtherance of its rights and obligations hereunder.

Board of Supervisors for the University of Louisiana
System, on behalf of Southeastern Louisiana University

By: *Randy Moffitt*
Name: *Randy Moffitt*
Title: *President, Southeastern Louisiana University*
Witness: *Elizabeth Ledwith*

Exhibit "A"

Capstone Management & Southeastern Louisiana University Housing Management Responsibility Matrix

Administration		
Function	Capstone	University
Management and Facilities Staffing	X	
Service Desk Staffing	X	
Rental Agreement Writing, Preparation, Record Tracking, Rental Collection	X	
Application Process	X	
Rental Collection Assistance		
Rental Agreement Compliance	X	
Creation of Annual Budget - Asset Management	X	
Creation of Annual Budget - Residence Life	X	
On-Site Employee Compensation and Benefits - Asset Management	X	
On-Site Employee Compensation and Benefits - Residence Life	X	
Record and Book Keeping - Asset Management	X	
Financial Aid Disbursement Notification		X
Rate Approval		X
Mail Distribution		X
Evaluation of Property Manager Performance	X	
Room Assignments	X	
Insurance Maintenance	X	
Eviction Proceedings	X	

Programming			
Function	Capstone		University
Operation of Residential Life Program	X		
Staffing of Residential Life Program	X		
Training of Residential Life Program Staff			
Supervision of Residential Life Program Staff	X		
Liaison w/ Student Affairs Staff	X		
Judicial			
Function	Capstone		University
Incident Reports to Designated Southeastern Liaison	X		
Resident Behavioral Disputes Mediation	X		
Marketing			
Function	Capstone		University
Marketing Planning			
Collateral Material Approval			
Marketing Implementation	X		
Applications & Leasing	X		
Facilities			
Function	Capstone		University
Establishment of Preventative Maintenance Plan	X		
Maintenance Staffing	X		
Independent Maintenance Contractors	X		
Investigation and Repair of Service Requests	X		
Maintenance Supplies	X		

Negotiating Vendor Contracts - Service	X		
Negotiating Vendor Contracts - Revenue (except Soft Drink & Snack)	X		
Data/Communication Services for Property			X
Grounds Maintenance (including litter)	X		
Parking Lots - Maintenance, Lighting, Cleanup	X		
Parking Lots - Parking Enforcement, Security, Periodic Vacuuming			X
Other			
Function	Capstone		University
Summer Conference Promotion, Contracting, Programs (Continuing Education is Clearinghouse)			X
Summer Conference Asset Management (Facility Support)	X		
Summer Conference Liaison & Behavior Monitoring	X		

End of Exhibit A

Exhibit B
Evaluation Criteria

For

Capstone Management

Evaluation

Raw Score	4	3	2	1
	Strongly	Agree	Disagree	Strongly
	Agree			Disagree

<i>Weight</i>	<i>Measure for Management and Operation of the Project</i>	<i>Raw Score</i>	<i>Weighted Score</i>
.50	<i>Property Manager Staffing was maintained at levels indicated by the Management Agreement</i>		
1.0	<i>Resident Satisfaction is assessed, reported and, if necessary, concerns are addressed</i>		
1.5	<i>Marketing efforts are Successful</i>		
2.0	<i>Rental/Leasing Activity is performed according to the Management Agreement</i>		
1.0	<i>Records are maintained and activities are reported according to the Management Agreement and bond documents.</i>		
1.0	<i>The Property is adequately Maintained and Repaired</i>		
2.0	<i>The Budget was submitted and followed according to the bond documents and Capital Improvements are addressed accordingly</i>		
1.0	<i>Manager's actions have been within the granted authority</i>		
10.00	Total Score		

The Executive Director and three Policy Committee Members not representing the Property Manager will score each of the above 8 measures from 1-4. The raw scores will be combined and will result in a total possible raw score in each area between 4 and 16. A raw score of less than 75% of the total eligible raw score for that factor will be considered a deficiency. An action plan may be developed by the Property Manager to address any deficiencies. The total Weighted Score will then be calculated with a total possible score between 40 and 160 to measure overall performance. An overall score of less than 120 will be considered a deficiency.

Submitted by _____ on _____ date.

- i. Specific quantifiable data to be gathered:
- Fiscal Year budgets (annual & monthly)
 - Audited Financial Statements
 - Staff List
 - Occupancy reports
 - Capital Improvement Plan
 - University Police

- **Marketing Plan**
- ii. **Specific practices by which data is to be gathered**
 - **Qualitative: Through a Resident Satisfaction Matrix consisting of three main functions; Programs, Facilities, and Services.**

Evaluation Criteria for Site Name Management Agreement

The following criteria are suggested for evaluation of the management based upon the Management Agreement between the Owner and the Manager. Criteria are listed by section as outlined in the Management Agreement.

Management and Operation of the Project

I. Staffing Considerations

1. Management met the requirement for having the minimal staffing, as outlined in this section of the project.
2. There is at least one General Manager (GM) on site, and that person's performance is adequate.
3. There is at least Community Assistant (CA) for every 75 beds.
4. There is one live-in Assistant General Manager, (AGM) on site, and that person's performance is adequate.
5. Management offers an adequate number and mix of programs per year. Management has provided a list of programs offered along with supporting information such as attendance, evaluation and content materials.
6. The performances of the CA's are adequate.
7. The staff are responsive to the residents and the Owner, as well as to the University
8. The staff enforces the terms of the lease.
9. The staff enforces the terms of the management agreement and implement, as appropriate.
10. The GM and AGM enforces the terms of the management agreement and implements as appropriate.
11. Management employees strictly adhere to all policies, procedures, and regulations of the Owner as approved by the Policy Committee while on the Owner's premises.

Comments on Section I, Staffing:

II. Management Practices and Resident Satisfaction Considerations

- 12. Management provides a high level of customer services to the student residents.**
- 13. Management provides diversity training for employees.**
- 14. Management at least yearly conducts a satisfaction assessment of residents and results are conveyed to the Owner and University.**
- 15. Management has developed and implemented an action plan to respond to issues and concerns noted in the satisfaction assessment of residents.**
- 16. Residents express a high level of overall satisfaction with on-campus living**
- 17. Residents' level of academic performance compared to the all-University performance level is satisfactory.**

Comments on Section II, Management Practices and Resident Satisfaction:

III. Marketing

18. The Owner and the University are is satisfied with Management's level of marketing efforts.

19. The print materials are of high quality and likely to attract residents to the property.

20. Marketing campaigns contribute to a high level of occupancy.

21. Marketing activities are coordinated with those of the University

22. The Agent develops a thorough annual marketing plan.

23. The Agent adheres to the marketing plan.

Comments on Section III, Marketing:

IV. Rental Considerations

- 24. Management adheres to the student resident selection policies.**
- 25. Management provides training to the on-site staff to show on-campus housing facilities to prospective student residents and to learn leasing procedures as specified in the leasing plan.**
- 26. Management supervises taking and processing of applications for student rentals and coordinates this activity with the University.**
- 27. Management adequately prepares and executes all student-housing leases for on-campus housing facilities in a form approved by the Owner and the University.**
- 28. Management adequately supervises the collection, deposit, and disbursement of advance reservation deposits and security deposits, if any, in accordance with the terms of each student resident's lease and the laws of Louisiana applicable to such deposits.**

Comments on Section IV, Rentals:

V. Records and Reports Considerations

- 29. The manager has established and maintained a comprehensive system for records, books, and accounts including student residents; inventory tracking of purchases; and maintenance and repairs.**
- 30. Records are available for examination at reasonable hours by authorized representatives of the Owner and University.**
- 31. Unaudited quarterly financial reports submitted to the Owner and University includes a balance sheet, a report of income and expenditures, and a statement of cash flows.**
- 32. The annual financial report, audited by a certified public accountant, has been provided to the Owner containing a balance sheet, and income statement, and a statement of cash flows within 60 days of the end of the fiscal year.**
- 33. The manager provides a statement of receipts and disbursements, a balance sheet, a general ledger, and a comparison of budget to actual for the prior month and for the fiscal year-to-date on a monthly basis, to the Owner.**

Comments on Section V, Records and Reports:

VI. Maintenance and Repair Considerations

34. The manager systematically inspects facilities and promptly receives, investigates, and records all service requests from student residents and takes actions justified.
35. Complaints of any serious nature have been reported to the Owner and University after investigation.
36. In accordance with the Annual Budgets, the manager has purchased all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repair of the project.

Comments on Section VI, Maintenance and Repair:

VII. Budgets and Capital Improvement Considerations

37. **Manager has made satisfactory and successful arrangements for water, electricity, gas, telephone, data, CATV, sewage, and trash disposal, vermin extermination, and landscape care.**
38. **All annual budgets have been submitted in accordance with the Management Agreement, including number of employees, compensation, advertising and promotional expenses, maintenance expenses, utility costs, supply costs, insurance expenses, and funding during shortfall periods.**
39. **The annual budgets indicate the amount to be expended for each line item on a monthly basis.**
40. **The manager met the projected debt service coverage ratio.**
41. **The manager met the gross revenue projections for the project.**
42. **The manager made the minimum projected occupancy projection percentage for the project, as noted in the pro forma.**
43. **The manager prepares a proposed Student Housing Capital Budget Plan relating to proposed capital expenditures for building, grounds, and furniture for consideration as a part of the annual budget process.**
44. **Any capital expenditure that exceeded \$25,000 has been awarded on the basis of a competitive bid process acceptable to the Owner and University.**
45. **The Manager gives the Owner and University advance notification of any proposed work done in accordance with the Capital Budget Plan.**

Comments on Section VII, Budgets and Capital Improvements:

VIII. Limitations on Manager's Authority

46. The manager has not entered into any contract that is not cancelable on thirty (30) days' notice.
47. The manager has not entered into any contract, group, or series of related contracts that, in the aggregate, requires total payments in excess Of Ten Thousand Dollars (\$10,000), subject to CPI adjustment.
48. The manager has not instituted any legal action, other than eviction proceedings.
49. The manager has not expended or committed any funds other than as approved by the Owner and University pursuant to the budget submitted by the Manager as aforesaid.
50. The manager has not executed any deed, note, mortgage, or security agreement binding on the Owner or University.
51. The manager has not entered into any student resident lease or other contract on behalf of the Owner that would obligate the Owner for any liability beyond its interest in the Project, shall not sell, transfer, or otherwise dispose of all or any portion of the Project other than dispositions of minor property in the ordinary course of business.
52. The manager has not committed or permitted waste of the Project.
53. The manager has not made a Lease or grant of any concessions for any commercial operation of the Project, except with Owner's and University's written approval.
54. The Manager has not taken any action that would adversely affect the Tax-Exempt status of the Owner or University.

Comments on Section VIII, Limitations on Manager's Authority:

End of Exhibit B

\$60,985,000
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
 FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**
REVENUE BONDS
**(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
 FACILITIES, INC. PROJECT)**
SERIES 2004A

\$15,000,000
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
 FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**
REVENUE BONDS
**(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
 FACILITIES, INC. PROJECT)**
SERIES 2004B

\$925,000
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
 FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**
TAXABLE REVENUE BONDS
**(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
 FACILITIES, INC. PROJECT)**
SERIES 2004C

GENERAL CERTIFICATE OF THE AUTHORITY

I, the undersigned Chairman of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") and the undersigned Secretary-Treasurer of the Authority do hereby certify and covenant as follows:

1. The undersigned, George L. Grace, Sr., is the duly appointed, qualified and acting Chairman of the Board of Directors and *ex officio* Chairman of the Executive Committee of the Board of Directors (the "Executive Committee") of the Authority and the undersigned, David C. Butler, is the duly appointed, qualified and acting Secretary-Treasurer of the Authority and such officials are familiar with and have access to the books and corporate records of the Authority.

2. The persons named below are the duly appointed and qualified members of the Executive Committee and are presently serving the terms which commenced and which will expire as indicated to the right of their respective names:

Member	Date of Commencement of Term	Date of Expiration of Term
Mayor George L. Grace, Sr., Chairman	January 1, 2004	January 1, 2005
Wayne R. Savoy, Vice Chairman	January 1, 2004	January 1, 2005
Mayor David C. Butler, II Secretary-Treasurer	January 1, 2004	January 1, 2005
John Holt	January 1, 2004	January 1, 2005
William A. Lazaro	January 1, 2004	January 1, 2005
Mary S. Adams	January 1, 2004	January 1, 2005
M.E. "Toye" Taylor	January 1, 2004	January 1, 2005

3. The persons set forth in **Exhibit A** attached hereto are authorized officers for purposes of executing any and all documents, certificates, orders or writings with respect to the Bonds and are duly elected and qualified officers of the Executive Committee holding the office stated opposite their respective names and the signatures appearing on said **Exhibit A** are genuine signatures of said officers.

4. Attached hereto as **Exhibit B** is a true and correct copy of the Authority's Amended and Restated By-Laws dated October 22, 1997 as amended October 25, 2001 and October 10, 2002, as the same are on file in the official records of the Authority and the same being in full force and effect as of the date of this certificate.

5. The Chairman and Secretary-Treasurer of the Executive Committee by their manual signatures duly executed and attested the execution of the \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004A, \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004B and \$925,000 Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004C of the Louisiana Local Government Environmental Facilities and Community Development Authority. The Bonds are issued under and secured by a Trust Indenture (the "Indenture") dated as of August 1, 2004 by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Bonds will be loaned to University Facilities, Inc. (the "Corporation") pursuant to a Loan Agreement (the "Loan Agreement") dated as of August 1, 2004 by and between the Authority and the Corporation. The Bonds are dated August 1, 2004, and are numbered, bear interest and will as set forth in the Indenture.

6. We hereby certify, to the best of our knowledge and belief, that:

(A) The representations, warranties and covenants of the Authority contained in the Loan Agreement are true and correct in all material respects and are complied with as of the date hereof; and

(B) The Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to this date.

7. As required by Section 7(b)(x) of the Bond Purchase Agreement, we hereby certify, to the best of our knowledge and belief that, as of the date hereof, the representations and warranties of the Authority set forth in the Bond Purchase Agreement are true and correct in all material respects, and all obligations to be performed by the Authority under the Bond Purchase Agreement on or prior to the date hereof have been performed;

8. All meetings of the Executive Committee of the Authority, including meetings at which action was taken with respect to the Bonds, have been open to the public in accordance with the provisions of Title 42 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 42:5). Meetings of the Executive Committee of the Authority are held in accordance with the call for the meetings issued by the Chairman.

9. All approvals required to be obtained pursuant to the Act by the Authority in connection with the issuance of the Bonds have been obtained and are in full force and effect as of the date hereof.

10. Any certificate signed by any officer of the Authority delivered to the Trustee or the Underwriters shall be deemed a representation of the Authority to the Trustee or the Underwriters as to the statements made therein.

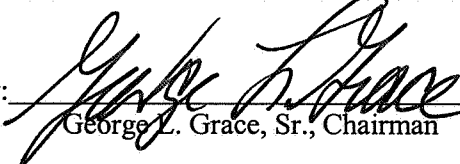
11. The official journal of the Authority is *The Advocate*, a daily newspaper published in the City of Baton Rouge and of general circulation in the City of Baton Rouge, Louisiana, having been so designated by resolution duly and legally adopted by the Executive Committee of the Authority.


12. The seal affixed to this certificate and the Indenture and the Bonds is the official seal of the Authority.

13. The Authority has not pledged the Trust Estate to secure any other debt of the Authority that would result in there being a pledge on the Trust Estate superior to or on a parity with the pledge created by the Indenture.

IN WITNESS WHEREOF, the undersigned have hereunto set the official seal of the Authority and their signatures as of the 13th day of August, 2004.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

By: 
George L. Grace, Sr., Chairman

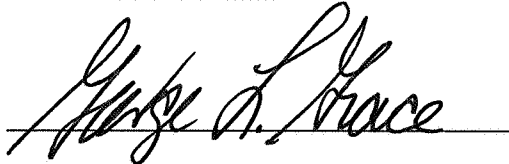

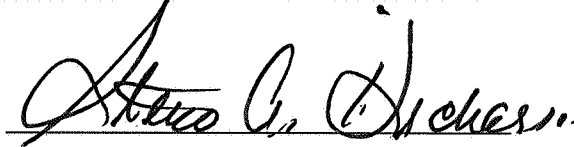
By: 
David C. Butler, II, Secretary-Treasurer

[SEAL]

{B0284524.3}

EXHIBIT A

**OFFICERS OF THE BOARD OF DIRECTORS
AND *EX OFFICIO* OFFICERS OF THE
EXECUTIVE COMMITTEE OF THE
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

<u>NAME</u>	<u>OFFICE</u>	<u>SIGNATURE</u>
George L. Grace, Sr.	Chairman	
David C. Butler, II	Secretary-Treasurer	
Steve A. Dicharry	Acting Executive Director	

**AMENDED AND RESTATED
BYLAWS
OF
LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

A POLITICAL SUBDIVISION OF THE
STATE OF LOUISIANA**

**DATED
OCTOBER 10, 2002**

**BYLAWS OF THE
LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY**

ARTICLE I - NAME, PURPOSE AND ACT

This organization, now known as the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), was created by Act 813 of the 1991 Regular Session of the Louisiana Legislature, enacted as La. R.S. 33:4548.1, et seq. ("Act 813"), was amended by Act 1151 of the 1997 Regular Session of the Louisiana Legislature ("Act 1151"), each of which Acts were authorized to be enacted by the state legislature by virtue of Section 19 of Article VI of the Louisiana Constitution of 1974, as amended (Act 813, Act 1151 and Section 19 of Article VI herein referred to collectively as the "Act"). For ease of reference and convenience, the Authority may be referred to as the "Louisiana Community Development Authority".

The Authority was created for the purposes of assisting political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure, economic development and environmental facilities, and assisting in the financing of such needs by political subdivisions.

The Authority is generally governed by the Act. Individual powers and governing principles set forth in the Act may not be repeated herein. Terms not otherwise defined herein have the meaning attributed to such terms in the Act.

ARTICLE II - BOARD OF DIRECTORS

SECTION 1. Composition of the Board of Directors

- A. Each participating Political Subdivision shall appoint one director to the Board of Directors of the Authority in the manner set forth in the Act. Each director shall be appointed for a term of four years. The participating Political Subdivision may remove its appointed director at any time, with or without cause, upon giving 30 days written notice to the Authority. Upon the expiration of the term of a director or his or her earlier resignation or removal from office, the participating Political Subdivision shall select a successor director in the manner set forth in the Act.

- B. The Authority shall be governed by the Board of Directors. The Board of Directors shall exercise all of the authority conferred upon the Authority in the Act except for that authority expressly delegated to the Executive Committee herein. The authority so delegated to the Executive Committee shall be solely exercised by it without any need or requirement for any act or action of, or subsequent ratification by, the Board of Directors, and the exercise of such authority by the Executive Committee shall be binding in all respects upon the Authority and the Board of Directors, and may in all respects be relied upon by third parties.

SECTION 2. Meetings of the Board of Directors

- A. The Board of Directors shall have an annual meeting on or before November 1 of each year. The Executive Committee shall, at the beginning of each calendar year, set the date, time, and location of the annual meeting, and notice thereof shall be furnished to each director not less than thirty (30) days prior to the date set for such meeting and shall include an agenda. Upon the approval of two-thirds of the directors present, the Authority may take matters not included on the agenda. Such notice shall specify the date, time and location of each meeting and shall specify the purpose thereof and any action proposed to be taken. Such notice shall be provided to the director by mail to the address of such director as recorded in the office of the Authority. Special meetings of the Board of Directors shall be held at the request of the Chairman of the Executive Committee, a majority of the Executive Committee, or upon the written request of twenty-five (25) percent in number of the members of the Board of Directors. Notice of and the agenda for any special meeting of the Board of Directors shall be sent to each director not less than seven (7) days prior to the date of such meeting. All meetings of the Board of Directors shall be conducted in accordance with the Open Meetings Law.
- B. In cases of extraordinary emergency, special meetings of the Board of Directors may be called by the Chairman, the Executive Committee or upon the request of five (5) percent in number of the members of the Board of Directors and held at any time and place upon the same notice to the members of the Board of Directors as is required to be given to the public pursuant to the Open Meetings Law.
- C. A majority of the directors shall constitute a quorum of the Board of Directors. If a quorum shall fail to be present at any duly called meeting, the presiding officer may adjourn the meeting from time to time until a quorum is present. After a quorum has been established, it shall not be broken by withdrawal of any director.

SECTION 3. Voting

Each director shall be entitled to one (1) vote at any meeting of the Board of Directors of the Authority. All actions by and decisions of the Board of Directors shall be by vote of the

majority of the directors entitled to vote which are present at a duly called meeting at which a quorum is present. No proxy voting or secret ballots shall be utilized, and all votes shall be by viva voce and recorded in the official written proceedings of the Authority.

ARTICLE III - OFFICERS OF THE BOARD OF DIRECTORS

SECTION 1. Officers of the Board of Directors

- A. The elective officers of the Board of Directors shall be a Chairman, a Vice Chairman, and a Secretary/Treasurer. These officers shall be elected annually by and from the voting members of the Board of Directors at the annual meeting of the Board of Directors. Subsequent to the initial election of officers, each elective officer shall take office on the January 1 immediately following his election, and effective with the election of officers in 2001, each elective officer shall serve for a term of one (1) year, or until his successor has been elected and has taken office. Officers may not be re-elected for successive terms in any one office. The Board of Directors may remove any elected officer for just cause, as defined by the Board. In the event of such removal or the resignation of an officer, the Board of Directors shall elect a replacement to fill such Director's unexpired term.
- B. The Board of Directors shall appoint an Executive Director administer the affairs of the Authority, as authorized pursuant to R.S. 33:4548.6A(13). The Executive Director shall serve at the pleasure of the Board of Directors

SECTION 2. Duties of Officers

- A. The Chairman of the Board of Directors shall be the elected head of the Authority and ex officio Chairman of the Executive Committee. He shall preside at all meetings of the Board of Directors and of the Executive Committee and shall perform all other duties incidental thereto.
- B. The Vice Chairman shall also be ex officio Vice Chairman of the Executive Committee and shall act in the Chairman's stead with the same authority and duties as the Chairman in the event that the Chairman is absent or otherwise unavailable.
- C. The Secretary/Treasurer shall also be ex officio Secretary/Treasurer of the Executive Committee and shall oversee the maintenance of the minutes of the meetings of the Board of Directors and the Executive Committee, the giving of all required notices of such meetings, the maintenance of all of the financial records of the Authority and the disbursement of moneys and assets of the Authority.

- D. The Executive Director shall have general supervision over and be in administrative charge of the affairs of the Authority, including the conduct of the business and maintenance of the office of the Authority, and shall perform all the duties incident to his position and office. Except as otherwise provided by resolution of the Executive Committee, the Executive Director shall make final certification for payment of all duly authenticated and authorized items of expenditures for payment from any Authority funds from whatever source derived, and shall also approve all checks, vouchers, payrolls and requisitions before signing, or submission thereof for signature by any persons authorized to sign, the same. The Executive Director, with the oversight of the Secretary/Treasurer, shall keep a record of the proceedings of the Authority and shall be custodian of all books, documents and records filed with the Authority and of the minutes of the Authority of its official seal.

ARTICLE IV - EXECUTIVE COMMITTEE

SECTION 1. Establishment of Executive Committee

- A. There is hereby established an Executive Committee of the Board of Directors to be composed of seven members of the Board of Directors, consisting of the three officers of the Board of Directors, who shall serve on the Executive Committee as ex officio members for as long as they remain officers of the Board of Directors of the Authority, and four other members elected at the annual meeting of the Board of Directors (after the election of officers) from the voting members of the Directors. Effective with the election in 2001, the four at-large members of the Executive Committee shall be elected as follows: one member shall be elected for a term of one (1) year; one member shall be elected for a term of two (2) years; one member shall be elected for a term of three (3) years; and, one member shall be elected for a term of four (4) years. An at-large member shall not succeed himself in office as an at large member, and his successor shall be elected for a four year term. To ensure that all participating members are adequately represented, from time to time, on the Executive Committee, the Executive Committee shall appoint a nominating committee consisting of at least two (2) members of the Board of Directors to recommend a slate of candidates for election to the Executive Committee who will be representative of the participating members.
- B. The Board of Directors may remove a member of the Executive Committee for just cause at any special or emergency meeting called for that purpose. If an elected member of the Executive Committee is removed for cause or resigns during the term for which he was elected as a member of the Executive Committee, the Board of Directors shall elect a replacement to fill such Executive Committee member's unexpired term. If an officer of the Board of Directors is removed from office, his replacement shall serve on the Executive Committee for the officer's unexpired term.

- C. Subsequent to the initial election of Directors to the Executive Committee, each Director elected to the Executive Committee shall take office on the January 1 immediately following their election.
- D. Upon expiration of the term of a member of the Executive Committee who has not been replaced, such member shall continue to serve until so replaced.
- E. The Executive Committee shall provide a written report to the Board of Directors for review at its annual meeting setting forth a summary of activity, programs and financial condition of the Authority. Minutes of all Executive Committee meetings shall be made available to any Board of Directors member upon request.

SECTION 2. Meetings of the Executive Committee

- A. The Executive Committee shall meet at least four (4) times per year, and more often if called by the Chairman, at the principal office of the Authority or at such other location as may be acceptable to a majority of the Executive Committee members. The Chairman of the Executive Committee shall set the date, time and location of each meeting, and notice thereof and an agenda shall be furnished to each member of the Executive Committee not less than two (2) calendar days prior to the date of such meeting. Executive Committee meetings shall be held in accordance with the Open Meetings Law. Such notice shall specify the date, time and location of such meeting and may specify the purpose thereof and any action proposed to be taken. Such notice shall be directed to the committee member by mail to the address of such committee member as recorded in the office of the Authority. Special meetings of the Executive Committee shall be held at the request therefor by the Chairman of the Executive Committee or a majority of the Executive Committee. Notice of any special meeting of the Executive Committee shall be sent to each committee member not less than one (1) calendar day prior to the date of such meeting. Each director shall be given notice of Executive Committee meetings in the same manner if so requested in writing.
- B. Four (4) members of the Executive Committee shall constitute a quorum. If a quorum shall fail to be present at any duly called meeting, the presiding officer may continue the meeting until a quorum is present. After a quorum has been established, it shall not be broken by withdrawal of any member.

SECTION 3. Voting

Each member of the Executive Committee shall be entitled to one (1) vote. All actions by and decisions of the Executive Committee shall be by vote of not less than a majority of

the Executive Committee members present and voting. No proxy voting or secret ballots shall be utilized, and all votes shall be by viva voce and recorded in the official written proceedings of the Executive Committee, with a copy thereof placed in the official proceedings of the Authority.

SECTION 4. Powers and Authority of the Executive Committee

- A. Pursuant to and as authorized by the Act, the Board of Directors in addition to the other duties and powers delegated herein, hereby delegates to the Executive Committee the authority to exercise the powers of the Authority specified in R.S. 33:4548.5A(4) through (12) and (14) through (19), 33:4548.6, R.S. 33:4548.8, R.S. 33:4548.14 and R.S. 33:4548.15.
- B. The Executive Committee on behalf of and for the benefit of the Authority may enter into local service agreements with the participating political subdivisions through which such political subdivisions may agree to share in the costs of operating the Authority and to pay such charges and fees as may be imposed by the Executive Committee.
- C. The Executive Committee may exercise the authority conferred by these Bylaws without any need or requirement for any act or action of, or subsequent ratification by, the Board of Directors, and in the exercises of such authority by the Executive Committee it shall bind in all respects the Authority and the Board of Directors, and in all respects such exercises of authority by the Executive Committee may be relied upon by third parties.
- D. The Executive Committee may appear and seek approval of the State Bond Commission for the issuance of bonds of the Authority as provided for in R.S. 33:4548.9.
- E. In addition, the Executive Committee is hereby delegated such further authority as may be necessary and incidental to the authority herein delegated to effectuate and exercise its authority including, but not limited to the adoption of necessary rules and regulations for the conduct of its affairs.
- F. The Executive Committee shall have the sole authority to decide which Authorized Projects, as such term is defined in R.S. 33:4548.3B, shall be undertaken by the Authority and to determine all of the terms, conditions and provisions of such Authorized Projects.
- G. It is the intent of this Section to vest in the Executive Committee sole authority to make all decisions, to take all actions and to enter into all contracts, agreements and instruments on behalf of the Authority as those certain powers are specified herein.

Any action taken or decision made on behalf of the Authority shall be evidenced by resolution adopted by the Executive Committee. No other approvals or consents shall be necessary to bind the Authority with respect to any action or decision of the Executive Committee.

SECTION 5. Execution of Documents

A copy of the resolution adopted by the Executive Committee certified by the Chairman or Secretary-Treasurer of the Executive Committee (or such officers of the Authority designated in writing by the Chairman or Secretary-Treasurer of the Executive Committee) shall be evidence of the action of the Executive Committee and the Authority and any such certified resolution or other instrument so signed shall conclusively be presumed to be authentic. Likewise, all facts and matters stated therein shall conclusively be presumed to be true.

SECTION 6. Reporting

The Executive Committee shall be responsible for and shall cause to be filed such annual or other periodic audits, reports and disclosures as may be required from time to time pursuant to applicable federal or state statutes or regulations.

ARTICLE V - MISCELLANEOUS

SECTION 1. Directors' and Officers' Liabilities

- A. No director or officer shall be liable for any claims resulting from any act or omission in connection with his duties as a member of the Board of Directors or Executive Committee of the Authority, or as an officer of the Board of Directors, except for claims resulting from the gross negligence or willful misconduct of such director or officer. The Executive Committee is hereby authorized and empowered to obtain, at the expense of the Authority, liability insurance fully protecting the respective directors, officers, employees, agents and the Authority from any loss or expense incurred, including reasonable attorney's fees, as a result of acts or omissions of the directors, officers, employees and agents. The Authority hereby agrees to save, hold harmless and indemnify each director, officer, employee and agent from any loss, damage or expense (including attorneys fees) incurred by said persons while acting in their official capacity or by reason of the fact the said person is or was a director, officer, employee or agent of the Authority, unless such loss, damage or expense was caused by the bad faith, gross negligence or willful misconduct of such director, officer, employee or agent. The termination of any civil or criminal action, suit or proceeding by judgement, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person acted other than in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the

Authority nor with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

- B. Any indemnification under this Section 1 of this Article shall be made by the Authority only as authorized in the specific case upon a determination that indemnification of the officer, director and employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in this Section 1 of this Article. Such determination shall be made (a) by the Executive Committee by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; provided, however, that if a director, officer, employee or agent of the Authority has been successful on the merits or otherwise in defense of any action, suit or proceeding, or in defense of any claim, issue or matter therein, he shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith without the necessity of any such determination that he has met the applicable standard of conduct set forth in this Section 1 of this Article.

SECTION 2. Reliance on Counsel's Opinion

The Board of Directors, the Executive Committee and the officers may employ and consult with legal counsel concerning any questions which may arise with reference to the duties and powers or with reference to any other matter pertaining to the operation of the Authority; and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by the directors, the Executive Committee and the officers hereunder in good faith in accordance with the opinion of such counsel, and the Board of Directors, the Executive Committee, and the officers shall not be liable therefor.

SECTION 3. Amendments to Bylaws

These bylaws may be amended in writing at any time by the concurrence of no less than two thirds (2/3) of the voting members of the Board of Directors present at a duly called meeting at which a quorum is present. The notice of such meeting must state that one of the purposes of the meeting is to consider the amendment of these bylaws and must generally state the substance of such proposed amendment. These bylaws may not be amended so as to permit the diversion or application of any of the assets of the Authority for any purpose other than those specified herein or in the Act or which would impair any contractual obligations. The Board of Directors, upon adoption of or amendment to these bylaws, shall send a copy of any such amendment to the participating political subdivisions of the Authority.

SECTION 4. Termination of Membership in the Authority.

Except as noted below, an Authority member may terminate its participation in the Authority upon thirty (30) days written notice to the Chairman of the Board of Directors. An Authority member shall not be permitted to terminate its participation in the Authority so long as such Authority member is obligated to repay an outstanding obligation to the Authority; provided such obligation has been lawfully approved by such member.

SECTION 5. Principal Office of the Authority

The books and records pertaining to the Authority and its administration shall be kept and maintained at the office of the Authority.

SECTION 6. Additional Committees

The Executive Committee may from time to time appoint such other committees with such membership as the Executive Committee may determine necessary or appropriate. Such committees may be composed in whole or in part of persons who are not members of the Board of Directors.

SECTION 7. Notices

Whenever under the Act or these bylaws notice is required or permitted to be given to the Directors or officers of the Authority, such notice may be given in writing by regular mail or by facsimile or electronic transmission, in either case addressed to such Director or officer at his address as shown on the books of the Authority. The time when such notice is so mailed or delivered via facsimile shall be deemed the time of the giving of such notice.

SECTION 8. Contracting for Services

The Authority was created to lower the borrowing costs of political subdivisions and beneficiaries through participation in Authority financings. By sharing the costs of professional and other services negotiated at reasonable rates by the Authority, smaller financings undertaken through participation in Authority transactions can benefit directly and immediately. The Authority further recognizes the merit of independent review of proposed financial transactions to avoid self-dealing by professionals serving the Authority or its beneficiaries.

- A. The Executive Committee shall have the authority to contract with and hire professionals for the purpose of rendering legal, accounting, financial advisory, management and other services to the Authority and to pay such professionals for such services rendered to the Authority.

- B. The Executive Committee shall evaluate and determine fair and equitable compensation for legal services by reference to the Rules of Professional Conduct of the Louisiana State Bar Association, particularly, Rule 1.5 Fees. The fee schedules promulgated by the Attorney General of the State of Louisiana which describe the maximum fees allowed for services of bond counsel shall be complied with, but shall not be used to define or determine the amount of compensation for bond counsel services to the Authority.
- C. The Executive Committee shall evaluate and determine fair and equitable compensation for non-legal professionals in accordance with relevant industry standards, criteria and practice.

SECTION 9. Preliminary Review of Authority Transactions

The Executive Committee shall establish a procedure to review proposed Authority transactions for merit and shall have the authority to contract with independent financial advisors and such other professionals as it deems fit to evaluate and provide preliminary findings regarding the relative benefits of transactions proposed to the Authority, its members or to the beneficiaries of such transactions.

SECTION 10. Severability

Should any provision of these By-Laws be declared invalid or unlawful by a court of competent jurisdiction, the remaining provisions hereof shall remain in full force and effect and to that end, such invalid or unlawful provisions are hereby declared to be severable.

**ARTICLE VI - DISTRIBUTION OF ASSETS
UPON FINAL DISSOLUTION**

Upon final dissolution of the Authority, all assets shall be sold as determined by the Executive Committee, all debts and obligations of the Authority shall be paid, and all funds then remaining shall be distributed to the then current Authority members on an equal share basis.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

On the motion of Mr. Lazaro seconded by Mr. Holt, the following resolution was adopted:

RESOLUTION

A RESOLUTION AUTHORIZING THE AUTHORITY TO PROCEED WITH THE DEVELOPMENT OF A PROJECT ON BEHALF OF UNIVERSITY FACILITIES, INC. INVOLVING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING / UNIVERSITY FACILITIES, INC. PROJECT) IN TWO OR MORE SERIES; AND OTHERWISE PROVIDING WITH RESPECT THERETO.

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") is a political subdivision established for public purposes under and pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority; and

WHEREAS, the Act empowers the Authority to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act; and

WHEREAS, the Authority has been asked to proceed and desires to proceed with the development of a project on behalf of the University Facilities, Inc., a Louisiana nonprofit corporation, (the "Corporation") involving the issuance of not to exceed \$85,000,000 Louisiana Local Government

Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) in two or more series (the "Bonds"), to (i) refund the Corporation's loan from the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and (ii) to provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities at Southeastern Louisiana University (the "Project"); and

WHEREAS, the Authority desires to authorize the filing of an application with the Louisiana State Bond Commission (the "Commission") requesting that the Commission grant approval to the issuance of the Bonds in accordance with the Act; and

WHEREAS, it is desirable that the Executive Committee of the Authority (the "Executive Committee") adopt a resolution approving the issuance of the Bonds for the development of the Project; and

WHEREAS, the Authority reasonably expects to reimburse expenditures of the Corporation, incurred prior to the issuance of the Bonds, if any, for the Project from proceeds of the Bonds and that this resolution is a declaration of official intent under Section 1.150-2 of the United States Treasury Regulations; and

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the Board of Directors of Louisiana Local Government Environmental Facilities and Community Development Authority, acting as the governing authority of said Authority, that:

SECTION 1. Pursuant to the authority of the Act, the Project is hereby approved and the Executive Committee of the Authority does hereby authorize the undertaking and development of the Project and the issuance of the Authority's Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project), in two or more series, tax-exempt, in an aggregate amount not to exceed \$85,000,000 (the "Bonds"), such Bonds to mature not later than thirty (30) years from the date of their issuance, bearing interest at a fixed or variable rate not exceeding twelve percent (12%) and secured by payments under a loan agreement with the Corporation to be entered into by the Corporation, which payments will be assigned and pledged to the Authority for payment of principal of and interest on the Bonds.

SECTION 2. This Resolution evidences official intent of the Authority toward the issuance of its Bonds as contemplated herein in accordance with the laws of the State and the United States Treasury Regulations, Section 1.150-2(e). The Bonds are not expected to exceed an aggregate principal amount of \$85,000,000.

SECTION 3. The officers and staff of the Authority are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Authority, with any governmental board or entity having jurisdiction over the Bonds or the Project, such applications or requests for approval thereof as may be required by law.

SECTION 4. The Authority does hereby authorize the filing of an application with the Louisiana State Bond Commission (the "Commission") requesting approval of the issuance of the Bonds.

SECTION 5. To the extent that Bond Counsel deems necessary, the Authority hereby approves and authorizes the publication of one or more Notices of Public Hearing and does hereby further authorize and approve the conducting of public hearings as set forth in said notices in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1981, as amended.

SECTION 6. It is recognized, found and determined that a real necessity exists for the employment of Bond Counsel in connection with the issuance of the Bonds and accordingly, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana is hereby employed as Bond Counsel to the Authority to do and to perform comprehensive, legal and coordinate professional work with respect to the issuance and sale of the bonds. Bond Counsel shall (i) prepare and submit to the Authority for adoption all of the proceedings incidental to the authorization, issuance, sale and delivery of the Bonds, (ii) counsel and advise the Authority with respect to the issuance and sale of the Bonds, and (iii) furnish their opinion covering the legality of the issuance thereof. The fee for bond counsel services to be paid Bond Counsel from Bond proceeds shall be (a) an aggregate amount less than the Attorney General's then current Bond Counsel Fee Schedule and other guidelines, as negotiated, for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time such Bonds are delivered, together with the reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, and (b) an hourly rate for legal work related to services not traditionally provided by bond counsel, if any, less than the Attorney General's maximum hourly rates, as negotiated, together with the reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, said fee to be payable out

of Bond proceeds subject to the Attorney General's written approval of said employment and fee as required by the Act.

SECTION 7. It is recognized and agreed that a real necessity exists for the employment of special counsel to serve as issuer counsel to the Authority to supervise the issuance of the Bonds and accordingly Casten & Pearce, Shreveport, Louisiana, is hereby employed for such purposes. The fee to be paid for such services shall be an amount computed at an hourly rate to be negotiated less than the Attorney General's current Hourly Fee Schedule, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, and shall be payable by the Issuer from the proceeds of the Bonds.

SECTION 8. This Resolution does hereby incorporate by reference as though fully set out herein the provisions and requirements of the Act.

SECTION 9. This Resolution shall be published in one issue of the official journal of the Authority as soon as possible. The Bonds herein authorized shall be incontestable in the hands of bona fide purchasers thereof for value and no court shall have authority or jurisdiction to inquire into the legality thereof if the validity of the Bonds and the security therefor is not raised within thirty (30) days from the date of the publication of this Resolution.

SECTION 10. This Resolution shall become effective immediately upon its adoption.

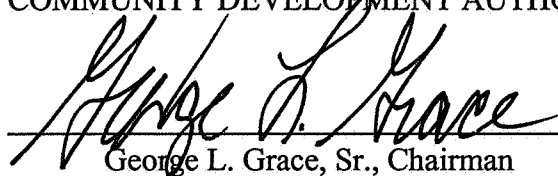
This resolution having been submitted to a vote, the vote thereon was as follows:

<u>Executive Committee Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mayor George L. Grace, Sr.	x			
Mr. Wayne R. Savoy			x	
Mayor David C. Butler, II	x			
Mr. John Holt	x			
Mr. William A. Lazaro, Jr.	x			
Ms. Mary S. Adams	x			
Mr. M.E. "Toye" Taylor	x			

The Resolution was declared adopted on this 12th day of February, 2004.

(Other items of business not pertinent to the foregoing resolution may be found in the official minutes of the Executive Committee of the Authority.)

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY


George L. Grace, Sr., Chairman

Attest:



David C. Butler, II, Secretary/Treasurer

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary/Treasurer of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that the foregoing constitutes a true and correct copy of the proceedings taken by the Executive Committee of the Board of Directors of the Authority on February 12, 2004 authorizing the authority to proceed with the development of a project on behalf of the University Facilities, Inc. involving the issuance of not to exceed \$85,000,000 Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing / University Facilities Inc. Project) in two or more series; and to otherwise provide with respect thereto.

I further certify that this resolution has not been amended or rescinded.

IN FAITH WHEREOF, witness my official signature on this, the 13 day of August, 2004.



David C. Butler, II, Secretary/Treasurer

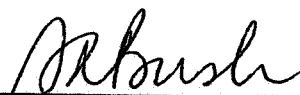
[SEAL]

Publisher of THE ADVOCATE

PROOF OF PUBLICATION

The hereto attached notice was published in THE ADVOCATE, a daily newspaper of general circulation published in Baton Rouge, Louisiana, and the Official Journal of the State of Louisiana, the City of Baton Rouge, and the Parish of East Baton Rouge, in the following issues:

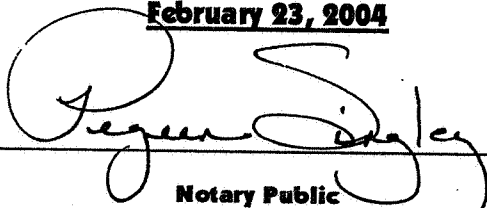
02/23/04



Legal/Public Notices Representative

Sworn and subscribed before me by the person whose signature appears above:

February 23, 2004



Notary Public

My Commission Expires: Indefinite
Baton Rouge, Louisiana

LCDA

8712 JEFFERSON HWY STE A
BATON ROUGE LA 70809-2233

2790067

NOTICE

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
On the motion of Mr. Lazaro seconded by Mr. Hoff, the following resolution was adopted:

A RESOLUTION AUTHORIZING THE AUTHORITY TO PROCEED WITH THE DEVELOPMENT OF A PROJECT ON BEHALF OF UNIVERSITY FACILITIES, INC. INVOLVING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING / UNIVERSITY FACILITIES, INC. PROJECT) IN TWO OR MORE SERIES, AND OTHERWISE PROVIDING WITH RESPECT THERETO

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority) is a political subdivision established for public purposes

under and pursuant to the provisions of Chapter 50-D of Title 33 of the Louisiana Revised Statutes of 1984 (the Act) and other constitutional and statutory authority; and

WHEREAS, the Act empowers the Authority to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act; and

WHEREAS, the Authority has been asked to proceed and desires to proceed with the development of a project on behalf of the University Facilities, Inc., a Louisiana non-profit corporation, (the "Corporation") involving the issuance of not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) in two or more series (the "Bonds"); to (i) refund the Corporation's loan from the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and (ii) to provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities at Southeastern Louisiana University (the "Project"); and

WHEREAS, the Authority desires to authorize the filing of an application with the Louisiana State Bond Commission (the "Commission") requesting that the Commission grant approval to the issuance of the Bonds in accordance with the Act; and

WHEREAS, it is desirable that the Executive Committee of the Authority (the "Executive Committee") adopt a resolution approving the issuance of the Bonds for the development of the Project; and

WHEREAS, the Authority reasonably expects to reimburse expenditures of the Corporation incurred prior to the issuance of the Bonds, if

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

On the motion of Mr. Holt and seconded by Mr. Taylor, the following resolution was adopted:

RESOLUTION

A RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) IN ONE OR MORE SERIES; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE TRUST INDENTURE, THE LOAN AND ASSIGNMENT AGREEMENT; AUTHORIZING OTHER DOCUMENTS, CERTIFICATES OR CONTRACTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE OFFICERS AND DIRECTORS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO EFFECTUATE THIS RESOLUTION.

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), is a political subdivision of the State of Louisiana established for public purposes pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"); and

WHEREAS, the Act and other constitutional and statutory authority empower the Authority to issue bonds to provide funds to the beneficiary thereof to allow it to finance and refinance the construction and acquisition of public infrastructure and public works of all types and to provide for the issuance of bonds in order to finance such construction and acquisition; and

WHEREAS, University Facilities, Inc., a Louisiana nonprofit corporation, (the "Corporation") has requested that the Authority issue its revenue and refunding bonds to (i) refund the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan

Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and (ii) provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities (collectively, the "Facilities") at Southeastern Louisiana University (collectively, the "Project");

WHEREAS, the University is a public institution of the State of Louisiana (the "State") and serves an integral educational function of the Board, an agency of the State;

WHEREAS, the Facilities shall be leased to the Board for its own behalf and for the benefit of the University; and

WHEREAS, the Authority has adopted a resolution on February 12, 2004, authorizing the issuance of its not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series (the "Bonds") pursuant to the Act for the purpose of providing financing for the Project; and

WHEREAS, on April 15, 2004, the State Bond Commission (the "Commission") granted its approval of the issuance of the Bonds and authorized the Authority to proceed with the financing of the Project for the Corporation through the issuance of the Bonds; and

WHEREAS, the Authority is authorized by the Act to secure its revenue bonds by a pledge of the income, revenues and receipts derived by or payable to the Authority under the Loan and Assignment Agreement ("Loan Agreement"); and

WHEREAS, the Authority and Bank of New York, Jacksonville, Florida (the "Trustee") will enter into a Trust Indenture (the "Indenture") pursuant to which the Authority's rights, duties and obligations under the Loan Agreement (except for certain rights of reimbursement of expenses, indemnification and exculpation, and rights to notices) shall be assigned by the

Authority under the Indenture to the Trustee for the benefit and security of the present and future owners of the Bonds; and

WHEREAS, in consideration of the loan by the Authority pursuant to the Loan Agreement, the Corporation will agree to make payments of principal and interest that will be sufficient to pay or reimburse the payment of the costs of issuance of the Bonds and principal of, interest and other charges relative to the Bonds; and

WHEREAS, the Authority has determined that the sale of the Bonds to Morgan Keegan & Company, Inc. (the "Underwriter") and the use of the proceeds thereof to finance the Project will be in furtherance of the public purposes intended to be served by the Act; and

WHEREAS, all consents and approvals required to be given by public bodies in connection with the authorization, issuance and sale of the Bonds as authorized by the Indenture and as required by the Act have been or will be secured prior to the delivery of the Bonds; and

WHEREAS, the Authority now desires to authorize the execution and delivery of the Loan Agreement and the Trust Indenture, substantially in the forms submitted to the Authority this date, and the execution and delivery of the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and all other documents, certificates and contracts ancillary thereto and required in connection with the transaction contemplated hereby in the forms as approved by Bond Counsel and counsel to the Authority, to authorize the sale and delivery of the Bonds to the Underwriter within certain parameters set forth herein, to authorize the use and distribution of the Preliminary Official Statement and the Official Statement with respect to the Bonds, and to provide for the execution of all instruments, documents and certificates in connection therewith.

NOW, THEREFORE, be it resolved by the Executive Committee of the Board of Directors of the Louisiana Local Government Environmental Facilities and Community Development Authority, acting as the governing authority for said Louisiana Local Government Environmental Facilities and Community Development Authority, that:

SECTION 1. For the purpose of financing the Project, the Authority hereby authorizes the issuance of not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series (the "Bonds"). The details of the Bonds and the other provisions of their issuance, security and payment shall be as set forth in the Indenture, said Indenture to be substantially in the form submitted at this meeting and filed with the official minutes of the Authority, with such additions, omissions and changes as may be approved by bond counsel to the Authority. The Bonds will be issued only as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. The Bonds shall mature not later than 30 years from the date of issuance, and shall bear interest at a fixed or variable rate not to exceed twelve percent 12% per annum, all as provided in and subject to the terms and conditions of the Indenture; and shall be secured by payments under the Loan Agreement with the Corporation on behalf of the University, which payments will be assigned and pledged to the Authority for payment of principal and interest on the Bonds.

SECTION 2. The Bonds shall be sold and purchased pursuant to the terms of the purchase agreement (the "Bond Purchase Agreement") to be entered into by and between the Authority, the Underwriter and the Corporation, which will provide for the sale of the Bonds by the Authority to the Underwriter and which will be subject to completion to reflect the terms of

the marketing and sale of the Bonds. The use and distribution of a Preliminary Official Statement is hereby approved and the use and distribution of an Official Statement is hereby approved in such form as approved by Bond Counsel and counsel to the Authority with such additions, omissions and changes as may be approved by bond counsel to the Authority.

SECTION 3. The forms and terms of the Indenture and the Loan Agreement are hereby approved in substantially the form submitted to the Authority, all of the provisions of which are hereby made a part of this resolution, with such additions, omissions and changes as may be approved by Bond Counsel and counsel to the Authority. The execution and delivery of all ancillary documents, certificates or contracts by the Authority, including the Bond Purchase Agreement, in such form as is acceptable to Bond Counsel and counsel to the Authority, is hereby approved.

SECTION 4. The Bonds are hereby awarded to the Underwriter, Morgan Keegan & Company, Inc., or their designee, pursuant to the purchase agreement to be entered into by and among the Authority and the Underwriter, provided that the parameters of the terms of the Bonds set forth in this resolution are not exceeded.

SECTION 5. Bank of New York, Jacksonville, Florida, is hereby appointed and approved as Trustee under the Indenture.

SECTION 6. The Chairman, Vice Chairman, Secretary-Treasurer or Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do all things necessary, on the advice of bond counsel to the Authority, to effectuate the sale and delivery of the Bonds and to implement this resolution, including the publication hereof as required by the Act, the execution of agreements, documents or certificates necessary to issue and deliver the Bonds, including but not limited to the final versions of the Indenture and the Loan Agreement.

Said officers are hereby further authorized and directed to approve for and on behalf of and in the name of the Authority any changes, additions or deletions in any of the documents, instruments or certificates referred to in this resolution, provided that all such changes, additions or deletions, if any, shall be approved by bond counsel to the Authority and consistent with and within the authority provided by the Act.

SECTION 7. This resolution shall be published in The Advocate, the official journal of the Authority and the State of Louisiana published in Baton Rouge, Louisiana.

SECTION 8. This Resolution shall become effective immediately upon its adoption.

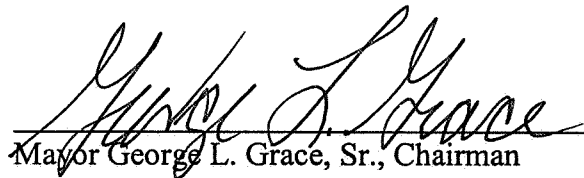
This resolution having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mayor George L. Grace, Sr.	x			
Wayne R. Savoy			x	
Mayor David C. Butler, II	x			
John Holt	x			
William A. Lazaro, Jr.	x			
Mary S. Adams	x			
M.E. "Toye" Taylor	x			

The Resolution was declared adopted on this 13 day of May, 2004.


(Other items of business not pertinent to the foregoing resolution may be found in the official minutes of the Executive Committee of the Authority.)

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY



Mayor George L. Grace, Sr., Chairman

-Attest:



Mayor David C. Butler, II, Secretary/Treasurer

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary/Treasurer of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that the foregoing constitutes a true and correct copy of the proceedings taken by the Executive Committee of the Board of Directors of the Issuer on May 13, 2004 regarding the resolution authorizing the Authority making certain findings with respect to and authorizing the issuance of \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series; approving the forms of and authorizing the execution and delivery of the Trust Indenture, the Loan and Assignment Agreement, the Preliminary Official Statement, the Official Statement and the Bond Purchase Agreement, and other documents, certificates or contracts required in Connection therewith; and authorizing the officers and directors of the authority to do all things necessary to effectuate this Resolution.

I further certify that this resolution has not been amended or rescinded.

IN FAITH WHEREOF, witness my official signature on this, the 13 day of August, 2004.



David C. Butler, II, Secretary/Treasurer

[SEAL]

Publisher of
THE ADVOCATE

PROOF OF PUBLICATION

The hereto attached notice was published in **THE ADVOCATE**, a daily newspaper of general circulation published in Baton Rouge, Louisiana, and the official Journal of the State of Louisiana, the City of Baton Rouge, and the Parish of East Baton Rouge, in the following issues:

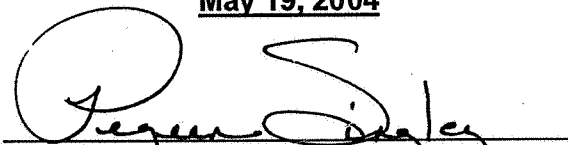
05/19/04



Legal/Public Notices Representative

Sworn and subscribed before me by the person whose signature appears above:

May 19, 2004



Notary Public
My Commission Expires: Indefinite
Baton Rouge, Louisiana

LCDA
8712 JEFFERSON HWY STE A
BATON ROUGE LA 70809-2233

2848185

NOTICE
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
On the motion of Mr. Holt and seconded by Mr. Taylor, the following resolution was adopted:
RESOLUTION
A RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) IN ONE OR MORE SERIES; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE TRUST INSTRUMENT, THE LOAN AND ASSIGNMENT AGREEMENT, AUTHORIZING OTHER DOCUMENTS, CERTIFICATES OF CONTRACTS REQUIRED IN CONNECTION THEREWITH, AND AUTHORIZING THE OFFICERS AND DIRECTORS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO EFFECTUATE THIS RESOLUTION.
WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), is a political subdivision of the State of Louisiana established for public purposes pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548) through 4548:16, inclusive) (the "Act"); and
WHEREAS, the Act and other constitutional and statutory authority empower the Authority to issue bonds to provide funds to the beneficiary thereof to allow it to finance and refinance the construction and acquisition of public infrastructure and public works of all types and to provide for the issuance of bonds in order to finance such construction and acquisition; and
WHEREAS, University Facilities, Inc., a Louisiana non-profit corporation, (the "Corporation") has requested that the Authority issue its revenue and refunding bonds to (i) refund the Louisiana Local Government Environmental Facilities and Community Development Authority Pooled Loan Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and (ii) provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities (collectively, the "Facilities") at Southeastern Louisiana University (collectively, the "Project");
WHEREAS, the University is a public institution of the State of Louisiana (the "State") and serves an integral educational function of the Board, an agency of the State;
WHEREAS, the Facilities shall be leased to the Board for its own behalf and for the benefit of the University; and
WHEREAS, the Authority has adopted a resolution on February 12, 2004, authorizing the issuance of its not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series (the "Bonds") pursuant to the Act for the purpose of providing financing for the Project; and
WHEREAS, on April 15, 2004, the State Bond Commission (the "Commission") granted its

CERTIFICATE AND APPROVAL OF THE ATTORNEY GENERAL
OF THE STATE OF LOUISIANA EVIDENCING PUBLIC APPROVAL
PURSUANT TO SECTION 147(f) OF THE
INTERNAL REVENUE CODE OF 1986, AS AMENDED

NOT TO EXCEED \$85,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") has on February 12, 2004 adopted a resolution authorizing the issuance of the above-referenced bonds in one or more series (the "Bonds"); and

WHEREAS, on July 21, 2004 the Authority held a public hearing on the issuance of the aforesaid Bonds after due notice thereof was published on July 7, 2004 in *The Advocate*, the official journal of the Authority, and in *The Hammond Daily Star*, a newspaper of general circulation in the Parish of Tangipahoa, Louisiana (proofs of publication of the notice of public meeting and the excerpts of proceedings of the Authority's public hearing are both attached hereto and made a part hereof); and

WHEREAS, the Louisiana State Bond Commission (the "Commission") on April 15, 2004 duly approved the issuance of the Bonds in accordance with the Commission's Rules and Regulations; and

WHEREAS, the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), require that the issuance of private activity bonds under Section 147(f) of the Code must be approved by the "applicable elected representative" of the "governmental unit" issuing the Bonds or on whose behalf the Bonds are being issued in order for the bonds to be "qualified bonds" within the meaning of Section 141 of the Code; and

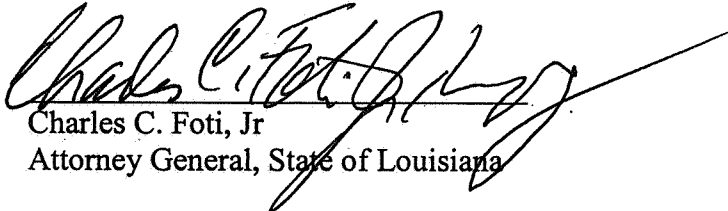
WHEREAS, under Section 147(f)(2)(E) the applicable elected representative of the governmental unit is, in this case, the Attorney General of the State of Louisiana, who is elected at large by the voters of the State of Louisiana as a whole; and

WHEREAS, as Attorney General of the State of Louisiana, the undersigned desires to approve the issuance of the Bonds for the purposes of Section 147(f) of the Code and Section 215 of TEFRA.

NOW, THEREFORE, I, Charles C. Foti, Jr, Attorney General of the State of Louisiana, hereby certify that I am the duly elected Attorney General of the State of Louisiana, and I do hereby approve the issuance of the Bonds for the purposes of Section 147(f) of the Code and Section 215 of TEFRA. I do hereby authorize the Authority and its officers to cause this Certificate to be filed of record in the Transcript of Proceedings for the Bonds and to file a copy

thereof with any State or Federal agency, board or commission as may be required by any applicable State or Federal laws, rules or regulations.

WITNESS, my signature this ^{28th}28 day of July, 2004 at Baton Rouge, Louisiana.



Charles C. Foti, Jr
Attorney General, State of Louisiana

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
(the "Authority")

EXCERPTS OF PROCEEDINGS OF AUTHORITY'S PUBLIC HEARING
OF JULY 21, 2004

The public hearing was called to order at 9:00 a.m. at the offices of the Louisiana Community Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Hwy, Suite A, Baton Rouge, Louisiana. Mr. Steve A. Dicharry, Interim Executive Director, presided.

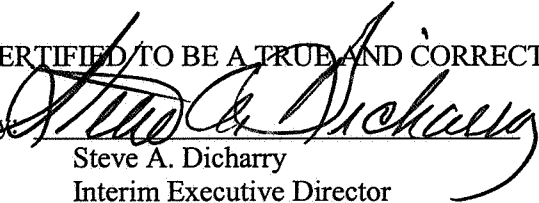
Mr. Dicharry advised the members of the general public who were in attendance as to the purpose of the public hearing to be conducted for the Authority. Mr. Dicharry then announced that he would receive questions and general comments from the audience and any statements from persons desiring to make statements to the Authority in connection with the Southeastern Louisiana University Student Housing/University Facilities, Inc. Project.

There was no response from anyone in the audience.

Mr. Dicharry noted that the Report of the Public Hearing of the Authority would state that no one appeared to ask questions or give statements or comments and no written statements or comments were received concerning the Southeastern Louisiana University Student Housing/University Facilities, Inc. Project.

The Notice of Public Hearing was published on July 7, 2004 in the official journal of the Authority and on July 7, 2004 in a newspaper of general circulation in the Parish of Tangipahoa, Louisiana. Mr. Dicharry announced that the Authority has received Affidavits of Publication of the Notice of Public Hearing executed by representatives of *The Advocate* and *The Hammond Daily Star* evidencing that the Notice of Public Hearing was so published by the Authority. Mr. Dicharry requested that copies of the Affidavits of Publication be placed in the project file of the Authority.

CERTIFIED TO BE A TRUE AND CORRECT COPY

By: 
Steve A. Dicharry
Interim Executive Director

[SEAL]

CAPITAL CITY PRESS

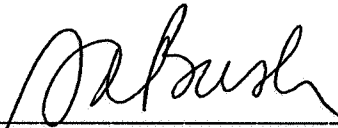
23(ii)

Publisher of
THE ADVOCATE

PROOF OF PUBLICATION

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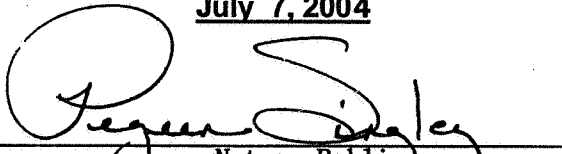
07/07/04



Legal/Public Notices Representative

Sworn and subscribed before me by the person whose signature appears above:

July 7, 2004


Notary Public
My Commission Expires: Indefinite
Baton Rouge, Louisiana

2880801

LCDA

8712 JEFFERSON HWY STE A
BATON ROUGE LA 70809-2233

NOTICE

NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)

NOTICE OF PUBLIC HEARING

Notice is hereby given that the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") will conduct and hold a public hearing at the office of the Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana, 70809 on Wednesday, July 21, 2004 at nine (9:00) o'clock a.m. to hear any objections to the issuance, sale and delivery of its not to exceed \$85,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) in one or more series (the "Bonds").

The Bonds are being issued by the Authority for the purpose of (i) providing financing for the demolition of certain existing student housing facilities and for the renovation, development and construction of additional student housing and related facilities (collectively, the "Facilities") located on the campus of Southeastern Louisiana University (the "University") in Hammond, Tangipahoa Parish, Louisiana on land owned by the Board of Supervisors for the University of Louisiana System (the "Board") acting on behalf of the University, which Facilities shall be owned by the Board, leased to University Facilities, Inc., a Louisiana non-profit corporation (the "Corporation") and leased back to the Board while the Bonds are outstanding; and (ii) refunding certain outstanding obligations of the Corporation. The existing Facilities to be demolished are Holloway Smith Hall, Hammond Hall, Carter Harris Hall, Lee Hall and Taylor Hall, and the new Facilities will be located on the sites of these halls. Cardinal Newman Hall will be renovated.

The Bonds will be secured solely by payments made by the Corporation pursuant to a Loan Agreement by and between the Corporation and the Authority and will not be payable from any other revenues of the Authority or the State of Louisiana and will not constitute an indebtedness of the Authority or the State of Louisiana within the meaning of any constitutional or statutory limitations of indebtedness. The payments to be made by the Corporation under the Loan Agreement are payable from amounts received by the Corporation from the Board pursuant to the lease of the Facilities by the Corporation to the Board.

Following such public hearing, the Attorney General of the State of Louisiana will be asked to execute an approval certificate granting public approval to such proposed issuance of revenue bonds for the purpose of compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended, and addressing relating matters.

The public and interested parties are invited to attend or to submit written comments in advance of the Public Hearing to Steve A. Dicharry, Acting Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana, 70809.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY

BY: /s/ Steve A. Dicharry
Steve A. Dicharry
Acting Executive Director
2880801-jul 7-11

Hammond Daily Star

P.O. Box 1149, Hammond, Louisiana 70404
Phone: Area Code (985) 254-7827

STATE OF LOUISIANA
Parish of Tangipahoa

Before me the undersigned authority, personally came and appeared Sherry Hatfield, who after being by me duly sworn, did depose and say: That she is the Advertising Director of the Hammond Daily Star, a daily newspaper of general circulation in Hammond and Tangipahoa Parish, Louisiana, and that the following Legal Notice appeared in the said Hammond Daily Star in its regular edition on

**NOT TO EXCEED \$85,000,000
LOUISIANA LOCAL
GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY
DEVELOPMENT AUTHORITY REVENUE
BONDS
(SOUTHEASTERN LOUISIANA
UNIVERSITY STUDENT HOUSING /
UNIVERSITY FACILITIES,
INC. PROJECT)**

**NOTICE OF
PUBLIC HEARING**

Notice is hereby given that the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") will conduct and hold a public hearing at the office of the Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809 on Wednesday, July 21, 2004 at nine (9:00) o'clock a.m. to hear any objections to the issuance, sale and delivery of its not to exceed \$85,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) in one or more series (the "Bonds").

The Bonds are being issued by the Authority for the purpose of (i) providing financing for the demolition of certain existing student housing facilities and for the renovation, development and construction of additional student housing and related facilities (collectively, the "Facilities") located on the campus of Southeastern Louisiana University (the "University") in Hammond, Tangipahoa Parish, Louisiana on land owned by the Board of Supervisors for the University of Louisiana System (the "Board") acting on behalf of the University, which Facilities shall be owned by the Board, leased to University Facilities, Inc., a Louisiana non-profit corporation (the "Corporation") and leased back to the Board while the Bonds are outstanding; and (ii) refunding certain outstanding obligations of the Corporation. The existing Facilities to be demolished are Holloway Smith Hall, Hammond Hall, Carter Harris Hall, Lee Hall and Taylor Hall, and the new Facilities will be located on the sites of these halls. Cardinal Newman Hall will be renovated.

The Bonds will be secured

July 7, 2004

Sherry Hatfield
Sherry Hatfield
Advertising Director

Sworn to and subscribed before me

this 16th

day of July

A.D. 2004

Robert Gillery
Notary Public

**ORDER OF ISSUER REQUESTING TRUSTEE TO AUTHENTICATE
AND DELIVER THE BONDS**

**\$60,985,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA
UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) SERIES 2004A**

**\$15,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA
UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) SERIES 2004B**

**\$925,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY
DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS (SOUTHEASTERN LOUISIANA
UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) SERIES 2004C**

August 13, 2004

The Bank of New York Trust Company, N.A.
Corporate Trust Department
Jacksonville, Florida
as Trustee of the above-captioned bonds

You have been designated to serve as trustee pursuant to the terms of a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and you, as trustee (the "Trustee"), and resolutions adopted by the Issuer on February 12, 2004 and May 13, 2004, authorizing the above-captioned bonds (the "Bonds"), copies of which, having been duly adopted and executed by the Issuer, have been furnished to you for your review. You are in receipt of an opinion of Bond Counsel and certifications by the Issuer to the effect that the Bonds have been duly authorized and executed and that all conditions precedent to delivery of the Bonds have been fulfilled.

You are hereby authorized and directed to sign the Trustee's Certificate of Authentication on the Bonds in the aggregate principal amount of \$76,910,000 and to register said Bonds in the name of Cede & Co., as nominee for The Depository Trust Corporation.

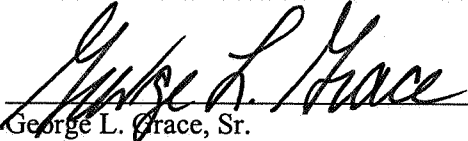
The purchase price of the Bonds to be paid by the Purchasers thereof is \$74,566,448.10, representing the \$76,910,000 aggregate principal amount of the Bonds, less an original issue discount of \$964.25, plus reoffering premium of \$514,377.35, plus accrued interest of \$95,975.00, less an Underwriter's discount of \$670,940, less bond insurance premium of \$2,282,000. Upon receipt by you of such sums, you are directed to deliver the Bonds to the Purchaser or to its agent for such purpose and to deposit the \$74,566,448.10 proceeds of the Bonds as follows:

- \$ 46,814,981.47 to the Project Fund
- 2,757,568.27 to the Capitalized Interest Fund
- 15,077,447.52 to the Refunding Fund
- 489,811.33 to the Costs of Issuance Fund
- 5,265,837.50 to the Debt Service Reserve Fund
- 95,975.00 to the Debt Service Fund
- 4,064,825.00 to the Replacement Fund.

Upon your authentication of the Bonds as herein directed and your receipt, disbursement, deposit and transfer of the sums as hereinabove directed, you are specifically directed to invest the moneys on deposit in funds and accounts established by you pursuant to the Indenture in accordance with its terms and conditions and the Tax Regulatory Agreement and Arbitrage Certificate of the Issuer also delivered to you this date.

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

BY:


George L. Grace, Sr.
Chairman

[SEAL]

**Information Return for Tax-Exempt
Private Activity Bond Issues**

(Under Internal Revenue Code section 149(e))

▶ See separate instructions.

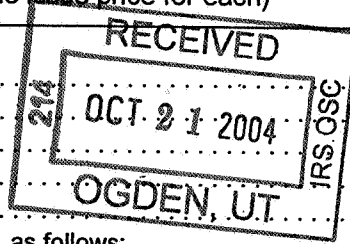
Part I Reporting Authority

Check if Amended Return

1 Issuer's name Louisiana Local Government Environmental FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY		2 Issuer's employer identification number 72-1416168
3 Number and street (or P.O. box if mail is not delivered to street address) 8712 JEFFERSON HIGHWAY	Room/suite Ste A	4 Report number 1 2004-10
5 City, town, or post office, state, and ZIP code BATON ROUGE LA 70809		6 Date of issue 8/13/04
7 Name of issue Revenue Bonds (Southeastern Louisiana University Student Housing/ University Facilities, Inc. Project) Series 2004A and Series 2004B		8 CUSIP number 546279UC2
9 Name and title of officer or legal representative whom the IRS may call for more information Michael C. Herbert, Attorney		10 Telephone number of officer or legal representative 225-248-2042

Part II Type of Issue (check the applicable box(es) and enter the issue price for each)

Issue Price



11 Exempt facility bond:		
a <input type="checkbox"/> Airport (sections 142(a)(1) and 142(c))	11a	
b <input type="checkbox"/> Docks and wharves (sections 142(a)(2) and 142(c))	11b	
c <input type="checkbox"/> Water furnishing facilities (sections 142(a)(4) and 142(e))	11c	
d <input type="checkbox"/> Sewage facilities (section 142(a)(5))	11d	
e <input type="checkbox"/> Solid waste disposal facilities (section 142(a)(6))	11e	
f <input type="checkbox"/> Qualified residential rental projects (sections 142(a)(7) and 142(d)), as follows:	11f	
Meeting 20-50 test (section 142(d)(1)(A))		
Meeting 40-60 test (section 142(d)(1)(B))		
Meeting 25-60 test (NYC only) (section 142(d)(6))		
Has an election been made for deep rent skewing (section 142(d)(4)(B))? <input type="checkbox"/> Yes <input type="checkbox"/> No		
g <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	11g	
h <input type="checkbox"/> Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	11h	
Facility type _____		
1986 Act section _____		
i <input type="checkbox"/> Qualified enterprise zone facility bonds (section 1394) (see instructions)	11i	
j <input type="checkbox"/> Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	11j	
k <input type="checkbox"/> District of Columbia Enterprise Zone facility bonds (section 1400A) (see instructions)	11k	
l <input type="checkbox"/> Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	11l	
m <input type="checkbox"/> Other. Describe (see instructions) ▶ _____	11m	
12 <input type="checkbox"/> Qualified mortgage bond (section 143(a))	12	
13 <input type="checkbox"/> Qualified veterans' mortgage bond (section 143(b))	13	
Check the box if you elect to rebate arbitrage profits to the United States <input type="checkbox"/>		
14 <input type="checkbox"/> Qualified small issue bond (section 144(a)) (see instructions)	14	
Check the box for \$10 million small issue exemption <input type="checkbox"/>		
15 <input type="checkbox"/> Qualified student loan bond (section 144(b))	15	
16 <input type="checkbox"/> Qualified redevelopment bond (section 144(c))	16	
17 <input type="checkbox"/> Qualified hospital bond (section 145(c)) (attach schedule — see instructions)	17	
18 <input checked="" type="checkbox"/> Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule — see instructions)	18	76,499,377
Check box if 95% or more of net proceeds will be used only for capital expenditures <input checked="" type="checkbox"/>		
19 <input type="checkbox"/> Nongovernmental output property bond (treated as private activity bond) (section 141(d))	19	
20 <input type="checkbox"/> Other. Describe (see instructions) ▶ _____	20	

Part III Description of Bonds (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	8-1-2034	\$ 76,499,377	\$ 75,985,000	19.855 years	VR %

For Paperwork Reduction Act Notice, see page 4 of the separate instructions.

Part IV Uses of Proceeds of Issue (including underwriters' discount)		Amount
22	Proceeds used for accrued interest	22 94,933
23	Issue price of entire issue (enter amount from line 21, column (b))	23 76,499,377
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 1,146,487
25	Proceeds used for credit enhancement	25 2,267,000
26	Proceeds allocated to reasonably required reserve or replacement fund	26 5,265,837
27	Proceeds used to currently refund prior issue (complete Part VI)	27 15,007,109
28	Proceeds used to advance refund prior issue (complete Part VI)	28
29	Add lines 24 through 28	29 23,686,433
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 52,812,944

Part V Description of Property Financed by Nonrefunding Proceeds
Caution: The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.

31 Type of Property Financed by Nonrefunding Proceeds:		Amount
a	Land	31a
b	Buildings and structures	31b 48,981,441
c	Equipment with recovery period of more than 5 years	31c 2,869,744
d	Equipment with recovery period of 5 years or less	31d 961,759
e	Other (describe)	31e

32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.

	NAICS Code	Amount of nonrefunding proceeds		NAICS Code	Amount of nonrefunding proceeds
a	53111	\$ 52,812,944	c		\$
b		\$	d		\$

Part VI Description of Refunded Bonds (Complete this part only for refunding bonds.)

33	Enter the remaining weighted average maturity of the bonds to be currently refunded	▶ 13.4217 years
34	Enter the remaining weighted average maturity of the bonds to be advance refunded	▶ _____ years
35	Enter the last date on which the refunded bonds will be called	▶ 9-15-04
36	Enter the date(s) the refunded bonds were issued ▶	July 12, 2000 and July 27, 2000

Part VII Miscellaneous

37	Name of governmental unit(s) approving issue (see the instructions) ▶	Louisiana Attorney General, TEFRA hearing held July 21, 2004.
38	Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III)	▶ <input type="checkbox"/>
39	Check the box if you have elected to pay a penalty in lieu of arbitrage rebate	▶ <input type="checkbox"/>
40	Check the box if you have identified a hedge (see instructions)	▶ <input type="checkbox"/>
41	Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user	▶ <input type="checkbox"/>
	Name ▶	EIN

Part VIII Volume Caps

		Amount
42	Amount of state volume cap allocated to the issuer. Attach copy of state certification.	42
43	Amount of issue subject to the unified state volume cap	43
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	44 75,985,000
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	44a
b	Under a carryforward election. Attach a copy of Form 8328 to this return	44b
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	44c
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	44d
45a	Amount of issue of qualified veterans' mortgage bonds	45a
b	Enter the state limit on qualified veterans' mortgage bonds	45b
46a	Amount of section 1394(f) volume cap allocated to issuer. Attach copy of local government certification.	46a
b	Name of empowerment zone ▶	
47	Amount of section 142(k)(5) volume cap allocated to issuer. Attach copy of state certification.	47

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here ▶ George L. Grace Signature of officer ▶ August 13, 2004 Date

George L. Grace, Sr. Name of above officer (type or print) ▶ Chairman Title of officer (type or print)

**Attachment
Form 8038**

**Louisiana Local Government Environmental Facilities and
Community Development Authority
EIN 72-1416168**

Line 18:

Borrowing Organization:	University Facilities, Inc.
EIN:	72-1417328
Amount of Issue Benefiting this Organization:	\$76,499,377

SBC No. : 04-18
SBC: April 15, 2004

LOUISIANA STATE BOND COMMISSION

The following resolution was offered by Salter and seconded by Mount:

A RESOLUTION APPROVING THE ISSUANCE, SALE AND DELIVERY OF AN AGGREGATE OF NOT TO EXCEED \$85,000,000 OF LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY / UNIVERSITY FACILITIES, INC. PROJECT) IN TWO OR MORE SERIES; APPROVING CERTAIN DOCUMENTS RELATING TO SAID BONDS; AND AUTHORIZING THE APPROPRIATE OFFICERS OF THE STATE BOND COMMISSION TO EXECUTE ANY INSTRUMENT, DOCUMENT AND CERTIFICATE IN CONNECTION WITH THE FOREGOING.

WHEREAS the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), by resolution adopted on February 12, 2004 (the "Resolution"), has made application to the Louisiana State Bond Commission (the "Commission") for approval of to issue, sell and deliver not exceeding an aggregate of \$85,000,000 of the Authority's Revenue Bonds (Southeastern Louisiana University / University Facilities, Inc. Project) in two or more series (the "Bonds"), in accordance with the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act") and other constitutional and statutory authority, for the purpose of refunding its outstanding loan from the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and for the purpose of financing the demolition of certain existing facilities and renovating, developing and constructing student housing and related facilities at Southeastern Louisiana University to be located on land owned by the Board of Supervisors for the University of Louisiana System (the "Board"). The completed Facilities will be leased back to the to the Board.

WHEREAS, the Commission, in accordance with the provisions of the Act, desires to approve the issuance of the Bonds and the execution and delivery of the Trust Indenture and the Loan Agreement in the form submitted to the Commission, and any additional instruments providing security for the payment of the Bonds (the "Documents");

NOW, THEREFORE, BE IT RESOLVED by the State Bond Commission:

SECTION 1. There is hereby approved the issuance, sale and delivery of not exceeding an aggregate of \$85,000,000 Louisiana Local Government Environmental Facilities and

Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) in two or more series under the provisions of the Act, bearing interest at a fixed or variable rate not to exceed twelve percent (12%) per annum, as more fully set forth in the Indenture, and maturing no later than thirty (30) years from the date of issuance thereof. The Bonds shall be issued and secured by and be in the form and have the details and features as provided in the Documents submitted to the Commission this date.

SECTION 2. There is hereby approved the Documents described in the preamble to this resolution, with such changes as may be approved by bond counsel to the Authority (provided such changes are not inconsistent with the Act), and any additional documents providing security for the Bonds.

SECTION 3. The Chairman and Secretary of this Commission be and they are hereby authorized to execute and deliver such instruments, documents and certificates as may be required for, and/or necessary, convenient and appropriate to the approval of the foregoing.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Salter, Mount, Kopplin, Smith, Ater, Gachassin, Hines, Heitmeier, Irons, Murray, Hammett, DeWitt, LeBlanc

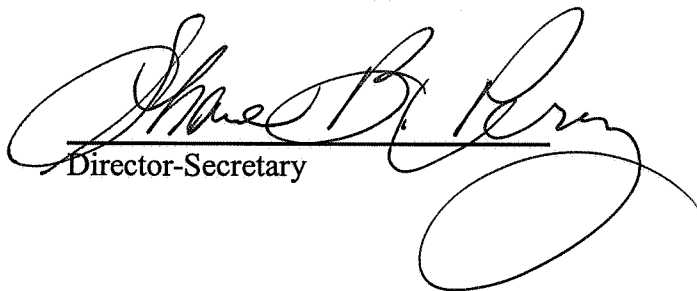
NAYS: None

ABSENT: None

NOT VOTING: Kennedy

And the resolution was declared adopted on this, the 15th day of April, 2004.

Certified to be a true copy.


Director-Secretary

\$76,910,000

Louisiana Local Government Environmental Facilities and Community Development Authority

Fixed Rate Revenue Bonds

(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (tax-exempt), Series 2004 B (tax-exempt) and Series 2004C (taxable)

SBC # 04-18

I, the undersigned Chane Turner of the Louisiana State Bond Commission (the "Commission"), hereby acknowledge that I have received payment in the amount \$33,693.50 representing payment in full of the fees charged by the Commission in connection with closing of the above referenced transaction.

LOUISIANA STATE BOND COMMISSION

Chane Turner

Name:

Title:

Debt Analyst III

DATE: 11-5-04

MINUTES

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

December 5, 2003

A. Call to Order

Chair Gordon Pugh called to order the regular meeting of the Board of Supervisors for the University of Louisiana System in the Auditorium, Room 100, "The Louisiana Purchase Board Room" of the Claiborne Building Conference Center, 1201 North Third Street, Baton Rouge, Louisiana at 11:04 a.m. Chair Pugh stated that a public comment card should be filled out if anyone wished to speak before the Board concerning items to be addressed by the Board.

B. Roll Call

The roll was called.

PRESENT

Mr. Gordon A. Pugh, Chair
Mr. Michael H. Woods, Vice Chair
Mrs. Elsie P. Burkhalter
Mr. Andre G. Coudrain
Mr. Robert C. Davidge
Mr. Jimmy D. Long, Sr.
Mr. D. Wayne Parker

Ms. Jennifer L. Porter
Mr. Walter R. Rhodes
Mr. Carl Shetler
Mr. Winfred F. Sibille
Dr. Eunice W. Smith
Mr. Charles C. Teamer, Sr.
Mr. David Wright

ABSENT

Mr. Donald T. Boysie Bollinger

Mr. Victor Bussie

Also present for the meeting were the following: System President Sally Clausen, System staff, administrators and faculty representatives from System campuses, Board Attorneys Winston DeCuir and Linda Law Clark, interested citizens, and representatives of the news media.

C. Invocation

Mr. Wright gave the invocation.

D. Approval of the Minutes of the Board Meeting held October 24, 2003

Upon motion of Mr. Coudrain, seconded by Mr. Shetler, the Board voted unanimously to approve the minutes of the regular Board Meeting of October 24, 2003.

E. Report of the Academic and Student Affairs Committee

Dr. Eunice W. Smith, Chair of the Academic and Student Affairs Committee, presented the Committee report.

Upon motion of Dr. Smith, seconded by Mr. Long, the Board voted unanimously to accept the recommendations of the Academic and Student Affairs Committee to approve the adoption of the following resolutions.

- E.1. Northwestern State University's request for approval of revised admission requirements to become effective Fall 2004.

At the request of Dr. Randy Webb, President, Northwestern State University, this item was deferred.

- E.2. Southeastern Louisiana University's request for approval of revised admission requirements to become effective Summer 2004.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the request from Southeastern Louisiana University to revise its admission requirements effective Summer 2004.*

- E.3. Southeastern Louisiana University's request for approval of a letter of intent for a Bachelor of Science (B.S.) degree program in Occupational Safety, Health and Environment.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the letter of intent from Southeastern Louisiana University to establish a Bachelor of Science degree program in Occupational Safety, Health and Environment.*

- E.4. University of Louisiana at Monroe's request for approval of a letter of intent to establish an entry-level Master of Occupational Therapy (MOT) degree program.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the letter of intent from University of Louisiana at Monroe to establish an entry-level Master of Occupational Therapy (MOT) degree program.*

- E.5. University of Louisiana at Monroe's request for authority to offer the existing Master of Arts (M.A.) degree program in Gerontology through distance learning technologies.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the request from University of Louisiana at Monroe to offer the existing Master of Arts degree program in Gerontology through distance learning technologies.*

F. Report of the Joint Audit and Finance Committee

Mr. Woods, Chair of the Finance Committee, presented the Joint Committee report.

Upon motion of Mr. Woods, seconded by Mr. Shetler, the Board voted unanimously to accept the recommendations of the Joint Audit and Finance Committee to approve the adoption of the following resolutions.

- F.1. McNeese State University's request for approval to amend existing Bond Resolution for 1997 bonds used for parking facilities improvements.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve McNeese State University's request to amend the existing Bond Resolution for 1997 bonds used for parking facilities improvements.

- F.2. University of Louisiana System's discussion of internal audit reports submitted for the period October 15, 2003 through November 15, 2003.

Mr. Richard Thompson, System Director of Internal Audit, presented this report. No official Board action was required.

- F.3. University of Louisiana System's discussion of Fiscal Year 2003-2004 first quarter interim financial reports and ongoing assurances.

Mr. Dave Nicklas, System Vice President of Finance and Administration, presented the joint committee with a summary of the System's Fiscal Year 2003-2004 first quarter interim financial reports and ongoing assurances. No official Board action was required.

Upon motion of Mr. Woods, seconded by Mr. Coudrain, the Joint Audit and Finance Committee voted unanimously to amend its agenda to include one item of other business.

- F.4. Other Business – University of Louisiana System's request for approval for distribution of the Board of Regents Performance and Quality Improvement Pool Funds.

Upon motion of Mr. Woods, seconded by Mr. Coudrain, the Joint Audit and Finance Committee voted unanimously to approve the adoption of the following resolution.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana System's request for distribution of the Board of Regents Performance and Quality Improvement Pool Funds.

BE IT FURTHER RESOLVED, that each university be permitted to transfer these funds to a restricted account.

Mr. Woods also shared with the Board comments made by System President Clausen and Commissioner of Higher Education Savoie relating to the Board's administrative salary policy and presidents' compensation rates. Commissioner Savoie was very complimentary of the work

the ULS Board is doing and encouraged the Board to continue to find ways to reward and thank university presidents for their accomplishments.

Mr. Woods recognized student Board member, Ms. Jennifer Porter, and Mr. Mark Steward, SGA President from McNeese State University. Ms. Porter and Mr. Steward discussed the Academic Excellence Fee and how fee dollars are being utilized on our System campuses and expressed appreciation to the Board, Dr. Clausen, and the University presidents.

G. Report of the Facilities Planning Committee

Mr. Robert Davidge, Chair of the Facilities Planning Committee, presented the Committee report.

Upon motion of Mr. Davidge, seconded by Mr. Parker, the Board voted unanimously to accept the recommendations of the Facilities Planning Committee to approve the adoption of the following resolutions.

- G.1. Nicholls State University's request for approval to enter into a Cooperative Endeavor Agreement with J.B. Levert Land Company, Inc. involving the Rienzi Plantation house and 7.11 acres of property.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Nicholls State University's request to enter into a Cooperative Endeavor Agreement with J.B. Levert Land Company, Inc. involving the Rienzi Plantation house and 7.11 acres of property.*

***BE IT FURTHER RESOLVED,** that ULS staff and legal counsel ensure that the Cooperative Endeavor Agreement conforms to statutory and administrative requirements.*

***AND FURTHER,** that Dr. Stephen T. Hulbert, President of Nicholls State University, is hereby designated and authorized to sign any and all documents necessary to execute said Cooperative Endeavor Agreement with J.B. Levert Land Company, Inc.*

- G.2. Southeastern Louisiana University's request for approval of the Privatized Housing Proposal from Capstone Development Corporation and approval to enter into a Ground Lease or a Ground Lease and Facilities Lease with Collegiate Housing Foundation, a 501(c)3 corporation.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Southeastern Louisiana University's request for approval of the Privatized Housing Proposal from Capstone Development Corporation and approval to enter into a Ground Lease Agreement and Agreement to Lease with Option to Purchase with Collegiate Housing Foundation, a 501 (c)3 corporation.*

***BE IT FURTHER RESOLVED,** that Dr. Sally Clausen, President of the University of Louisiana System, and/or Dr. Randy Moffett, President of Southeastern Louisiana University, are/is hereby designated and authorized to execute any and all documents necessary to execute said lease agreement.*

***AND FURTHER,** that UL System staff and legal counsel ensure that all documents conform to statutory and administrative requirements.*

- G.3. University of Louisiana at Lafayette's request for approval of a Letter of Intent to exchange properties with South Louisiana Publishing Company.

Upon the request of Dr. Ray Authement, President, University of Louisiana at Lafayette, this item was deferred.

- G.4. University of Louisiana at Lafayette's request for approval to amend its FY 2004-2005 Capital Outlay Budget Request to add the Chimpanzee Housing Facility in New Iberia, Waste Water Treatment Facility.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Lafayette's request to amend its FY 2004-05 Capital Outlay Budget Request to add the Chimpanzee Housing Facility in New Iberia, Waste Water Treatment Facility.

- G.5. University of Louisiana at Lafayette's request for approval to amend its FY 2004-05 Capital Outlay Budget Request to add a Land Acquisition project.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Lafayette's request to amend its FY 2004-05 Capital Outlay Budget Request to add a Land Acquisition project.

- G.6. University of Louisiana at Lafayette's request to name two (2) buildings in Legacy Park (the new student housing complex) Harold Callais Hall and Ben and Clare Thibodeaux Hall.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Lafayette's request to name two (2) buildings in Legacy Park, Harold Callais Hall and Ben and Clare Thibodeaux Hall.

H. Report of Personnel Committee

Mr. David Wright, Chair of the Personnel Committee, presented the Committee report. Upon motion of Mr. Wright, seconded by Dr. Smith, the Board voted unanimously to accept the recommendations of the Personnel Committee to approve the adoption of the following resolutions.

- H.1. McNeese State University's request for ratification of the Board's interim approval to appoint Mr. Eddie P. Meche as Vice President for Business Affairs effective November 17, 2003.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the request for ratification of the Board's interim approval for McNeese State University to appoint Mr. Eddie Meche as Vice President for Business Affairs at an annual salary of \$95,000 effective November 17, 2003.

- H.2. McNeese State University's request for approval to appoint Dr. Rosemary Gray as Vice President for Special Services and Equity effective January 12, 2004.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the request of McNeese State University to appoint Dr. Rosemary Gray as Vice President for Special Services and Equity at an annual salary of \$80,000 effective January 12, 2004.

Upon motion of Mr. Woods, seconded by Mr. Shetler, the Board voted unanimously to amend its Personnel agenda to add one item of other business

- H.3. Other Business – Northwestern State University's request for approval to appoint Dr. Vickie Gentry as Interim Dean of Education effective January 5, 2004.

Upon motion of Mrs. Burkhalter, seconded by Mr. Wright, the Board voted unanimously to accept the recommendation of Dr. Randy Webb, President, Northwestern State University, to approve the adoption of the following resolution.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the request of Northwestern State University to appoint Dr. Vickie Gentry as Interim Dean of Education at an annual salary of \$95,000 effective January 5, 2004.

Upon motion of Mr. Shetler, seconded by Mrs. Burkhalter, the Board voted unanimously to take the *Report of Board Chairman's Business* out of order before the *Report of System President's Business*.

J. Report of Board Chairman's Business

J.1. Board Chairman's Report

- Mr. Pugh announced the members of the Search Committee for the Grambling State University presidency as follows:
 - Mrs. Elsie Burkhalter
 - Mr. D. Wayne Parker
 - Ms. Jennifer Porter
 - Mr. Walter Rhodes
 - Mr. Carl Shetler
 - Mr. David Wright
 - Dr. Ellen Smiley (representing the Grambling faculty)
 - Mr. Gordon A. Pugh
 - Dr. Sally Clausen, Chair of the Committee

Upon motion of Mr. Woods, seconded by Mr. Rhodes, the Board unanimously voted to accept the appointments to the Search Committee for the Grambling State University presidency.

- Mr. Pugh invited and encouraged every Board member to fully participate in the process.
- Mr. Pugh asked the following people to be advisors to the Committee:
 - Mr. Adonis Ducre, SGA President at Grambling
 - Mr. Clifton Lemelle, GSU Alumnus
 - Mr. Robert Levy, Lincoln Parish District Attorney and Board of Regents Member
- The Search Committee will hold its first meeting on January 21, 2004 at 1:00 p.m. on Grambling's campus.
- The public forum will be at approximately 2:00 p.m. in the Black and Gold Room of the Student Union.
- Mr. Pugh is hopeful that a permanent president will be in place at Grambling by July 1, 2004 and invited all interested people to take part in the process.

J.2. Other Business

- Mr. Pugh announced that the Board of Regents will meet on December 11, 2003 and a report from that meeting will be received at the next meeting of the ULS Board on January 9, 2004 in Baton Rouge.
- Mr. Pugh encouraged Board attendance at the next Association of Governing Boards of Universities and Colleges (AGB) National Conference on Trusteeship in New Orleans on March 27-30, 2004.

I. Report of System President's Business

Dr. Sally Clausen, System President, reported that staff reviewed the System personnel actions and recommended them for Board approval as amended.

I.1. Personnel Actions

Upon motion of Mr. Coudrain, seconded by Mrs. Burkhalter, the Board voted unanimously to approve the System personnel actions as amended.

I.2. System President's Report

- The Board was informed that the System Staff will be participating in a staff retreat on Monday, December 22, at the LSU Rural Life Museum's Burden Conference Center in Baton Rouge. Stated the purpose of the retreat is to better define what the System is doing to serve its Board and Universities. Invited Board members and University Presidents to attend if possible and thanked them for filling out the survey form that will serve as the framework for the retreat.
- Dr. Clausen asked the Board members to reserve the afternoon of January 9, 2004, for a mini-retreat. The topic will be Board development and the ten most important

issues facing higher education in the country, what Louisiana is doing about specific issues, and how we can better serve our constituents.

- The Board was reminded that University Presidents are held accountable for very specific performance indicators (i.e., accreditation rates, retention rates, graduation rates, audit findings, faculty salaries relative to their respective peers, etc.). Stated ULS faculty members are within five percentage points of their SREB peers but that our target is beyond that. Reported to Board that university presidents have met their performance indicators and special goals as related to finances.
- Dr. Clausen recognized and thanked the entire University of Louisiana System staff for their hard work and dedication to their jobs to better serve the Board and System universities. Asked System staff member Ms. Dawn Wilson to introduce two student workers from the System office who will be graduating this month, Ms. Nicole Boudreaux and Ms. Kristen Norton.
- Dr. Clausen also recognized two outstanding student leaders – Ms. Jennifer Porter, Board Member and SGA president from Louisiana Tech, and Mr. Mark Steward, SGA president from McNeese, and acknowledged their leadership and endorsement of the Academic Excellence Fee legislation.

Also recognized was Nicholls' student, Ms. Brianne Lefort, for winning a national dessert contest for Chef Emeril Lagasse. Nicholls' President, Stephen Hulbert, was invited to make comments. Dr. Hulbert stated that Ms. Lefort competed against 600 amateur chefs from across the country and her dessert will be featured at Emeril Lagasse's New Orleans restaurant, Delmonico, for the rest of the year.

- Dr. Clausen recognized Northwestern student, Mr. Lance Elmore, who recently traded in his football jersey for camouflage fatigues and will be shipping out to Afghanistan with the National Guard on December 8. Acknowledged the many young men and women from our universities and others from around our state who are serving in harm's way overseas.
- Dr. Clausen also recognized University of Louisiana at Lafayette student, Ms. Ebony Martin, who was featured on the "Week of Wishes" segment of CBS's Early Show on November 18. Her courage in overcoming a family tragedy and the death of her mother and father was acknowledged and applauded when, as a young child, she realized education was the way to free herself from poverty and grief. Showed a video of the CBS segment to the Board and audience.
- Dr. Clausen highlighted System Board member Mr. Gordon Pugh and also thanked him for his tenure as Board Chair.
- Chair-Elect Michael Woods also thanked Mr. Pugh for his leadership as Board Chair for the past two years.

L. **Other Business**

Mr. Pugh thanked the Board Members for their support and pledged his continued assistance.

Mr. Pugh appointed a special presidential compensation committee to review System President Clausen's compensation. Stated the Committee will consist of Mr. Shetler, Mr. Coudrain, Mr. Woods, and himself. The Committee will meet prior to the January 9, 2004 Board meeting in order to make a recommendation at that meeting. Mr. Pugh asked for a motion to ratify the appointment of that committee.

Upon motion of Mrs. Burkhalter, seconded by Mr. Davidge, the Board unanimously voted to ratify the request of Board Chair Pugh for a special presidential compensation committee to review System President Sally Clausen's compensation package.

Mr. Pugh stated that the next Board meeting is January 9, 2004 with a Board Member mini-retreat in the afternoon.

There was no other business to come before the Board.

M. **Adjournment**

Upon motion of Mr. Coudrain, seconded by Mr. Shetler, there being no further business, the Board adjourned at 12:07 p.m.

BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM

The following resolution was offered by Mr. Coudrain, and seconded by Mr. Shetler:

RESOLUTION

A RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A GROUND LEASE AGREEMENT AND AN AGREEMENT TO LEASE WITH OPTION TO PURCHASE IN CONNECTION WITH THE LEASE AND LEASE BACK OF A PORTION OF THE SOUTHEASTERN LOUISIANA UNIVERSITY CAMPUS TO A NOT FOR PROFIT CORPORATION AND THE DEMOLITION AND/OR CONSTRUCTION OF NEW STUDENT HOUSING FACILITIES THEREON; APPROVING THE PRIVATIZED HOUSING PROPOSAL FROM CAPSTONE DEVELOPMENT CORP APPROVING THE EXECUTION OF ANY AND ALL DOCUMENTS AND CERTIFICATES IN CONNECTION THEREWITH; AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Board of Supervisors for the University of Louisiana System (the "Board") is authorized pursuant to La. R.S. 17:3361 through 17:3365 (the "Act"), and other constitutional and statutory authority supplemental thereto, to lease a portion of the campus of Southeastern Louisiana University (the "University") to a not for profit corporation, (the "Corporation") in order to enable the Corporation to construct thereon new student housing facilities for the students of the University (the "Facilities"); and

WHEREAS, the Corporation shall finance the construction of the Facilities using the proceeds of bonds (the "Bonds") issued by an on-behalf-of issuer (the "Issuer"); and

WHEREAS, the Board desires to approve and authorize the execution of a Ground Lease Agreement (the "Ground Lease") and an Agreement to Lease with Option to Purchase (the "Facilities Lease"), by and between the Board and the Corporation relative to the lease and lease-back of a portion of the University's campus to the Corporation for construction or demolition and reconstruction of new Facilities on the main campus of the University (the "Project"); and

WHEREAS, the Board desires to approve the Privatized Housing Proposal from Capstone Development Corp; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors for the University of Louisiana System, as follows:

SECTION 1. The forms of Ground Lease and the Facilities Lease are hereby approved in substantially the forms attached hereto as **Exhibit A** and **Exhibit B**, subject to any appropriate

amendments as may be made with the approval of counsel to the Board and bond counsel to the Authority.

SECTION 2. The Board hereby approves the Privatized Housing Proposal from Capstone Development Corp.

SECTION 3. The Chairman, Vice Chairman, Secretary of the Board, the System President or the President of the University shall be authorized to execute the Ground Lease, the Facilities Lease and any certificates, documents or other items necessary to complete the lease of the land to the Corporation, the Project, and the issuance of the Bonds.

SECTION 4. This resolution shall take effect immediately.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Pugh, Mr. Woods, Mrs. Burkhalter, Mr. Coudrain, Mr. Davidge, Mr. Long, Mr. Parker, Ms. Porter, Mr. Rhodes, Mr. Shetler, Mr. Sibille, Dr. Smith, Mr. Teamer, Mr. Wright.

NAYS: None.

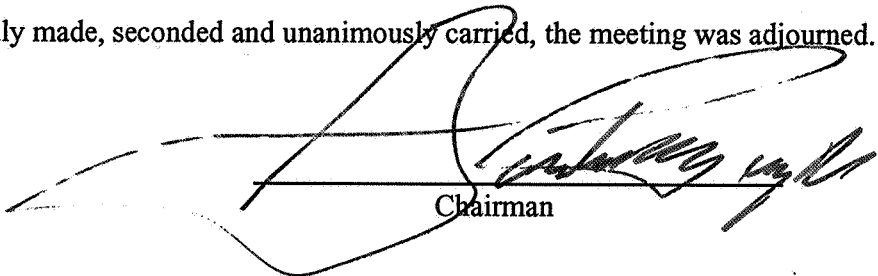
ABSENT: Mr. Bollinger, Mr. Bussie.

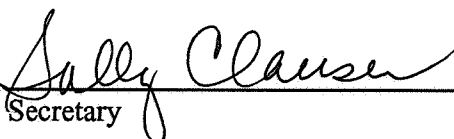
ABSTAINING: None.

The Resolution was declared to be adopted on the 5th day of December, 2003.

(Other items not pertinent hereto are omitted)

Upon motion duly made, seconded and unanimously carried, the meeting was adjourned.


Chairman


Secretary

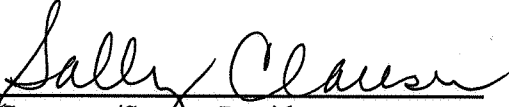
STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary/System President to the Board of Supervisors for the University of Louisiana System (the "Board") do hereby certify that the foregoing pages constitute a true and correct copy of a resolution adopted by the Board on December 5, 2003 approving the form and authorizing the execution of a Ground Lease Agreement and an Agreement to Lease with Option to Purchase in connection with the lease and lease-back of a portion of the Southeastern Louisiana University campus to a not for profit corporation and the demolition and/or construction of new student housing facilities thereon; approving the Privatized Housing Proposal from Capstone Development Corp; approving the execution of any and all documents and certificates in connection therewith; and providing for other matters in connection therewith was duly adopted by the Board at a meeting duly called, noticed and held and at which meeting a quorum was present and voting.

I further certify that said Resolution has not been amended or rescinded and is in full force and effect.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said Board on this, the 16 day of January, 2004.


Secretary/System President

[SEAL]

MINUTES

BOARD OF REGENTS

January 22, 2004

The Board of Regents met in regular session at 9:05 a.m., Thursday, January 22, 2004, in the Louisiana Purchase Room of the Claiborne Building, Baton Rouge, Louisiana. Chair Roland Toups called the meeting to order. Executive Assistant to the Commissioner, Ms. Carolyn Blanchard, called the roll and a quorum was established.

Present for the meeting were:

- Scott Brame
- Richard D'Aquin
- Reggie Dupré
- Frances Henry, Vice Chair
- Stanley J. Jacobs
- William Oliver
- W. Clinton Rasberry, Jr.
- Clifford Smith
- Pat Strong, Secretary
- Artis Terrell, Jr.
- Roland Toups, Chair

Absent:

- Billy Blake
- Robert Levy
- Virgil Robinson, Jr.
- Adonis Ducre, Student Member

PUBLIC COMMENTS

Chair Toups noted that no written requests were received for public comments and inquired if the audience had any comments at this time.

INSTALLATION OF OFFICER FOR 2004

Ms. Veronica Howard, Assistant Attorney General, administered the Oath of Office to Regent Reggie Dupré as a member of the Executive Committee for 2004.

MINUTES APPROVED

APPROVAL OF THE MINUTES OF JANUARY 8, 2004

On motion of Regent D'Aquin, seconded by Regent Strong, the Board voted unanimously to approve the minutes of January 8, 2004, as circulated.

A REPORT ON RECENT ACTIONS TAKEN BY THE LOUISIANA STUDENT FINANCIAL ASSISTANCE COMMISSION TO MAXIMIZE AID TO STUDENTS

Mr. Jack Guinn, Executive Director of the Office of Student Financial Assistance, delivered a power point presentation on recent actions by the Louisiana Student Financial Assistance Commission to maximize aid to Louisiana's students.

He informed the Board that Louisiana's students annually borrow almost \$700 million under the Federal Family Education Loan Program (FFELP). He noted that eligible lenders make the loans to students, which are secured against default by a guarantee agency. Mr. Guinn said that under federal law, guarantee agencies may charge students a fee up to 1% of the principal amount borrowed. He continued to say that since 1999, most guarantee agencies have waived the fee, leaving more than \$6 million annually in the pockets of Louisiana's students.

However, Mr. Guinn said that in April 2004, USA Funds, the state's major competitor as a guarantor of student loans, will impose a guarantee fee of one-half percent of the principal loaned,

followed by another one-half percent in November 2004. He emphasized that the Commission will not impose a fee on loans it guarantees for students during school year 2004-05.

Mr. Guinn said that during this fiscal year, the Commission has authorized \$400,000 from its Operating Fund, which are revenues of the federal student loan program, to be returned to schools for use as need-based student aid during school year 2004-05. He said that the Commission is proposing an interagency agreement with the Board of Regents for the purpose of awarding monetary grants to needy students. He said students must meet certain criteria to be granted an award and future availability of the funds will be subject to the generation of excess revenues in the Commission's Operating Fund and subsequent appropriation by legislative act.

Ms. Melanie Amrhein from the Office of Student Financial Assistance spoke briefly about the Student Tuition Assistance Revenue Trust (START) Program. She said that it is an innovative college savings plan designed to help families contend with the future cost of their children's postsecondary education. Ms. Amrhein mentioned that a savings account may be opened on behalf of a child by any person, and participants in the program are able to save at their own pace, in amounts they can afford, and still have their money professionally managed. She further added that as an incentive to save, the State of Louisiana will match a portion of the deposits made to your account, depending upon the amount you deposit, your adjusted gross income and the category of account. Ms. Amrhein noted that up to \$2,400 per year deposited in the program can be deducted from your Louisiana income taxes.

INTRODUCTION OF DR. TIMOTHY RYAN, CHANCELLOR AND MR. FREDRICK
BARTON, VICE CHANCELLOR FOR ACADEMIC AFFAIRS AND PROVOST, UNIVERSITY
OF NEW ORLEANS

Dr. William Jenkins, President of the Louisiana State University System, first introduced the newly appointed Chancellor of the University of New Orleans Dr. Timothy Ryan. Dr. Jenkins noted that Dr. Ryan is not only a native of New Orleans, but received his B.A. in Economics from the University of New Orleans (UNO). He said that Chancellor Ryan received his Ph.D. in Economics from Ohio State University and, with his background, will play a vital role in advancing the economy of New Orleans through UNO.

Next, Dr. Jenkins introduced to the Board Mr. Fredrick Barton, Vice Chancellor for Academic Affairs and Provost at the University of New Orleans. He mentioned that Vice Chancellor Barton is an award winning fiction writer and is pleased to have him in this position to lead UNO to new heights.

Chancellor Ryan stated that he appreciated the opportunity to appear before the Board of Regents and looked forward to working with the Board. He remarked that Vice Chancellor Barton's background and skills will have a strong place in the New Orleans community.

Vice Chancellor Barton remarked that it was a privilege to work with the new Chancellor and the LSU System. He said that the implementation of the new admission standards set by the Regents for UNO for fall 2005 will strengthen the UNO campus.

Commissioner of Higher Education E. Joseph Savoie expressed that excellent choices for the city of New Orleans and the state were made when selecting Chancellor Ryan and Vice Chancellor Barton.

TECHNOLOGY COMMITTEE

TECHNOLOGY COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On behalf of Regent Oliver, Chair of the Technology Committee, Mr. Gerard Killebrew, Associate Commissioner for Academic Affairs, presented motions from the Technology Committee Report of January 21, 2004.

REPORT OF THE ASSOCIATE COMMISSIONER FOR INFORMATION AND LEARNING TECHNOLOGY

Mr. Killebrew noted that Mr. Mike Abbiatti, Associate Commissioner for Information and Learning Technology, reported on the following:

- Postsecondary Information Technology Priorities
- Electronic Campus Merger

NEW BUSINESS

Louisiana Optical Network Initiative (LONI)

Mr. Killebrew noted that a presentation on the Louisiana Optical Network Initiative (LONI) was made by Chancellor Mark Emmert, LSU and A&M and Dr. Ed Seidel, Director, Center for Computation and Technology, LSU and A&M.

Wireless Collaborative Training Initiatives

Mr. Killebrew stated that an update was given on the wireless collaborative training between several campuses and the Office of Telecommunications staff.

ADOPTION OF THE TECHNOLOGY COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On motion of Regent Oliver, seconded by Regent Henry, the Board voted unanimously to adopt the Technology Committee Meeting Report of January 21, 2004, as presented. (Copy on file in the office of the Board of Regents.)

FACILITIES AND PROPERTY COMMITTEE

FACILITIES AND PROPERTY COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On behalf of Regent Henry, Chair of the Facilities and Property Committee, Mr. Marvin Roubique, Deputy Commissioner for Finance and Facilities, presented motions from the Facilities and Property Committee Report of January 21, 2004.

SMALL CAPITAL PROJECTS REPORT

On motion of Regent Henry, seconded by Regent D'Aquin, the Board voted unanimously to accept the recommendation of the Facilities and Property Committee to approve the small capital projects report as presented by staff.

Northwestern State University
Dorm Room Sounders
\$225,000 Self-Generated Funds

Nicholls State University
Campus Street Resurfacing
\$349,000 Auxiliary Funds

Grambling State University
Renovation of Former Fish Hatchery -
GIS Remote Sensing Laboratory
\$148,450 State Funds

LSU and A&M
LSU Student Health Center Window
Replacement
\$348,000 Auxiliary Funds

PROJECTS UTILIZING ALTERNATIVE MEANS OF FINANCING

On motion of Regent Henry, seconded by Regent Strong, the Board voted unanimously to accept the recommendation of the Facilities and Property Committee to approve the third phase of the Student Housing Project at Southeastern Louisiana University.

ADOPTION OF THE FACILITIES AND PROPERTY COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On motion of Regent Henry, seconded by Regent D'Aquin, the Board voted unanimously to adopt the Facilities and Property Committee Meeting Report of January 21, 2004, as presented. (Copy on file in the office of the Board of Regents.)

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

ACADEMIC AND STUDENT AFFAIRS COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On behalf of Regent Henry, Vice Chair of the Academic and Student Affairs Committee, Mr. Killebrew presented motions from the Academic and Student Affairs Committee Meeting Report of January 21, 2004.

PROPOSED NEW ACADEMIC/RESEARCH CENTER - LSU AGRICULTURAL CENTER -
CENTER FOR NATURAL RESOURCE ECONOMICS AND POLICY

On the motion of Regent Henry, seconded by Regent Oliver, the Board voted unanimously to adopt the recommendation of the Academic and Student Affairs Committee to grant conditional approval for the proposed Center for Natural Resource Economics and Policy at the Louisiana State University Agricultural Center for one year, effective July 1, 2004. As required by Board of Regents Academic Affairs Guidelines: Proposed New Centers, Institutes, and Other Academic/Research Units, Louisiana State University Agricultural Center shall submit to the Commissioner of Higher Education a proposal for full approval of the Center by June 30, 2005. If this proposal is not forthcoming by this date, the Board of Regents shall re-examine the need for this center.

PROPOSED NEW ACADEMIC PROGRAMS

Northwestern State University - B.S. in Addiction Studies

On the motion of Regent Henry, seconded by Regent D'Aquin, the Board voted unanimously to adopt the recommendation of the Academic and Student Affairs Committee to grant approval for the proposed Bachelor of Science in Addiction Studies program (CIP 51.1501) at Northwestern State University, effective immediately, with the stipulation that the University shall submit an implementation report to the Commissioner of Higher Education by August 1, 2005, which documents appropriate faculty workload distribution and coordination with other public degree programs in substance abuse counseling.

Southern University and A&M College - B.S. in E-Business

On the motion of Regent Henry, seconded by Regent D'Aquin, the Board voted unanimously to adopt the recommendation of the Academic and Student Affairs Committee to grant approval for the proposed Bachelor of Science in Electronic Business program (CIP 52.1205) at Southern University and A&M College, effective immediately. By August 1, 2005, the University shall submit an implementation report to the Commissioner of Higher Education addressing the program's enrollment, budget, and contingency funding plans.

PROPOSED LETTER OF INTENT - SOUTHEASTERN LOUISIANA UNIVERSITY -
B.S. IN OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT

On the motion of Regent Henry, seconded by Regent Oliver, the Board voted unanimously to adopt the recommendation of the Academic and Student Affairs Committee to grant approval for the proposed Letter of Intent for a projected B.S.

program in Occupational Health, Safety and Environment (CIP Code 15.0701) at Southeastern Louisiana University, effective immediately.

UPDATE ON CONDITIONALLY APPROVED PROGRAM - SOUTHERN UNIVERSITY IN NEW ORLEANS - M.A. IN MUSEUM STUDIES

On the motion of Regent Henry, seconded by Regent Oliver, the Board voted unanimously to adopt the recommendation of the Academic and Student Affairs Committee to receive the final 2003 Progress Report Relative to the Implementation of the Master of Arts in Museum Studies program (CIP 30.1401) at Southern University in New Orleans. Accordingly, this program shall be granted full approval. An implementation report addressing staff concerns expressed in the staff analysis shall be due by December , 2004.

TEACHER EDUCATION INITIATIVES

Mr. Killebrew noted that updates were given on the activities of the Blue Ribbon Commission, the ranking of Louisiana's teacher education efforts and plans for implementation of a new State Higher Education Executive Officer (SHEEO) Teacher Quality grant.

REPORT OF THE ASSOCIATE COMMISSIONER - SCHEDULE OF PROPOSED PROGRAM REVIEWS AND OTHER ANTICIPATED ACADEMIC AFFAIRS ACTIVITIES

Mr. Killebrew reiterated that the proposed program reviews are ongoing, and that there are several upcoming special reviews.

ADOPTION OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On motion of Regent Henry, seconded by Regent Smith, the Board voted unanimously to adopt the Academic and Student Affairs Committee Meeting Report of January 21, 2004, as presented. (Copy on file in the office of the Board of Regents.)

PLANNING, RESEARCH AND PERFORMANCE COMMITTEE

PLANNING, RESEARCH AND PERFORMANCE COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On behalf of Regent Oliver, Chair of the Planning, Research and Performance Committee, Dr. Jimmy Clarke, Deputy Commissioner for Planning, Research and Performance, presented motions from the Planning, Research and Performance Committee Report of January 21, 2004.

BOR/BESE 2003 REPORT TO THE LEGISLATURE ON SECONDARY TO POSTSECONDARY EDUCATION ARTICULATION

On the motion of Regent Oliver, seconded by Regent Strong, the Board voted unanimously to adopt the recommendation of the Planning, Research and Performance Committee to adopt the BOR/BESE 2003 Report to the Legislature on Secondary to Postsecondary Education Articulation. The staff is authorized to make non-substantive changes to the report based on input from BESE prior to submission to the Legislature.

RESPONSE TO HOUSE CONCURRENT RESOLUTION NO. 213 OF 2003

On the motion of Regent Oliver, seconded by Regent Henry, the Board voted unanimously to adopt the recommendation of the Planning, Research and Performance Committee to adopt Response to House Concurrent Resolution No. 213 of the 2003 Louisiana Legislature, instructs the Commissioner to continue discussions with the Department of Education regarding its concerns, and authorizes the Commissioner of Higher Education to submit the report to the Legislature on the Regents' behalf. In the event that discussions with the State Department of Education result in a revised recommendation, staff will resubmit the recommendation to the Board of Regents for its consideration and action.

LICENSURE (R.S.17:1808)

On the motion of Regent Oliver, seconded by Regent Strong, the Board voted unanimously to adopt the recommendation of the Planning, Research and Performance Committee to approve a two-year operating license for Southwest University, located in Kenner, Louisiana.

PROPRIETARY SCHOOLS

On the motion of Regent Oliver, seconded by Regent Smith, the Board voted unanimously to adopt the recommendation of the Planning, Research and Performance Committee to approve an initial operating license for the Louisiana School of Bartending, L.L.C., located in Baton Rouge, Louisiana.

On the motion of Regent Oliver, seconded by Regent Strong, the Board voted unanimously to adopt the recommendation of the Planning, Research and Performance Committee to approve Associate in Occupational Studies Degree programs in Computer Technology, Criminal Justice, Medical Office Administration, and Radiography at Career Technical College, located in Monroe, Louisiana.

On the motion of Regent Oliver, seconded by Regent Brame, the Board voted unanimously to adopt the recommendation of the Planning, Research and Performance Committee to approve Associate in Occupational Studies Degree programs in Office Automation (Business Management and Medical Management) at ITI Technical College, located in Baton Rouge, Louisiana.

On the motion of Regent Oliver, seconded by Regent D'Aquin, the Board voted unanimously to adopt the recommendation of the Planning, Research and Performance Committee to renew the licenses of the following proprietary schools (initial license date in parentheses):

**Advantage Learning Center (1/26/95)
American Commercial College (12/5/02)
Blue Cliff College-Lafayette (1/27/00)
Court Reporting Institute (1/27/00)
Gretna Career College (12/19/91)
H&R Block - Alexandria (11/1/74)
H&R Block - Baker (11/1/74)
H&R Block - Baton Rouge (3) (11/1/74)
H&R Block - Bossier City(11/1/74)
H&R Block - Chalmette (11/1/74)
H&R Block - Hammond (11/1/74)
H&R Block - Houma (11/1/74)
H&R Block - Lafayette (2) (11/1/74)
H&R Block - Lake Charles (11/1/74)
H&R Block - Leesville (11/1/74)
H&R Block - Metairie (2) (11/1/74)
H&R Block - Monroe (2) (11/1/74)
H&R Block - New Orleans (2) (11/1/74)
H&R Block - Rayne (11/1/74)
H&R Block - Shreveport (11/1/74)
H&R Block - Terrytown (11/1/74)
H&R Block - Shreveport (11/1/74)
H&R Block - Thibodaux (11/1/74)
High-Tech Institute—Orlando (12/5/02)
Infinity Hypnosis Institute, Inc. (12/5/02)**

ITI Technical College (1/27/00)
Kaplan Inc. - Baton Rouge (2/26/85)
Kaplan Inc. - New Orleans (2/26/85)
LaFourche Merchant Marine Training Services, Inc. (12/14/89)
Martin International, Inc. (12/9/82)
Metropolitan Community College - Kenner/Metairie (12/5/02)
NASCAR Technical Institute (12/5/02)
National Driving Academy, Inc. (12/5/96)
New Wine Floral Design School (12/6/01)
Northshore Career College (1/22/98)
Remington College - Baton Rouge (1/27/00)
Southland School of Taxidermy (1/27/00)
Southwest Paralegal College (12/7/00)
TransportSafe Training Center, Inc. (12/7/95)

REPORT FROM THE DEPUTY COMMISSIONER

Dr. Clarke mentioned the importance for Louisiana's colleges and universities to meet deadlines for submission of pertinent information to the Board of Regents.

On motion of Regent Oliver, seconded by Regent D'Aquin, the Board voted unanimously to accept the recommendation of the Planning, Research and Performance Committee to instruct the Commissioner of Higher Education to inform the System Presidents in writing whenever member campuses do not submit data in a timely manner.

ADOPTION OF THE PLANNING, RESEARCH AND PERFORMANCE COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On motion of Regent Oliver, seconded by Regent D'Aquin, the Board voted unanimously to adopt the Planning, Research and Performance Committee Meeting Report of January 21, 2004, as presented. (Copy on file in the office of the Board of Regents.)

SPONSORED PROGRAMS COMMITTEE

SPONSORED PROGRAMS COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On behalf of Regent Brame, Chair of the Sponsored Programs Committee, Dr. Kerry Davidson, Deputy Commissioner for Sponsored Programs, presented motions from the Sponsored Programs Committee Meeting Report of January 21, 2004.

FUNDING RECOMMENDATIONS FOR THE JOINTLY SPONSORED
(REGENTS/NASA) LaSPACE PROGRAM

Graduate Fellowships (GF) Program Component

On motion of Regent Brame, seconded by Regent Dupré, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to approve the LaSPACE consultants' report and funding recommendations relative to the three recommended new Graduate Fellows for academic year 2004-05. The Committee further recommended that both the new and continuing fellowships be paid from \$60,000 of FY 2004-05 Support Fund money allocated to the LaSPACE Graduate Fellowships program and the remainder (\$40,000) from NASA LaSPACE funds. (The out-of-state consultants' report is available in the Office of Sponsored Programs.)

Research Enhancement Awards (REA) Program Component

On motion of Regent Brame, seconded by Regent Dupré, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to approve the LaSPACE consultants' report and funding recommendations in the amount of \$154,893 relative to the six top-ranked LaSPACE Research Enhancement Awards proposals. Projects shall be funded in the order, amounts, and with any stipulations recommended in the consultants' report. If an award is declined, that award shall be offered to the alternate proposals in the order indicated in the report. (The out-of-state consultants' report is available in the Office of Sponsored Programs.)

RECOMMENDATIONS OF THE BoRSF PLANNING AND ADVISORY COMMITTEES
RELATIVE TO RESTORATIONS IN THE FY 2003-04 PLAN AND BUDGET

On motion of Regent Brame, seconded by Regent Dupré, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to approve the restorations to the FY 2003-04 Board of Regents Support Fund Plan and Budget as recommended by the Planning and Advisory Committees. (See Appendix B of the Committee Report on file in the office of the Board of Regents.)

RECOMMENDATIONS OF THE BoRSF PLANNING AND ADVISORY COMMITTEES
RELATIVE TO THE FY 2004-05 PLAN AND BUDGET

On motion of Regent Brame, seconded by Regent Dupré, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to approve the FY 2004-05 Board of Regents Support Fund Plan and Budget as

recommended by the Planning and Advisory Committees. *(See Appendix C of the Committee Report on file in the office of the Board of Regents.)*

ADOPTION OF THE SPONSORED PROGRAMS COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On motion of Regent Brame, seconded by Regent D'Aquin, the Board voted unanimously to adopt the Sponsored Programs Committee Meeting Report of January 21, 2004, as presented. (Copy on file in the office of the Board of Regents.)

EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On behalf of Regent Toups, Chair of the Executive Committee, Mr. Donald Vandal, Deputy Commissioner for Administration, presented the Executive Committee Report of January 21, 2004.

UPDATE ON DESEGREGATION SETTLEMENT

Mr. Vandal mentioned that an Executive Session was called to discuss desegregation issues. A roll call vote was taken and results are noted below.

Yes: (7) Scott Brame, Richard D'Aquin, Reggie Dupré, Frances Henry, Virgil Robinson, Pat Strong, Roland Toups

No: (0)

Abstain: (0)

Absent: (0)

Mr. Vandal said that certain staff were requested to remain in the room for the Executive Session. He continued that no motions were made and no votes were taken during the Executive Session.

ADOPTION OF THE EXECUTIVE COMMITTEE MEETING REPORT OF JANUARY 21, 2004

On motion of Regent Toups, seconded by Regent Dupré, the Board voted unanimously to adopt the Executive Committee Meeting Report of January 21, 2004, as presented. (Copy on file in the office of the Board of Regents.)

Chair Toups acknowledged Ms. Theresa Hay, Assistant Commissioner for Planning and Research and Mr. Gene Fields, Associate Commissioner for Information Services and Data Management for their hard work in collaborating with the Department of Education in the development and implementation of the Student Transcript System (STS).

Mr. Toups recognized Delgado Community College and Southern University of New Orleans for submitting the test data for the Student Profile System (SSPS) several months in advance of the January 15th deadline.

Mr. Toups also credited Mr. John Wallin, Associate Commissioner for Sponsored Programs Administration, for his expertise in detailing the recommendations of the Planning and Advisory Committee for the BoRSF 2003-04 and 04-05 Plan and Budgets.

REPORTS AND RECOMMENDATIONS OF THE COMMISSIONER

Commissioner of Higher Education E. Joseph Savoie informed the Board that within the next two weeks, he and the staff will be conducting higher education briefings sessions with House Education Chair Carl Crane and the House Education Committee, as well to the newly appointed Senate Education Chair Chris Ullo and staff.

Dr. Savoie also noted that he and staff met with the system presidents this week to discuss the executive budget proposals submitted to the Regents from the Division of Administration. He said that an appeal letter has been submitted, and a meeting has been set up for next week to meet with Commissioner of Administration Jerry Luke LeBlanc.

Commissioner Savoie pointed out that in the Regents' packet was an informative bulletin from the Louisiana State University Health Sciences Center in New Orleans.

Chair Toups personally thanked Dr. Tim Ryan and Mr. Fredrick Barton from the University of New Orleans for being in attendance today.

ADJOURNMENT

With there being no further business to come before the Board, on motion of Regent Toups, seconded by Regent Strong, the meeting adjourned at 9:58 a.m.

regents.Jan 22, 2004

MINUTES

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

JUNE 25, 2004

A. Call to Order

Chair Michael Woods called to order the regular meeting of the Board of Supervisors for the University of Louisiana System in the Auditorium, Room 100, "The Louisiana Purchase Board Room," of the Claiborne Building Conference Center, 1201 North Third Street, Baton Rouge, Louisiana, at 11:18 a.m. Chair Woods stated that a public comment card should be filled out if anyone wished to speak before the Board concerning items to be addressed by the Board.

B. Roll Call

The roll was called.

PRESENT

Mr. Michael H. Woods, Chair
Mr. Robert C. Davidge, Vice Chair
Mr. Donald T. "Boysie" Bollinger
Mrs. Elsie P. Burkhalter
Mr. Andre G. Coudrain
Mr. Jimmy D. Long, Sr.
Ms. Katie Ortego

Mr. D. Wayne Parker
Mr. Gordon A. Pugh
Mr. Walter R. Rhodes
Mr. Carl Shetler
Mr. Winfred F. Sibille
Dr. Eunice W. Smith
Mr. David Wright

ABSENT

Mr. Victor Bussie

Mr. Charles C. Teamer, Sr.

Also present for the meeting were the following: System President Dr. Sally Clausen, System staff, administrators and faculty representatives from System campuses, Board Attorneys Winston DeCuir and Linda Law Clark, interested citizens, and representatives of the news media.

C. Invocation

Mr. Wright gave the invocation.

D. Approval of Minutes of the Board Meeting held April 23, 2004

Upon motion of Mr. Shetler, seconded by Mr. Coudrain, the Board voted unanimously to approve the minutes of the regular Board Meeting of April 23, 2004.

Mr. Woods thanked former student Board Member Jennifer Porter for her year of service on the Board and welcomed new student Board Member Katie Ortego from the University of Louisiana at Lafayette.

E. Administering the Oath of Office to newly appointed Board Member Ms. Katie Ortego

Attorney Winston DeCuir administered the Oath of Office to newly appointed student Board Member Ms. Katie Ortego.

Chair Woods stated that Ms. Ortego will serve on the following Committees: Academic and Student Affairs, Athletic, Grievance, and Legislation.

F. Report of the Academic and Student Affairs Committee

Dr. Eunice W. Smith, Chair of the Academic and Student Affairs Committee, presented the Committee report.

Upon motion of Dr. Smith, the Board voted unanimously to accept the recommendations of the Academic and Student Affairs Committee to approve the adoption of the following resolutions.

- F.1. Louisiana Tech University's request for approval to offer the following existing degree programs through distance learning technologies: (a) Bachelor of Science degree program in Health Information Administration and (b) Associate of Science degree program in Health Information Technology.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the request from Louisiana Tech University to offer the following existing programs through distance learning technologies: (a) Bachelor of Science degree program in Health Information Administration and (b) Associate of Science degree program in Health Information Technology.

- F.2. Louisiana Tech University's request for approval of a letter of intent/proposal for a Master of Science degree program in Health Information Management.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the letter of intent/proposal from Louisiana Tech University for a Master of Science degree program in Health Information Management.

- F.3. McNeese State University's request for approval of a proposed McNeese/LSUA Engineering Consortium Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the request from McNeese State University for a proposed McNeese/LSUA Engineering Consortium Agreement.

- F.4. McNeese State University's request for approval of a Cooperative Agreement with Ecole Superieure Libre des Sciences Commerciales Appliquees (ESLSCA) in Paris, France.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the request from McNeese State University for a Cooperative Agreement with Ecole Superieure Libre des Sciences Commerciales Appliquees (ESLSCA) in Paris, France.

- F.5. University of Louisiana System's new and revised Policies and Procedures Memoranda on (a) Program Discontinuance, and (b) Unclassified Employees Called to Active Duty in the Military. (copy of PPMs attached to minutes)

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby endorse the proposed Policies and Procedures Memoranda on (a) Program Discontinuance, and (b) Unclassified Employees Called to Active Duty in the Military.

G. Report of the Joint Athletic and Audit Committee

Mr. Shetler, Chair of the Athletic Committee, presented the Joint Athletic and Audit Committee report.

Upon motion of Mr. Sibille, seconded by Dr. Smith, the Board voted unanimously to amend its agenda to include one item of other business.

Upon motion of Mr. Shetler, the Board voted unanimously to accept the recommendations of the Joint Athletic and Audit Committee to approve the adoption of the following resolutions.

- G.1. University of Louisiana at Lafayette's request for approval of the employment contract and agreement for Mr. Glynn Cyprien, Head Men's Basketball Coach, effective May 19, 2004.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the employment contract and agreement for Mr. Glynn Cyprien, Head Men's Basketball Coach at University of Louisiana at Lafayette, effective May 19, 2004, and subject to appropriate staff and legal counsel review of all documentation.

- G.2. University of Louisiana at Monroe's request for approval of the revised employment contract and agreement for Mr. Charlie Weatherbie, Head Football Coach, effective July 1, 2004.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the revised contract and agreement for Mr. Charlie Weatherbie, Head Football Coach at the University of Louisiana at Monroe, effective July 1, 2004.

AND FURTHER, that ULS staff and legal counsel ensure that all documents conform to statutory and administrative requirements.

- G.3. University of Louisiana at Monroe's preliminary report on Intercollegiate Athletic Program.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby accept the preliminary report by Carr Sports Associates, Inc. on ULM's Intercollegiate Athletic Program.

BE IT FURTHER RESOLVED, that President James E. Cofer is encouraged to use the report as a resource in making decisions regarding the ULM Intercollegiate Athletic Program.

AND FURTHER, that ULM report to the Board every quarter regarding the status of the ULM Intercollegiate Athletic Program.

- G.4. University of Louisiana System's discussion of results of System Universities' Fiscal Year 2003-2004 Internal Audit Plans.

Mr. Richard Thompson, System Director of Internal Audit, presented the report. No official Board action was required.

- G.5. University of Louisiana System's request for approval of System Universities' Fiscal Year 2004-2005 Internal Audit Plans.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the System Universities' Fiscal Year 2004-2005 Internal Audit Plans.

- G.6. University of Louisiana System's discussion of internal audit reports submitted for the period April 15, 2004 through June 15, 2004.

Mr. Richard Thompson, System Director of Internal Audit, presented the report. No official action was required.

- G.7. Other Business – Grambling State University's request for approval to increase ticket prices for the 2004 Bayou Classic. (also in Finance Committee)

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve Grambling State University's request to increase ticket prices for the 2004 Bayou Classic.

H. Report of the Finance Committee

Mr. D. Wayne Parker, Vice Chair of the Finance Committee, presented the Committee report.

Upon motion of Mr. Shetler, seconded by Mr. Rhodes, the Finance Committee voted unanimously to amend its agenda to include two items of other business.

Upon motion of Mr. Parker, the Board voted unanimously to accept the recommendations of the Finance Committee to approve the adoption of the following resolutions.

- H.1. Louisiana Tech University's request for approval to refinance existing bonded debt and apply savings for repair and replacement to existing residential housing facilities and to plan for new student housing.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Louisiana Tech University's request for approval to refinance existing bonded debt and apply savings for repair and replacement to existing residential housing and to plan for new student housing.*

***AND FURTHER,** that ULS staff and legal counsel ensure that all documents conform to statutory and administrative requirements.*

- H.2. Nicholls State University's request for approval to enter into a cooperative endeavor agreement with South Louisiana Economic Council, Inc. to formalize the relationship.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Nicholls State University's request to enter into a cooperative endeavor agreement with South Louisiana Economic Council, Inc. to formalize the relationship.*

- H.3. Nicholls State University's request for approval of tuition waivers for public school teachers who are pursuing or have completed the National Board Certification Program.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Nicholls State University's request for tuition waivers, not to exceed a total of six (6) credit hours, for public school teachers who are pursuing or have completed the National Board Certification Program.*

- H.4. Northwestern State University's request for approval to enter into a lease agreement for bookstore operation.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Northwestern State University's request for approval to enter into a lease agreement for bookstore operation.*

***BE IT FURTHER RESOLVED,** that Dr. Randy Webb, President of Northwestern State University, is hereby designated and authorized to execute any and all documents necessary to execute said bookstore operation.*

AND FURTHER, that ULS staff and legal counsel ensure that all documents conform to statutory and administrative requirements.

- H.5. Acceptance of the Fiscal Year 2003-2004 Financial and Compliance Representation Letters: Grambling State University, Southeastern Louisiana University, University of Louisiana at Lafayette, and University of Louisiana at Monroe.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby accept the Financial and Compliance Representation Letters as submitted by Grambling State University, Southeastern Louisiana University, University of Louisiana at Lafayette, and University of Louisiana at Monroe.

- H.6. University of Louisiana System's consideration of 4% fee as authorized by HB 1062.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve an operational fee of 4% as authorized by HB 1062 and System universities may transfer these funds into internally restricted accounts.

- H.7. Other Business – Grambling State University's request for permission to increase ticket prices for the 2004 Bayou Classic. (also in Joint Athletic and Audit Committee)

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve Grambling State University's request to increase ticket prices for the 2004 Bayou Classic.

- H.8. Other Business – University of Louisiana System's request to authorize System staff to approve energy surcharge requests from System universities in accordance with Board of Regents' guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby authorize System staff to approve energy surcharge requests from System universities in accordance with Board of Regents' guidelines.

I. Report of the Facilities Planning Committee

Mr. Winfred Sibille, Chair of the Facilities Planning Committee, presented the Committee report.

Upon motion of Mr. Rhodes, seconded by Mr. Shetler, the Facilities Planning Committee voted unanimously to amend its agenda to include two items of other business.

After receiving staff recommendations and System university presentations, the Committee discussed the following items and took the following actions without objection.

- I.1. Louisiana Tech University's request for approval to purchase two small tracts of land on the south and north sides of the Kansas City Southern Railroad track for a proposed pedestrian bridge to be located near campus.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve Louisiana Tech University's request to purchase two small tracts of land on the south and north sides of the Kansas City Southern Railroad for a proposed pedestrian bridge to be located near campus.

BE IT FURTHER RESOLVED, that Dr. Daniel Reneau, President of Louisiana Tech University, is hereby designated and authorized to execute any and all documents necessary to execute said purchase of property.

AND FURTHER, that ULS staff and legal counsel ensure that all documents conform to statutory and administrative requirements.

- I.2. University of Louisiana at Lafayette's request for approval to enter into a lease with the Lafayette Economic Development Authority (LEDA) for seven acres of property in the Research Park for the purpose of constructing a technology immersion center.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve the University of Louisiana at Lafayette's request to enter into a lease with the Lafayette Economic Development Authority (LEDA) for seven acres of property in the Research Park for the purpose of constructing a technology immersion center.

BE IT FURTHER RESOLVED, that Dr. Sally Clausen, President of the University of Louisiana System, and/or Dr. Ray Authement, President of University of Louisiana at Lafayette, are hereby designated and authorized to execute any and all documents necessary to execute said lease.

AND FURTHER, that ULS staff and legal counsel ensure that all documents conform to statutory and administrative requirements.

- I.3. Other Business – Southeastern Louisiana University's request to amend the Board Resolution approved December 5, 2003 regarding the Southeastern Louisiana University Privatized Housing proposal.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System does hereby approve Southeastern Louisiana University's Privatized Housing Proposal from Capstone Development Corporation and also gives approval to enter into a Ground Lease Agreement and an Agreement to Lease with Option to Purchase with a non-profit corporation.

BE IT FURTHER RESOLVED, that Southeastern Louisiana University is specifically authorized to refund its current housing debt related to the University's Phase I and Phase II housing projects.

***BE IT FURTHER RESOLVED**, that Dr. Sally Clausen, President of the University of Louisiana System, and/or Dr. Randy Moffett, President of Southeastern Louisiana University, are hereby designated and authorized to execute any and all documents necessary to execute said lease agreements.*

***AND FURTHER**, that ULS staff and legal counsel ensure that all documents conform to statutory and administrative requirements.*

- I.4. Other Business – University of Louisiana at Monroe’s request to amend the Board Resolution approved January 9, 2004 regarding the University of Louisiana at Monroe Privatized Housing proposal.

***NOW, THEREFORE, BE IT RESOLVED**, that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Monroe’s Privatized Housing Proposal from JPI Campus Quarters and also gives approval to enter into a Ground Lease Agreement and an Agreement to Lease with Option to Purchase with a non-profit corporation.*

***BE IT FURTHER RESOLVED**, that University of Louisiana at Monroe is specifically authorized to refund its current housing debt.*

***BE IT FURTHER RESOLVED**, that Dr. Sally Clausen, President of the University of Louisiana System, and/or Dr. James E. Cofer, President of University of Louisiana at Monroe, are hereby designated and authorized to execute any and all documents necessary to execute said lease agreements.*

***AND FURTHER**, that ULS staff and legal counsel ensure that all documents conform to statutory and administrative requirements.*

J. Report of the Legislation Committee

Mr. Jimmy D. Long, Sr., Chair of the Legislation Committee, presented the Committee report.

The Chair stated that Mr. Dave Nicklas, System Vice President for Finance and Administration, provided the Committee with a general overview of the Appropriations Bill, HB1, and that Mr. Doug Lee, System Assistant Vice President for Facilities Planning, reported on the Capital Outlay Bill, HB2. Mr. Long stated Ms. Dawn Wilson, System Executive Associate to the President, then spoke to the Committee regarding the rest of the 2004 Regular Legislative Session. Mr. Long said that there was a great deal of discussion during the Committee and that Dr. Clausen also made comments regarding the Legislative Session.

K. Report of the Personnel Committee

Mr. David Wright, Chair of the Personnel Committee, presented the Committee report.

Upon motion of Mr. Wright, the Board voted unanimously to accept the recommendations of the Personnel Committee to approve the adoption of the following resolution.

- K.1. Louisiana Tech University's request for approval to appoint Dr. James D. Liberatos as Dean of the College of Applied and Natural Sciences effective July 1, 2004.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the request of Louisiana Tech University to appoint Dr. James D. Liberatos as Dean of the College of Applied and Natural Sciences at an annual salary of \$101,000 effective July 1, 2004.*

- K.2. Louisiana Tech University's request for approval to appoint Dr. Stan A. Napper as Dean of the College of Engineering and Science effective July 1, 2004.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the request of Louisiana Tech University to appoint Dr. Stan A. Napper as Dean of the College of Engineering and Science at an annual salary of \$125,000 effective July 1, 2004.*

- K.3. Nicholls State University's request for approval to appoint Dr. Badiollah Asrabadi as Interim Dean of the College of Arts and Sciences for a one-year appointment effective July 1, 2004.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the request of Nicholls State University to appoint Dr. Badiollah Asrabadi as Interim Dean of the College of Arts and Sciences for a one-year appointment at an annual salary of \$91,025 effective July 1, 2004.*

- K.4. Nicholls State University's request for approval to appoint Dr. Albert Davis as Interim Dean of the University College for a one-year appointment effective July 1, 2004.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the request of Nicholls State University to appoint Dr. Albert Davis as Interim Dean of University College for a one-year appointment at an annual salary of \$92,649 effective July 1, 2004.*

- K.5. Nicholls State University's request for approval to appoint Dr. Velma Sue Westbrook as Dean of the College of Nursing and Allied Health effective July 1, 2004.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the request of Nicholls State University to appoint Dr. Velma Sue Westbrook Dean of the College of Nursing and Allied Health at an annual salary of \$94,780 effective July 1, 2004.*

L. Report of System President's Business

Dr. Sally Clausen, System President, asked Reverend Chris Andrews, Chairman of the University of Louisiana System (ULS) Foundation, to give a brief report on the Foundation.

Reverend Andrews stated that he sees the ULS Foundation as a junior partner helping to advance the goals of the University of Louisiana System. He offered two examples of ways that the Foundation has been helping the System. Reverend Andrews informed the Board that Foundation money is partially funding the RU Ready Campaign. He also said that the Foundation was able to assist with travel expenses for the last two presidential searches, particularly when Board Members were required to be on hand for open forums at University of Louisiana at Monroe and Grambling State University and also to meet with the accreditation visiting team at GSU. Reverend Andrews stated that the Foundation does not have much money and that thus far Dr. Clausen has been the primary fundraiser. He said that, in the future, he hopes to have more resources upon which to draw for the enhancement of the System. To that end, he stated that there are plans to expand the board and increase across-the-board involvement in the Foundation.

L.1. Personnel Actions

Dr. Sally Clausen, System President, reported that staff reviewed the System personnel actions and summer school appointments and recommended them for Board approval as amended.

Upon motion of Mr. Shetler, seconded by Mr. Coudrain, the Board voted unanimously to approve the System personnel actions and summer school appointments as amended.

L.2. System President's Report

- Dr. Clausen thanked former student Board Member Jennifer Porter for her year of service to the Board.
- Mr. Jason Cole, System summer intern from the Nicholls' Women and Government Program, was introduced to the Board.
- Dr. Clausen introduced the newly elected SGA presidents from System campuses who were in attendance: Brett Bova, Southeastern Louisiana University; Mindy McConnell, Northwestern State University; Victor LaTroy Cato, University of Louisiana at Monroe; Damian Breaux, Nicholls State University; Michael Duff, McNeese State University; Katie Ortego, new ULS student Board Member from the University of Louisiana at Lafayette, and Kimberly Ludwig, Louisiana Tech University. Mr. Martin Lemelle, SGA President from Grambling State University, was absent.

- At the invitation of Dr. Clausen, Ms. Kimberly Ludwig made comments to the Board regarding her testimony on the 4% operational fee before the Senate Education Committee and the Revenue and Fiscal Committee during the 2004 Legislative Session on the 4% operational fee.
- Dr. Clausen invited Dr. Horace Judson to address the Board. Dr. Judson stated he was pleased and honored to appear before the Board and said he has been focusing on Grambling State University since being selected as President on March 26, 2004. He stated his enthusiasm has grown over the last few months as he discovered the strengths at the institution while meeting with faculty, staff, students, and alumni from across the nation. He said he is looking forward to formally start on July 1. Dr. Judson stated that initially his biggest challenge will be to put together an administrative team as quickly as possible. He stated there are many vacancies in the both vice presidency and dean positions.
- Upon the recommendation of Dr. Clausen and upon motion of Mr. Davidge, seconded by Mr. Bollinger, the Board voted unanimously to approve the adoption of the following resolution that was read into the record by Mr. Rhodes.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby allow Dr. Horace Judson, President of Grambling State University, to fill unclassified positions that he deems most critical, and waive, for a period of up to six (6) months, Board PPM FS-III.II.B-1a, which requires a national search for the position of dean or higher.*

***AND FURTHER,** Dr. Judson must ensure that all appropriate background checks are secured; that all appointees possess appropriate academic and administrative experience and ability; that the System staff be advised and consulted prior to the nominations for appointments; and that such appointments be subject to final approval by the Board.*

- Dr. Clausen asked Dr. Blanchard to explain his idea to support professional development and morale among System staff members.
- Dr. Blanchard stated System staff was invited to submit proposals for professional development, for System operations in our office, for projects that impact our respective campuses, etc. He outlined for the Board a few proposals in order to provide examples of how growth among System staff is promoted and encouraged. Dr. Blanchard stated there were fifteen proposals by System staff that are designed to strengthen the quality of work in the System office, with System campuses, and higher education in general. All will be funded for a cost of \$50,052.

- Dr. Clausen thanked Ms. Arlys Etienne for her dedicated service while employed in the System Office and wished her well in her new position at the Louisiana Department of Environmental Quality.
- Dr. Clausen also thanked and honored Dr. Carroll J. Falcon, System Senior Vice President and Chief Academic Officer, for his many years of exemplary service to the University of Louisiana System and the Board of Supervisors. Dr. Clausen congratulated Dr. Falcon and wished him farewell as he returns to Nicholls State University as Provost and Vice President for Academic Affairs.
- Dr. Clausen highlighted Supervisor Carl Shetler thanking him for eleven years of dedicated service to the Board and to the University of Louisiana System. Mr. Shetler was particularly commended for his excellent mediation and negotiation skills.
- Dr. Clausen thanked Dr. E. Joseph Savoie, Commissioner of Higher Education, and his entire staff, particularly Mr. Donnie Vandal, Dr. Jimmy Clarke, and Ms. Connie Koury, for their dedication and effectiveness in representing higher education during the 2004 Legislative Session.

M. Report of Board Chair's Business

M.1. Board Chairman's Report

- Mr. Woods highlighted some outstanding activities taking place on System university campuses:

Grambling State University has partnered with universities in Arkansas and Mississippi to enhance the quality of life for the Mississippi Delta. The Mid-South Leaders Program, funded with a \$1.2 million grant from The W. K. Kellogg Foundation, will offer classes, learning retreats, and study travel tours to leaders and potential leaders in the 55-county/parish area. The goal is to help residents help themselves through practical application of knowledge and resources that will not only improve their quality of life, but also that of future generations.

A Louisiana Tech University forestry class teamed up with the City of Ruston to use Global Positioning Systems (GPS) to map the city drainage systems. The drainage systems had not been updated since the 1940s and the new technology and manpower of the students helped the public works department towards completing this task. This project allows students to get hands-on job experience by using the knowledge learned in the classroom and at the same time improving the community.

Nicholls State University is the beneficiary of five area hospitals this summer who have joined together to fund an extra semester for nursing students. This allows the University to admit 50 percent more students this year to its Bachelor of Science in Nursing program, a program that is in great demand.

University of Louisiana at Lafayette's Manufacturing Extension Partnership of Louisiana is part of a national program that was heralded for its creativity and vision by Harvard University's John F. Kennedy's School of Government. The national program was one of fifteen finalists for Harvard's Innovations in American Government Award (the "Oscar" for government programs). The program, charged with stimulating manufacturing in individual states, offers small business support services, advice, and technical support and is funded in part by the University.

- Mr. Woods stated that the Board will vote on two Bylaw additions at the August 27, 2004 Board Meeting. If approved, System universities will find it simpler to respond as they prepare for the Commission on Colleges (COC) of SACS reaffirmation under the new *Principles of Accreditation* approved in December 2001. (*Bylaw additions attached to minutes*)
- Mr. Woods gave a brief overview of the June 2, 2004 meeting with Judge Engelhardt regarding the Desegregation Settlement Agreement. He stated the purpose of the meeting was to provide an update on Grambling State University following its successful reaffirmation of COC/SACS accreditation, its two consecutive unconditional fiscal audits, and the appointment of a new President. Mr. Woods stated that an update report on three selected items was requested by Mr. Marshall and is due July 30, 2004. He also stated that the next meeting with Judge Engelhardt is June 1, 2005.
- Mr. Woods asked for comments from Mr. Long, who attended the May Board of Regents meeting, and from Mr. Sibille, who attended the June Board of Regents meeting. Mr. Long and Mr. Sibille each reported on items affecting the UL System.
- Mr. Woods stated the tentative 2005 Board Meeting Schedule, which was handed out to Board Members, will be voted on for adoption at the August 27, 2004 Board Meeting. He mentioned that although the location for possibly two of the meetings might change, it was important that meeting dates for 2005 be finalized because of scheduling purposes.
- Board Members were informed that the next meeting of the Board of Supervisors will be on August 27, 2004 in Baton Rouge.
- Mr. Woods read a letter from Mr. Tom Williams of Noel-Levitz commending ULS "leadership and the full and enthusiastic participation of the ULS Staff in the ULS/BOR Leadership Development and Organization Excellence Workshop on June 4 and 5, 2004." Mr. Woods stated that "once again our System is taking the lead and doing something that no other system in the country is doing."

N. Other Business

There was no other business to come before the Board.

O. Adjournment

Upon motion of Dr. Smith, seconded by Mr. Coudrain, there being no further business, the Board adjourned at 12:45 p.m.

UNIVERSITY FACILITIES, INC.

GENERAL CERTIFICATE OF THE CORPORATION

Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds")



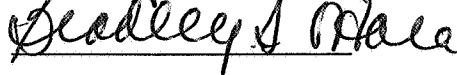
and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds")

and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bonds")

As of August 13, 2004

The undersigned, representing University Facilities, Inc. (the "Corporation"), hereby certifies as follows:

- 1. Attached hereto as Exhibit A is the certificate of good standing status of the Corporation in the State of Louisiana issued by the Secretary of State of the State of Louisiana.
2. Attached hereto as Exhibit B is a certified copy of the Articles of Incorporation of the Corporation, together with any amendments thereto, as in effect on the date hereof.
3. Attached hereto as Exhibit C is a true, correct and complete copy of the By-Laws of the Corporation, together with any amendments thereto, as in effect on the date hereof.
4. The persons named below are at the date hereof the duly elected, qualified and acting officers of the Corporation holding the offices indicated are designated for purposes of the above-referenced bond issue as "Authorized Corporation Representatives" and the corresponding signature is the genuine signature of the person named:

49	Name	Title	Signature
50	Phil K. Livingston	Vice President	
51	Stephen M. Smith	President	
52	Brad O'Hara, Ph. D.	Secretary	

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54 5. The following documents are collectively referred to as the "Corporation
55 Documents":

- 56 • The Articles of Incorporation, the Bylaws, and the minute
57 book of the Corporation.

- 58 • The Trust Indenture (the "Indenture") dated as of August 1,
59 2004, by and between the Louisiana Local Government
60 Environmental Facilities and Community Development
61 Authority (the "Authority") and The Bank of New York
62 Trust Company, N.A., as Trustee (in such capacity, the
63 "Trustee").

- 64 • The Ground and Buildings Lease Agreement (the "Ground
65 Lease") dated as of August 1, 2004, between the Board of
66 Supervisors for the University of Louisiana System (the
67 "Board"), on behalf of Southeastern Louisiana University
68 the "University") and the Corporation.

- 69 • The Agreement to Lease With Option to Purchase (the
70 "Facilities Lease") dated as of August 1, 2004, between the
71 Corporation and the Board.

- 72 • The Loan and Assignment Agreement (the "Loan
73 Agreement") dated as of August 1, 2004, by and between
74 the Authority and the Corporation.

- 75 • The Mortgage, Assignment of Leases and Security
76 Agreement (the "Mortgage") dated as of August 1, 2004,
77 by the Corporation in favor of the Trustee.

- 78 • The Assignment of Agreements and Documents (the
79 "Assignment of Agreements and Documents") dated as of
80 August 1, 2004, by the Corporation in favor of the Trustee.

- 81 • The Development Agreement (the "Development
82 Agreement") dated as of August 1, 2004, between the
83 Corporation and Capstone Development Corp.

- 84 • The Management Agreement (the "Management
85 Agreement") dated as of July 1, 2004, between the
86 Corporation, as agent for the Board, and Capstone On-
87 Campus Management,, LLC.

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- The Tax Regulatory Agreement and Arbitrage Certificate (the "Tax Agreement") dated as of August 13, 2004, by and among the Authority, the Corporation, the Board, and the Trustee.
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- The Bond Purchase Agreement (the "Bond Purchase Agreement") dated as of August 5, 2004 (2004A Bonds) and August 13, 2004 (2004B Bonds), among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the "Underwriter").
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- The indemnity letter (the "Corporation Indemnity Letter") dated as of August 5, 2004, 2004, from the Corporation to the Authority, the Underwriter, and MBIA Insurance Corporation.
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- The Official Statement (the "Official Statement") dated August 10, 2004, relating to the Series 2004 Bonds.
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- The UCC-1 Financing Statements to be filed under the Loan Agreement and under the Mortgage and the Assignment of Agreements and Documents (collectively, the "Corporation Financing Statements").
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6. Attached hereto as **Exhibit D** are copies of the resolutions of the Corporation dated March 16, 2004, and August 10, 2004, (the "Resolutions"). Said Resolutions are true, complete and correct copies of the Resolutions and each of such Resolutions remain in full force and effect without modification, alteration or amendment.
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7. Pursuant to the Bond Purchase Agreement among the Corporation, the Authority and the Underwriters named therein, I hereby certify that:
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- (a) (1) each of the representations and warranties of the Corporation contained in the Bond Purchase Agreement and in the Corporation Documents, is true, accurate and complete in every material respect and (2) the Corporation has complied with and performed its obligations under the Bond Purchase Agreement and under all of the Corporation Documents in every material respect;
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- (b) The Official Statement dated August 10, 2004 (the "Official Statement"), as of that date, is accurate in all material respects, and does not include any untrue statements of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

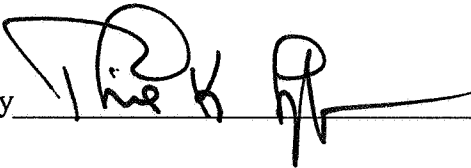
- 132 (c) Except as disclosed in the Official Statement, there is no
133 pending or, to the best of the knowledge of the Corporation,
134 threatened legal action against the Corporation, nor any
135 suit other proceeding, inquiry or investigation at law or in
136 equity, before or by any court, governmental agency,
137 authority, board, body or arbitrator, nor, to the best of the
138 knowledge of the Authority, is there any basis therefore,
139 wherein an unfavorable decision, ruling or finding would
140 materially adversely affect the validity or enforceability of
141 the Corporation Documents, the Official Statement or any
142 agreement or instrument to which the Corporation is a party
143 or by which it is bound, and which is used or contemplated
144 for use in the consummation of the transactions
145 contemplated therein and herein, or which would materially
146 adversely affect the transactions contemplated by the
147 foregoing, or which would adversely affect the exclusion
148 from gross income of the interest on the Bonds for federal
149 income tax purposes;
- 150 (d) (i) The Corporation is a private nonprofit corporation duly
151 incorporated, validly organized and existing and qualified
152 to do business and in good standing under the laws of the
153 State of Louisiana; (ii) it is organized under the Louisiana
154 Nonprofit Corporation Law (La. R.S. 12:201 et.seq) and
155 operated to support and benefit the educational, scientific,
156 research and public service missions of University
157 Facilities, Inc. (iii) it is not organized and operated for
158 pecuniary profit; and (iv) it is organized and operated such
159 that no part of its net earnings will inure to the benefit of
160 any person, private stockholder or individual;
- 161 (e) The Corporation has authorized all action necessary to be
162 taken for the execution, delivery and due performance by
163 Corporation under the Corporation Documents;
- 164 (f) The execution and delivery of the Corporation Documents
165 will not conflict with or constitute a breach of or default
166 under any existing law, court order or administrative
167 regulation, decree or order or any agreement, indenture,
168 mortgage or other instrument to which the Corporation is
169 subject or under which the Corporation or its properties is
170 or may be bound; and
- 171 (g) The execution and delivery of the Corporation Documents
172 will not conflict with or constitute a breach of or default
173 under its Articles of Incorporation or By-Laws.
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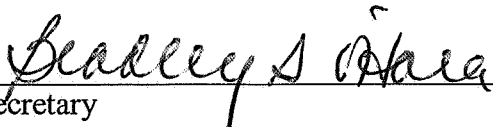
- 178 (h) Since the date of the Preliminary Official Statement, no
179 material and adverse change has occurred in the financial
180 position or results of operations of the Corporation;
- 181 (i) The Corporation has not, since the end of its most recent
182 fiscal year, incurred any material liabilities other than in the
183 ordinary course of business or as set forth in or contemplated
184 by the Official Statement;
- 185 (j) No event affecting the Corporation has occurred since the
186 date of the Official Statement that should be disclosed in the
187 Official Statement for the purpose for which it is to be used
188 or which is necessary to be disclosed therein in order to
189 make the statements and information therein in light of the
190 circumstances in which they are made not misleading as of
191 the Closing Date in any material respect;
- 192 (k) The representations and warranties included in this Bond
193 Purchase Agreement are true and correct in all material
194 respects as of the Closing Date, and all obligations to be
195 performed by the Corporation under this Bond Purchase
196 Agreement on or prior to the Closing Date have been
197 performed; and
- 198 (l) There has been no change or threatened change in the status
199 of the Corporation as a nonprofit corporation exempt from
200 federal income taxation under §501(a) of the Code or its
201 liability for federal income taxes for any tax year ended
202 before the Closing Date;

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204 IN WITNESS WHEREOF, the undersigned has hereunto set his signature as of the 13th
205 day of August, 2004.

206
207 UNIVERSITY FACILITIES, INC.

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211 By  _____
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215 Acknowledgment and Signature Identification:

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218 By:  _____
219 Secretary
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Exhibits:


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- Exhibit A:** Certificate of Good Standing of the Corporation in the State of Louisiana issued by the Secretary of State of the State of Louisiana.
- Exhibit B:** Certified copy of the Articles of Incorporation of the Corporation, together with any amendments thereto, as in effect on the date hereof.
- Exhibit C:** True, correct and complete copy of the By-Laws of the Corporation, together with any amendments thereto, as in effect on the date hereof.
- Exhibit D:** Copies of the resolutions of the Corporation dated March 16, 2004, August 10, 2004 (the "Resolutions").

End of Document

UNITED STATES OF AMERICA

State of Louisiana



Jox McKeithen
 SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that
UNIVERSITY FACILITIES, INC.

A LOUISIANA corporation domiciled at HAMMOND,

Filed charter and qualified to do business in this State on
 November 10, 1997,

I further certify that the records of this Office indicate
 the corporation has paid all fees due the Secretary of
 State, and so far as the Office of the Secretary of State is
 concerned is in good standing and is authorized to do
 business in this State as a Non-Profit Corporation.

*In testimony whereof, I have hereunto set
 my hand and caused the Seal of my Office
 to be affixed at the City of Baton Rouge on,*
 August 9, 2004


Jox McKeithen
 BME 34576750N

Secretary of State



UNITED STATES OF AMERICA

State of Louisiana



Jox McKeithen
 SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that
 the annexed and following is a True and Correct copy of the
 Articles of Incorporation, Amendments and 2003 Annual Report
 of

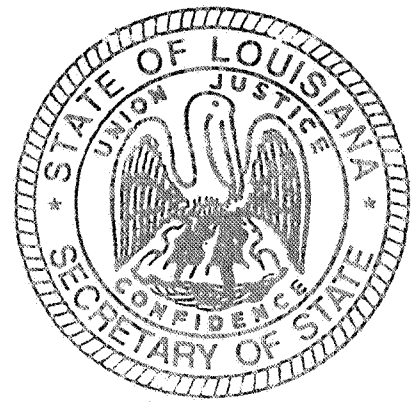
UNIVERSITY FACILITIES, INC.

A LOUISIANA corporation domiciled at HAMMOND,

As shown by comparison with documents filed and recorded in
 this Office.

*In testimony whereof, I have hereunto set
 my hand and caused the Seal of my Office
 to be affixed at the City of Baton Rouge on,
 August 9, 2004*

Jox McKeithen
 BME 34576750N



Secretary of State

**ARTICLES OF INCORPORATION OF
UNIVERSITY FACILITIES, INC.
A NONPROFIT CORPORATION**

**STATE OF LOUISIANA
PARISH OF TANGIPAHOA**

Before the undersigned Notary Public, duly commissioned and qualified, and in the presence of the undersigned competent witnesses, personally appeared:

Phil K. Livingston, a resident of the full age of majority of Tangipahoa Parish, Louisiana, with a mailing address of 1543 West Belleridge Drive, Hammond, Louisiana 70401;

who declared, in the presence of the undersigned notary public and in the presence of the undersigned competent witnesses, that, availing himself of the provisions of the Louisiana Nonprofit Corporation Law (Title 12, Chapter 2, Louisiana Revised Statutes 1950, as revised and codified by Acts 1968, No. 105, Legislature of Louisiana, and as thereafter amended), he does hereby organize a nonprofit corporation in pursuance of that law, under and in accordance with the following Articles of Incorporation:

ARTICLE 1

NAME

The name of this corporation is **UNIVERSITY FACILITIES, INC.**

ARTICLE 2

OBJECTS AND PURPOSES

The exclusive object and purpose for which this corporation is formed is to promote, assist and benefit the mission of Southeastern Louisiana University by engaging in any lawful activity in which a nonprofit corporation meeting the requirements of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("IRC" or "Code"), may engage, all in accordance with the directions received from its Board of Directors, specifically including, but not limited to, acquiring, constructing, developing, managing, leasing as lessor or lessee, mortgaging and/or conveying student housing and other facilities on the campus of Southeastern Louisiana University (the "University").

In carrying out this object and purpose, the corporation shall have and enjoy every power and authority granted by the Louisiana Nonprofit Corporation Law.

ARTICLE 3

DURATION

The duration of this corporation shall be in perpetuity, or such maximum period as may be authorized by the Louisiana Nonprofit Corporation Law.

ARTICLE 4

NONPROFIT CORPORATION

This corporation is a nonprofit corporation.

ARTICLE 5

REGISTERED OFFICE

The registered office of the corporation shall be located at:

8555 United Plaza Boulevard, 5th Floor
Baton Rouge, Louisiana 70809

ARTICLE 6

REGISTERED AGENT

The full name and address of the corporation's registered agent is:

Michael C. Herbert
8555 United Plaza Boulevard, 5th Floor
Baton Rouge, Louisiana 70809

ARTICLE 7
INCORPORATOR

The full name and address of the incorporator is:

Phil K. Livingston
1505 University Drive
Hammond, Louisiana 70401

ARTICLE 8
BOARD OF DIRECTORS

SECTION 1: Unless and until otherwise provided in the By-laws, all of the corporate powers of this corporation shall be vested in and all of the business and affairs of this corporation shall be managed by the Board of Directors.

SECTION 2: Subject to Article 8, Section 3 below which sets forth the initial Board of Directors, the number, qualifications, manner of election and removal from office, length of terms, meeting and voting procedures, powers and duties of the Board of Directors shall be prescribed in the By-laws of the corporation.

SECTION 3: The initial Board of Directors shall consist of three (3) members whose names, physical addresses and length of initial terms are as follows:

Name and Address	End of Term:
Phil K. Livingston 1505 University Drive Hammond, Louisiana 70401	6/30/2001
Stephen Smith 213 College Drive Hammond, Louisiana 70401	6/30/1999
Charles Redmond 1543 West Belleridge Drive Baton Rouge, Louisiana 70815	6/30/2000

ARTICLE 9

MEMBERSHIP

SECTION 1: This corporation is organized on a non-stock basis.

SECTION 2: The Board of Directors shall comprise the entire membership of the corporation.

ARTICLE 10

ASSETS OF THE CORPORATION

SECTION 1: All revenues collected by the corporation shall be used by it to carry out its objects and purposes.

SECTION 2: The corporation shall observe all local, state and federal laws which apply to nonprofit organizations meeting the requirements of IRC Section 501(c)(3). Upon the dissolution or final liquidation of the corporation, any assets and funds of the corporation which exceed its outstanding liabilities shall be transferred, paid, distributed and delivered to the University. In no event shall the directors, officers or members of this corporation receive any of the corporation's assets or funds upon its dissolution or final liquidation.

ARTICLE 11

CORPORATE ACTIVITIES

SECTION 1: No part of the net earnings or other funds of the corporation shall inure to the benefit of or be distributed to its directors, officers, or other persons, except that the corporation shall be authorized and empowered to pay reasonable expenses incurred for services actually rendered on its behalf and to make payments and distributions in furtherance of the objects and purposes of the corporation.

SECTION 2: No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, as amended or (c) by a nonprofit corporation under the laws of the State of Louisiana, as amended.

SECTION 3: All actions taken by the corporation shall implement the mission, objects and purposes of the corporation and conform with applicable laws and regulations providing tax exempt status.

ARTICLE 12

AMENDMENTS AND DISSOLUTION

SECTION 1: These Articles of Incorporation may be amended by a two-thirds (2/3) vote of the Board of Directors in accordance with the notice requirements set out in the By-laws of the corporation.

SECTION 2: Authorization of the voluntary dissolution or liquidation of the corporation shall be taken only by a two-thirds (2/3) vote of the Board of Directors of the corporation and as is otherwise provided in the By-laws of the corporation.

ARTICLE 13

CORPORATE LIABILITY AND INDEMNIFICATION

SECTION 1: No incorporator, director, officer, employee, member or agent of this corporation shall ever be held liable or responsible for the contracts, debts or defaults of the corporation, nor shall any mere informality in organization have the effect of rendering these Articles of Incorporation null or of exposing the incorporator, director, officer, employee, member or agent to any liability whatsoever.

SECTION 2: The corporation shall indemnify and hold harmless each incorporator, director, officer, employee, member or agent now or hereafter serving the corporation in accordance with the terms and conditions set forth in the By-laws of the corporation.

THUS DONE AND PASSED at Hammond, Louisiana, on the 10th day of November, 1997,
in the presence of the undersigned Notary Public and competent witnesses.

WITNESSES:

INCORPORATOR:

Joni W. Notaraine
Sandra Demaino

Phil K. Livingston
Phil K. Livingston

Michael C. Herbert
NOTARY PUBLIC

MICHAEL C. HERBERT, NOTARY PUBLIC
MY COMMISSION EXPIRES AT DEATH

**AFFIDAVIT OF ACCEPTANCE OF APPOINTMENT
BY DESIGNATED REGISTERED AGENT**

To the Corporation Department of the Secretary of State,
State of Louisiana

**STATE OF LOUISIANA
PARISH OF TANGIPAHOA**

On this 10th day of November, 1997, before me, a Notary Public in and for the State and Parish aforesaid, personally came and appeared Michael C. Herbert, who is to me known to be the person, and who, being duly sworn, acknowledged to me that he does hereby accept appointment as the registered agent of **University Facilities, Inc.**, a nonprofit corporation authorized to transact business in the State of Louisiana pursuant to the provisions of the Louisiana Nonprofit Corporation Law (Title 12, Chapter 2, Louisiana Revised Statutes 1950, as revised and codified by Acts 1968, No. 105, Legislature of Louisiana).



Michael C. Herbert

SWORN TO AND SUBSCRIBED before me, this 10th day of November, 1997.



NOTARY PUBLIC

**CERTIFICATE OF CORRECTION TO
ARTICLES OF INCORPORATION OF
UNIVERSITY FACILITIES, INC.**

**STATE OF LOUISIANA
PARISH OF TANGIPAHOA**

BEFORE ME, the undersigned Notary Public in and for the State of Louisiana, and in the presence of the undersigned competent witnesses, personally appeared the persons whose names are hereunto subscribed, who declared that:

A. University Facilities, Inc. (the "Corporation") is a non-profit corporation organized under the laws of the State of Louisiana by and under Articles of Incorporation dated November 10, 1997, which have been filed of record in the Office of the Louisiana Secretary of State on November 10, 1997.

B. Certain errors in the Articles of Incorporation have been discovered and therefore the Corporation desires to correct its Articles of Incorporation as set forth below.

C. In accordance with the provisions of the Louisiana Non-Profit Corporation Law (Title 12, Chapter 2, Louisiana Revised Statute 1950, as revised and codified by Act 1968, No. 105, Legislature of Louisiana, and as thereafter amended), the Corporation hereby corrects its Articles of Incorporation as follows:

D. In order to correct the address of the incorporator of the corporation shown in the appearance clause on the first page of the Articles of Incorporation, said appearance clause is hereby deleted in its entirety and in lieu thereof is placed the following:

"Phil K. Livingston, a resident of the full age of majority of Tangipahoa Parish, Louisiana, with a mailing address of 1505 University Drive, Hammond, Louisiana 70401"

E. In order to correct the name of the third member of the Board of Directors listed in Article 8, Section 3 of the Articles of Incorporation at the bottom of page 3, the information relating to said member is hereby deleted in its entirety and in lieu thereof is placed the following:

"Charles Redman
1543 West Belleridge Drive
Baton Rouge, Louisiana 70815"

G. In all other respects the Articles of Incorporation of the Corporation are correct.

THUS DONE AND PASSED at Hammond, Louisiana, on the 23rd day of December, 1997, in the presence of the undersigned Notary Public and competent witnesses:

WITNESSES:

David L. Knight

Stephen Smith
Stephen Smith, President and Chairperson

Charles J. Hugueny

Nick J. Bruno
Nick J. Bruno, Secretary and Executive Director

Paul M. Regis
Notary Public

AMENDMENT TO THE
ARTICLES OF INCORPORATION
UNIVERSITY FACILITIES, INC.

UNITED STATES OF AMERICA
STATE OF LOUISIANA
PARISH OF TANGIPAHOA

BE IT KNOWN, that on the 27th day of October, 1998,

BEFORE ME, the undersigned authority, a Notary Public, duly commissioned and qualified in and for the aforesaid Parish and State, and in the presence of the undersigned competent witnesses, personally came and appeared:

STEPHEN SMITH AND NICK J. BRUNO

President and Secretary of the Corporation, who declared unto me, Notary, that they are the persons authorized and directed by a resolution of a special meeting of the Members and Directors of the Corporation held on October 6, 1998, to execute this Amendment to the Articles of Incorporation and that at said meeting, a majority of the Corporation's Directors were present and both Directors present did vote in favor of the resolutions adopted at said meeting.

Appearer further declared that in accordance with the resolutions adopted at said meeting Article 2 of the Articles of Incorporation is hereby amended to include the following language after the last sentence, to-wit:

The Corporation shall also have the express authority to enter into consulting agreements and provide consulting services to third parties, for a fee, to the extent that the receipt of such fees do not affect the exempt status of the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Appearers further declared that in all other respects the Articles of Incorporation and all other amendments thereto shall remain in full force and effect.

THUS DONE AND SIGNED in multiple originals in my office in Hammond, Louisiana, on the day, month and year hereinabove first written, and in the presence of the undersigned

34706277

competent witnesses who hereunto sign their names with the said Appearer and me, Notary,
after due reading of the whole.

WITNESSES:

UNIVERSITY FACILITIES, INC.

Mary A. Costanza

BY:

Stephen Smith
STEPHEN SMITH, PRESIDENT

Carole J. Lupony

BY:

Nick J. Bruno
NICK J. BRUNO, SECRETARY

Patrick K. Ross
NOTARY PUBLIC

W. Fox McKeithen
Secretary of State



DOMESTIC CORPORATION
ANNUAL REPORT

For Period Ending
November 10, 2003



Mailing Address Only (INDICATE ANY CHANGES BELOW)

34576750 N
UNIVERSITY FACILITIES, INC.
C/O DR. NICK J. BRUNO
BOX 746, SLU
HAMMOND, LA 70402

131

(INDICATE ANY CHANGES BELOW)
Registered Office Address in Louisiana
(Do Not Use P.O. Box)
213 COLLEGE DR.
HAMMOND, LA 70401

Federal Tax ID Number

72-1417328

Our records indicate the following registered agents for the corporation. Indicate any changes or deletions below. All agents must have a Louisiana address. Do not use a P. O. Box. New registered agents require a notarized signature.

T. JAY SEALE, III
200 NORTH CATE ST./HAMMOND. LA 70401

SECRETARY OF STATE
2003 NOV 19 AM 9:25

I hereby accept the appointment of registered agent(s).

Sworn to and subscribed before me on

Our records indicate the following officers or directors for the corporation. Indicate any changes or deletions below. If space is needed for additional officers/directors, attach an addendum. Include addresses. Do not use a P.O. Box. Indicate all offices held by each individual listed.

PHIL K. LIVINGSTON DIR
1505 UNIVERSITY DRIVE/HAMMOND, LA 70401
STEPHEN SMITH DIR
213 COLLEGE DRIVE/HAMMOND, LA 70401
JOHN W. GAUTIER DIR
1301 N. GENERAL PERSHING/HAMMOND, LA 70401

SECRETARY OF STATE
2003 NOV 10 AM 9:28

	To be signed by an officer or director	Title	Phone	Date
SIGN →		PRESIDENT	985.514.2282	11-14-03

Enclose filing fee of \$ 5.00
Make remittance payable to Secretary of State
Do Not Send Cash
web site: www.sec.state.la.us

Return by: November 10, 2003

DO NOT STAPLE

Commercial Division
P.O. Box 94125
Baton Rouge, LA 70804-9125
Phone (225) 925-4704

CHECK IF NO CHANGE

()

100903

UNSIGNED REPORTS WILL BE RETURNED

CK # 1280

Restated to include Amendments of:

October 26, 1998

June 21, 2000

August 10, 2004

BY-LAWS
OF
UNIVERSITY FACILITIES, INC.

PREAMBLE

University Facilities, Inc. (the "Corporation"), by its Board of Directors (collectively "Board"), does hereby adopt the following By-laws ("By-laws"):

ARTICLE I

GENERAL

SECTION 1: Name. This organization is a nonprofit corporation under the laws of the State of Louisiana, and shall be known as "University Facilities, Inc."

SECTION 2: Principal Office. The principal office of the Corporation shall be located at 213 College Drive, Hammond, Louisiana 70401. The registered office of the Corporation shall be located at 8555 United Plaza Boulevard, 5th Floor, Baton Rouge, Louisiana 70809. The Corporation may change the principal and/or registered office or have such additional offices as the Board, may, from time to time, determine to be in the best interest of the Corporation.

SECTION 3: Mission and Objectives.

(A) **Mission Statement.** The mission of the Corporation ("Mission") shall be to promote, assist and benefit the educational, scientific, research and public service mission of Southeastern Louisiana University (the "University").

(B) **Corporate Objectives.** The implementation of the Mission shall include the following, non-exclusive objectives (collectively "Corporate Objectives"):

1. To acquire, construct, develop, manage, lease as lessor or lessee, mortgage and/or convey student housing and other facilities on the campus of the University.

2. To provide financial assistance to the University and its students and to aid and facilitate the carrying on by the University of its mission.

3. To engage in any other lawful activity deemed by the Corporation necessary or advisable in order to support and assist the University in carrying out its mission and objectives.

4. The Corporation shall also have the express authority to enter into consulting agreements and provide consulting services to third parties, for a fee, to the extent that the receipt of such fees do not affect the exempt status of the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

SECTION 4: Limitation of Authority. The Corporation and its activities shall be nonpartisan, nonsectional and nonsectarian, It shall observe all local, state and federal laws which apply to nonprofit organizations as defined in Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended (“IRC”), or any subsequent provisions. No part of the Corporation’s net earnings shall inure to the benefit of any Member or other person. The Corporation is not organized for profit and shall not engage in any activity ordinarily carried on for profit that is not in furtherance of its exempt purpose.

ARTICLE II

MEMBERSHIP

SECTION 1: Non-Stock Membership. The Corporation is organized on a membership and not a stock basis.

SECTION 2: Eligibility. The Board shall constitute the entire membership of the Corporation.

ARTICLE III

SELECTION OF BOARD

SECTION 1: Function. The complete direction and management of the affairs of the Corporation and the control and disposition of its properties and funds shall be vested in the Board. The duties of the Board shall include, but shall not be limited to, establishing policies and making decisions for the Corporation, electing subsequent members of the Board of Directors (the “Directors”) and electing officers.

SECTION 2: Number. The number of Directors shall consist of either (3) or five (5) individuals, as determined from time to time by the Board.

SECTION 3: Composition. Every seat on the Board to be filled because of the expiration of the term of a Director shall be filled by the majority vote of the remaining Directors whose seats are not being filled as set forth herein. If there are three Directors, one of the seats on the Board (the “**University Seat**”) shall be filled by persons nominated by the President of the University and the remaining two seats on the Board (the “**At Large Seats**”) shall be filled by persons nominated by the remaining Director whose At Large Seat is not being filled. If there are five Directors, there shall be two University Seats filled by persons nominated by the President of the University and the remaining three seats shall be At Large Seats filled by persons nominated by the remaining Directors whose At Large Seats are not being filled. The procedure for the nomination and election of Directors shall be in accordance with Section 6 of this Article.

SECTION 4: Terms.

(A) **Three-Year Terms.** The Directors shall serve three (3) year terms.

(B) **The Term for University Seats.** Directors holding university seats shall serve for the term for which they are elected as determined according to these By-Laws; provided, however, that they shall vacate their seats on the Board in the event that they are no longer employed by the university. Such vacancy shall be filled in accordance with Section 8 below.

SECTION 5: Staggered Terms.

(A) Directors shall serve on a staggered term basis, with one new Director to be elected each year.

SECTION 6: Director Nominations.

(A) **Procedure.** The President of the University shall nominate one or more candidates to fill each of the University Seats to be filled. Any Director whose At Large Seat is not being filled shall have the right to nominate one or more candidates to fill each of the At Large Seats to be filled.

(B) **Delivery of Nominations; Election of Directors.** At the annual meeting of the Corporation, all nominations shall be delivered to and voted upon by each of the Directors whose seats are not being filled (both those holding University Seats and those holding At Large Seats), and the remaining Directors shall by majority vote elect a Director to fill the Board seat from the nominees selected in accordance with Section 6(A) above, with the candidate receiving the greatest number of votes elected to the Board.

SECTION 7: Seating of New Directors and Officers. All new Directors shall serve effective the date of their election and be seated at such meeting. New Officers shall also commence their term effective as of such meeting.

SECTION 8: Vacancies. Vacancies among the Directors other than at the expiration of their term may be filled using the same procedure as for vacancies arising due to the expiration of the term of a Director, depending on which type of seat such Director held. Persons nominated in such manner to fill such a vacancy shall be elected by a majority vote of the Board for the unexpired term of the vacant directorship and shall serve effective as of the date of their election.

SECTION 9: Removal. Any Director may be removed at any time, with or without cause by a vote of two-thirds (2/3rds) of the Board.

SECTION 10: Resignation. Any Director may resign at any time by giving written notice to the Chairperson or Secretary. The resignation of any Director shall take effect at the time specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE IV

MEETINGS OF THE BOARD

SECTION 1: Voting. All Directors shall have an equal vote.

SECTION 2: Quorum. A quorum for a meeting of the Board shall consist of a majority of the Directors. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

SECTION 3: Annual Meeting. The annual meeting of the Board shall be held in each year during the period beginning one hundred twenty days prior to the close of the fiscal year, Notice of the time and place of the annual meeting of the Board shall be given to each Director at least seven (7) but not more than thirty (30) days before the date set for such meeting.

SECTION 4: Regular Meetings. Regular meetings of the Board shall be held at the principal office of the Corporation at such places and at such times as the Board may from time to time determine by resolution. Once established in writing by resolution, no notice of regular meetings of the Board need be given.

SECTION 5: Special Meetings. Special meetings of the Board shall be held whenever called by the Chairperson or by a majority of the Directors. Notice of each special meeting of the Board shall be given to each Director at least two (2) days before the day on which the special meeting is to be held. Every such notice shall state the time and place of the meeting and the purpose thereof. The business transacted at such special meeting shall be confined to the purposes stated in the notice.

SECTION 6: Place of Meeting. Except as otherwise provided, the Board may hold its meetings at such places within or without the State of Louisiana as shall be specified or fixed in the respective notice or waivers of notice thereof.

SECTION 7: Telephonic Meetings. Meetings of the Board may be held by means of telephone conference calls or similar communication provided all persons participating in the meeting can hear and communicate with each other. Participation in a Board meeting by such means of communication constitutes presence in person at the meeting except as to a person who participates in the meeting for the express purpose of objecting to the transacting of any business on the grounds that the meeting is not lawfully called or convened.

SECTION 8: Consent of Directors. Any action required by law to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the actions so taken, is signed by all of the Directors.

ARTICLE V

EXECUTIVE DIRECTOR

SECTION 1: Executive Director. The Corporation shall obtain the services of an Executive Director experienced in matters pertaining to university facilities.

SECTION 2: Election of Executive Director. The Executive Director shall be elected by the Board from among one or more candidates nominated for the post by the President of the University. The Executive Director may only be removed by the Board for cause. Upon the resignation or removal for cause of the Executive Director, a successor Executive Director shall be elected in the manner set forth in this Section 2.

SECTION 3: Duties and Responsibilities. The Executive Director shall consult with and advise the Board regarding its activities pertaining to the Corporation's construction, ownership, lease, operation and/or maintenance of any facilities of the Corporation on the campus of the University. In addition, the Executive Director shall conduct the official correspondence of the Corporation, preserve all of its books, documents, and communications and keep its books of account. It shall be the duty of the Executive Director to submit a financial statement and written report of the year's work at the close of each fiscal year.

SECTION 4: Reporting. The Executive Director shall report to the Board. The Executive Director shall not be a member of the Board of Directors.

SECTION 5: Compensation. The Executive Director shall not be compensated by the Corporation. In the event that the Executive Director is an employee of the University, the Corporation shall reimburse the University, either directly or through in-kind services, for the value of the services rendered by the Executive Director to the Corporation.

ARTICLE VI

OFFICERS

SECTION 1: Officers. The Officers shall be a Chairperson, a Vice Chairperson, a Secretary, a Treasurer, an Executive Director; and such assistants and subordinate officers as the Board shall deem necessary. Each of the foregoing officers, except the Executive Director, are collectively referred to as the "Elected Officers". The offices of Secretary and Treasurer may be combined if the Board so elects. The Chairperson shall also serve as and have the title of President of the Corporation.

All Elected Officers shall be elected by the Board from among the Directors at the time of their election, except for the Secretary and Treasurer. The Executive Director may be elected as the Secretary and/or Treasurer of the Corporation.

SECTION 2: Nominations. Each Director shall have the right to nominate one candidate for each Elected Officer post to be filled.

SECTION 3: Election of Officers. The Elected Officers shall be elected by a majority vote of the Directors at the annual meeting of the Board.

SECTION 4: Vacancies. Whenever any vacancies shall occur in any of the Offices of the Corporation, such office shall be filled by the Board, and any officer so designated shall hold office for the remainder of the unexpired term of office.

SECTION 5: Term of Office.

(A) **Term.** The term of office of each of the Elected Officers shall be for a period of one (1) year, or until their successors have been duly elected and qualified.

(B) **Removal.** Any Elected Officer may be removed from office at any time with or without cause by a majority vote of the Board,

(C) **Seating of Officers.** New officers shall take office at the close of the meeting at which they are elected.

SECTION 6: Chairperson of the Board. The Chairperson shall be the elected head of the Corporation and preside at all meetings of the Board, and shall perform all other duties incidental thereto. The Chairperson shall conduct the official correspondence of the Corporation, preserve all of its books, documents, and communications, keep its books of account, and maintain an accurate record of all of the proceedings of all committees. It shall be the duty of the Chairperson to submit a financial statement and written report of the year's work at the close of each fiscal year. The Chairperson shall serve as the chief spokesperson of the Corporation. The Chairperson shall, subject to the approval of the Directors, appoint all committees and committee chairpersons. The Chairperson shall be an ex-officio member of all committees.

SECTION 7: Vice Chairperson of the Board. In the event of the absence, disability, or termination of service for any reason of the Chairperson, the Vice Chairperson shall act in the Chairperson's stead with the same authority, duties, and responsibilities as the Chairperson.

SECTION 8: Secretary. The Secretary shall keep the minutes of the meetings of the Board. These minutes shall be kept in appropriate books. The Secretary shall attend to the giving of all notices on behalf of the Corporation and shall have charge of all of the books and records of the Corporation and the Secretary shall perform all other duties incidental to the Secretary's office. The Board may appoint an Assistant Secretary to aid the Secretary in the performance of the Secretary's duties.

SECTION 9: Treasurer. The Treasurer shall submit a report of the accounts and financial condition of the Corporation at any meeting of the Board as may be required by the Board. The Treasurer shall assist in the keeping of any records in accordance with these functions. The Treasurer and the Chairman or either of them, shall, subject to restrictions by the Board, direct the disbursement of all monies and assets of the Corporation. The Board may, if it so desires, appoint an Assistant Treasurer to aid the Treasurer in the performance of the Treasurer's duties.

SECTION 10: Delegation of Duties and Authority. In the case of the absence of any Elected Officer, or for any other reason that the Board may deem sufficient as to any Elected Officer, the Board may delegate, for the time being, the powers of duties, or any of them, of such Elected Officer to any other Officers, to legal counsel for the Corporation, or to any Director.

ARTICLE VII

COMMITTEES

SECTION 1: Appointment. The Chairperson shall appoint all committee members and the chairperson of each committee subject to the confirmation of the Board. The Chairperson may appoint as advisory members of any committee persons essential to the activity because of the nature of their work, interest or position.

Committees may be standing committees and/or ad hoc committees.

SECTION 2: Committee Functions. The Board shall establish the function and objectives of all committees. It shall be the function of each committee, within the limits of policy set by the Board, to make investigations, to conduct studies and hearings, to make recommendations to the Board concerning their assignments, and to carry on such activities as may be delegated to them by the Board.

SECTION 3: Limitation of Authority. No committee shall take or make public any formal action, or make public any resolution, or in any way commit the Corporation on a question of policy without first receiving the approval of the Board.

SECTION 4: Composition. All committees shall be chaired by a Director, and committee members may be drawn from the general public as desired by the Chairperson and as otherwise provided in these By-laws. Each committee may have a vice chairperson and a secretary.

The Chairperson shall each serve as ex-officio members of all committees.

SECTION 5: Ratification. Any and all acts of any and all committees must be ratified by the Board.

SECTION 6: Notice of Meetings. Written notice of the time and place for the meeting, accompanied by the agenda of items to be considered, shall be sent to each member of the committee at least seven (7) days prior to the meeting, except in the case of emergency meetings which may be called by the Chairperson at the Chairperson's discretion.

SECTION 7: Quorum. A simple majority of any committee shall constitute a quorum of that committee. Any act of the majority of a committee at which a quorum is present shall constitute an act of that committee.

ARTICLE VIII

FINANCES

SECTION 1: Corporation Funds. All money received by the Corporation will be placed in a general operating fund(s).

SECTION 2: Fiscal Year. The fiscal year of the Corporation shall begin on the first day of July and shall end on the 30th day of June.

SECTION 3: Annual Audit. An independent financial audit of the Corporation's revenues and expenditures shall be performed annually by a certified public accountant(s) licensed by the State of Louisiana and completed within sixty (60) days after the close of each fiscal year. A copy of such annual audit shall be furnished to the Legislative Auditor.

SECTION 4: Bonding. The Treasurer and all Officers and employees designated by the Board to handle money must be bonded in such amount as the Board shall deem necessary and the cost thereof shall be paid by the Corporation.

ARTICLE IX

PARLIAMENTARY PROCEDURE

The proceedings of the Corporation meetings shall be governed by and conducted according to the latest edition of Robert's Rules of Order.

ARTICLE X

NOTICE

SECTION 1: Written Notice. Whenever the provisions of a statute or the Articles of Incorporation, or any of these By-laws require or permit notice to be given to any Director or Officer, it shall not be construed to require personal notice, but any such notice may be given in writing by depositing the same in a post office or letter box in a prepaid, sealed wrapper, or by facsimile transmission by telephone (“**Fax**”), in either case addressed to such Director or Officer at his address as such address appears on the books of the Corporation. The time when the notice shall have been so mailed or delivered by Fax shall be deemed the time of the giving of such notice.

SECTION 2: Waivers. Any Director or Officer may waive, in writing or by Fax, any notice required or permitted to be given under any provisions of any statute or of the Articles of Incorporation or of these By-laws, either before, at, or after the meeting or other event of which notice is so provided. All Directors or Officers present at any meeting shall be deemed to have waived any and all notice thereof.

ARTICLE XI

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Corporation shall indemnify and hold harmless any person who was or is party or is threatened to be made party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Corporation) by reason of the fact that the person is or was:

- a) A Director, Officer, employee, incorporator or agent of the Corporation; and/or,
- b) Serving at the request of the Corporation as a Director, Officer, employee, incorporator or agent of another business, foreign or nonprofit corporation, partnership, joint venture or other enterprise,

(collectively “**Protected Group**”) against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action,

suit, or proceeding if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that their conduct was unlawful; provided that in case of actions by or in the right of the Corporation, the indemnity shall be limited to expenses (including attorneys' fees and amounts paid in settlement not exceeding, in the judgment of the Board, the estimated expense of litigating the action to conclusion) actually and reasonably incurred in connection with the defense or settlement of such action.

No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of their duty to the Corporation unless and only to the extent that the court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, they are fairly and reasonably entitled to indemnity for such expense which the court shall deem proper.

The termination of any action, suit or proceeding by judgment, order settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which they reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that their conduct was unlawful.

To the extent that a member of the Protected Group has been successful on the merits or otherwise in defense of any such action, suit or proceeding, or in defense of any claim, issue or matter therein, they shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by them in connection therewith.

This indemnification (unless ordered by the court) shall be made by the Corporation only as authorized in a specific case upon a determination that the applicable standard of conduct has been met. Such determination shall be made by (a) the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable or a quorum of disinterested Directors so directs, by independent legal counsel.

The expenses incurred in defending such an action, suit or proceeding shall be paid by the Corporation in advance of the final disposition thereof if authorized by the Board in the manner provided above, upon receipt of an undertaking by or on behalf of the member of the Protected Group to repay such amount unless it shall ultimately be determined that they are entitled to be indemnified by the Corporation as authorized hereunder.

The foregoing indemnification shall not be exclusive of other rights to which any member of the Protected Group may be entitled as a matter of law, and shall inure to the benefit of any member of the Protected Group's heirs and legal representatives.

The Corporation may procure insurance on behalf of any member of the Protected Group against any liability asserted against or incurred by the person in any such capacity, or arising out

the person's status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the laws of the State of Louisiana.

ARTICLE XII

SEAL

SECTION 1: Corporation Seal. The Corporation may use a seal of such design as may be adopted by the Board.

SECTION 2: Necessity of Seal. Failure to affix the seal shall not affect the validity of any instrument.

ARTICLE XIII

AMENDMENTS

These By-laws may be altered or amended or repealed by the affirmative vote of two-thirds (2/3rds) of the Board at any regular meeting or at any special meeting of the Board called for that purpose; provided, however, that no change of the time or place of the election of Directors shall be made within fifty (50) days preceding the day on which such election is to be held, and that in the case of any change of such time or place, notice thereof shall be given to each Director at least twenty (20) days before the election is held.

ARTICLE XIV

DISSOLUTION


SECTION 1: Procedure. The Corporation shall use its funds only to accomplish the Mission and Corporate Objectives, and no part of the funds shall inure, or be distributed to any Director, Officer or other person. On dissolution of the Corporation, any funds remaining shall be distributed to the University.

ARTICLE XV

GENERAL LAWS OF LOUISIANA

SECTION 1: General Laws. Any matters not heretofore covered by these By-laws or the Articles of Incorporation shall be governed by the provisions of the laws of the State of Louisiana.

I certify that the foregoing Restated By-laws were adopted by the members of the Board of Directors of the Corporation on the 12th day of December, 1997, and amended on October 26, 1998; June 21, 2000; and August 10, 2004.


Dr. Brad O'Hara, Secretary


UNIVERSITY FACILITIES, INC.
BOARD MEETING
Tuesday, March 16, 2004
3:00 p.m.

AGENDA

-
- 1. Approval of Minutes from last meeting on December 19, 2003 PHIL
JACK
 - 2. Recommendation of Auditor (^{URBAN}Dennis & James) PHIL
JACK
 - 3. Selection of a Trustee STEVE
PHIL
 - 4. Approval of financing option of new housing facilities on campus through UFI. JACK
PHIL

M:\MyFiles\SMITH\UF\UF\BoardAgenda04.doc

A True Copy



T. Jay Seale, III; Notary Public
200 N. Cate St., Hammond, LA 70401
State of Louisiana, Bar roll# 11901
My commission expires at death

MEETING OF THE BOARD OF DIRECTORS AND MEMBERS

OF UNIVERSITY FACILITIES, INC.

HELD ON THE 16TH DAY OF MARCH, 2004

A meeting of the Board of Directors and members of University Facilities, Inc. ("Corporation") was held in Room 155 of Luther Dyson Hall, on the Southeastern Louisiana University Campus, on the above-mentioned date.

Present: Board members: Mr. Phil Livingston, Mr. Stephen Smith, Mr. Jack Gautier, and Executive Director Dr. Bard O'Hara

Mr. Stephen Smith, President, called the meeting to order at 3:00 p.m.

1. The Board of Directors reviewed the minutes from the December 19, 2003 meeting.

Upon motion duly made by Mr. Livingston, seconded by Mr. Gautier, and carried, it was unanimously:

RESOLVED that the minutes be accepted as prepared.

2. Recommendation of External Auditor (Durnin & James). Mr. Stephen Smith recommended to the Board that the Corporation contract with Durnin & James, CPA, to conduct the audit for the fiscal year ending June 30, 2004. Upon a motion duly made by Mr. Livingston, seconded by Mr. Gautier, and carried, it was unanimously:

RESOLVED that Durnin & James, CPA, be retained to conduct the audit for the fiscal year ending June 30, 2004.

3. Selection of a Trustee.

In anticipation of item #4 being approved, and based upon the recommendation of Toby Cortez of Sisung Securities, that University Facilities, Inc. select The Bank of New York to act as its Trustee on the upcoming financial housing transaction. Upon a motion duly made by Mr. Stephen Smith, seconded by Mr. Livingston, and carried, it was unanimously:

RESOLVED to select The Bank of New York to act as trustee for the Corporation as it relates to the issue of an amount not to exceed \$85,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Series 2004). On behalf of Southeastern Louisiana University Student Housing/University Facilities, Inc.

4. Approval of Financing Options to assist Southeastern Louisiana University in the construction and/or renovation of its student housing on campus, in an amount not to exceed \$85,000,000. On a motion made by Mr. Jack Gautier, seconded by Mr. Phil Livingston, the following resolution passed unanimously:

BE IT RESOLVED that participation by the Corporation in the issuance of not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004 (the "Bonds") and the loan by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") to the Corporation of the proceeds thereof pursuant to the Loan and Assignment Agreement (the "Loan Agreement") by and between the Issuer and the Corporation for the purpose of (i) paying the amount owed pursuant to a Loan Agreement dated June 1, 2000 as part of the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000, if necessary; (ii) demolishing certain existing facilities and renovating, developing and constructing student housing and related facilities (the "Project") at Southeastern Louisiana University (the "University"), (iii) funding a deposit to the Debt Service Reserve Fund, (iv) paying capitalized interest on the Bonds, and (v) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds is hereby approved; and

BE IT FURTHER RESOLVED that the Corporation is authorized to enter into, execute and deliver, (i) the Ground and Buildings Lease Agreement (the "Ground Lease"), by and between the Board, as lessor, and the Corporation, as lessee, pursuant to which the Board will lease to the Corporation certain land on which will be constructed the Project, (ii) an Agreement to Lease with Option to Purchase (the "Facilities Lease") by and between the Corporation, as lessor, and the Board, as lessee, pursuant to which the Corporation is leasing back to the Board the completed Project, which Project will be financed by the issuance of the Bonds, and (iii) the Loan Agreement whereby the Corporation assigns its interest in the Lease and Base Rents (as defined therein) derived from the Facilities Lease to the Issuer, are hereby approved substantially in the forms attached hereto respectively and filed in the official minutes of the Corporation, with such changes as shall be approved by bond counsel to the Issuer and counsel to the Corporation; and

BE IT FURTHER RESOLVED that in connection with the issuance of the Bonds and the execution of the Loan Agreement, the Ground Lease and the Facilities Lease, officers of the Corporation are further authorized to enter into, execute and deliver the same on behalf of the Corporation and to execute a Bond Purchase Agreement, a Mortgage, a Tax Regulatory Agreement and Arbitrage Certificate, a Continuing Disclosure Certificate, and all other documents of any nature whatsoever that an authorized officer of the Corporation may deem necessary or desirable in connection with the issuance of the Bonds or the execution of the Ground Lease and the Facilities Lease on behalf of the Corporation in such form and substance as deemed appropriate by such officers; and

BE IT FURTHER RESOLVED that the proposal of Capstone Development is hereby approved and the officers of the Corporation are authorized to enter into, execute and deliver the Development Agreement with Capstone Development regarding the development and construction of the Project and the Management Contract with Capstone Management for management of the Project; and

BE IT FURTHER RESOLVED that the proposal of The Bank of New York is hereby accepted to serve as trustee for the Bonds.

BE IT FURTHER RESOLVED that all actions taken or performed by the Corporation, or any of its officers, employees, attorneys, or agents prior to the date hereof, in connection with the Bonds and the transactions contemplated hereby be, and they hereby are, approved, ratified and confirmed in all respects; and

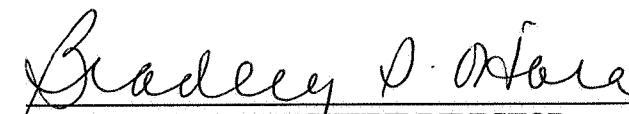
BE IT FURTHER RESOLVED that the Officers of the Corporation be, and they hereby are, authorized to execute and deliver any and all instruments, perform any and all acts, approve any and all matters, and do any and all things deemed by them necessary or desirable in order to carry out the purpose of the foregoing Resolutions; and

5. There being no further business to be transacted, on motion duly made by Mr. Livingston, and seconded by Mr. Gautier, the meeting was adjourned.



STEPHEN SMITH, PRESIDENT & CHAIRMAN

The undersigned Secretary/Executive Director to the Corporation, certifies that the above and foregoing are a true and correct Minutes of the Meeting of the Members and Directors held on December 19, 2003, at which all Directors and Members, have waived notice, consented to the action taken therein.



BRAD O'HARA, EXECUTIVE DIRECTOR

WAIVER OF NOTICE OF MEETING

In accordance with the By-Laws, Article X, Section 2, the following Officers and Directors hereby waive the notice required under the provisions of any state or under any Articles of Incorporation of these By-Laws in connection with a special meeting of the Board of Directors of the Corporation on this 9th day of August, 2004.

UNIVERSITY FACILITIES, INC.

BY: 
STEPHEN SMITH

BY: 
PHIL LIVINGSTON

BY: 
JACK GAUTIER

BY: 
BRAD O'HARA

A True Copy



**T. Jay Seale, III; Notary Public
200 N. Cate St., Hammond, LA 70401
State of Louisiana, Bar roll# 11901
My commission expires at death**

**MEETING OF THE BOARD OF DIRECTORS AND MEMBERS
OF UNIVERSITY FACILITIES, INC.**

HELD ON THE 10th DAY OF AUGUST, 2004

11

A meeting of the Board of Directors and Members of University Facilities, Inc., ("Corporation") was held in Room 157 of Luther Dyson Hall, on the Southeastern Louisiana University Campus, on the above-mentioned date.

Present: Board Members: Mr. Phil Livingston, Mr. Stephen Smith, Mr. Jack Gautier, and Executive Director, Dr. Brad O'Hara.

Mr. Stephen Smith, President, called the meeting to order at 3:45 p.m.

- 1.) **Clarifying Minutes:** The review of the Minutes of the March 16, 2004, Meeting (specifically including the resolution adopted concerning finance options to assist Southeastern Louisiana University in the construction and/or renovation of student housing on campus) revealed that one of the several legal entities referred to in such resolution is identified only as "the Board". In interest of completeness and to clarify that entity, Mr. Livingston made a motion, seconded by Mr. Gautier, to adopt the following resolution, said resolution was passed unanimously:

RESOLVED, that the Resolution adopted by the Corporation in the March 16, 2004, Meeting be amended by replacing the second paragraph of said Resolution on Page 2 of the Minutes with the following:

BE IT FURTHER RESOLVED, that the Corporation is authorized to enter into, execute and deliver, (i) the Ground Building Lease Agreement (the "Ground Lease"), by and between the Board (Board of Supervisors of the University of Louisiana System) as Lessor and the Corporation, as Lessee, pursuant to which the Board will lease to the Corporation certain land on which will be constructed the Project, (ii) an Agreement to Lease with Option to Purchase (the "Facilities Lease") by and between the Corporation, as Lessor, and the Board, as Lessee, pursuant to which the Corporation is leasing back to the Board the completed Project, which Project will be financed by the issuance of the Bonds, and (iii) the Loan Agreement whereby the Corporation assigns its interest in the Lease and Base Rents (as defined therein) derived from the Facilities Lease to the Issuer, are hereby approved substantially in the forms attached hereto respectively and filed in the official minutes of the Corporation, with such changes as shall be approved by bond counsel to the Issuer and counsel to the Corporation.

BE IT FURTHER RESOLVED, that Phil K. Livingston is authorized to execute all documentation on behalf of the Corporation in furtherance of the purposes of this Resolution.

- 2.) **Board Member Term:** A review of the corporate documents reveal that Stephen Smith's term as a Board Member has expired. Stephen Smith is the university representative on the Board and the corporation has been notified by the President of the university, the university members nominating authority, that he desires Mr. Smith to be re-appointed. Therefore, on motion of Mr. Gautier, and seconded by Mr. Livingston, and carried, it was unanimously:

RESOLVED, that Mr. Stephen Smith be elected and appointed to the Board of Directors of the Corporation for the period July 1, 2004, through June 30, 2007.

- 3.) **Revise By-Laws:** A review of the By-Laws of the Corporation by the Board of Directors reveals that the By-Laws of the Corporation are difficult to interpret and in certain instances, ambiguous as to the terms for the Directors and the method of staggering said terms. The current By-Law term calls for a five-year term of office and it is difficult to stagger terms with the current three Board Member composition of the Corporation's Board of Directors. The By-Laws may be amended in accordance with Article XIII of the By-Laws and the Board Members noted that amendments may be made at this meeting, provided that "no change of the time or place of the election of Directors" was accomplished by these amendments. Accordingly, upon motion of Mr. Livingston, seconded by Mr. Gautier, and carried, it was unanimously:


RESOLVED, that Sections 4 and 5 of the By-Laws be amended by deleting the current Section 4 and Section 5 and replacing said sections with the following:

SECTION 4: Terms:

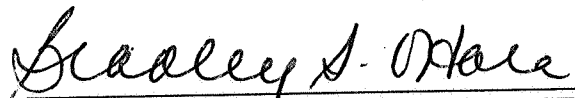
- (A) **Three-Year Terms.** The Directors shall serve three (3) year terms.
- (B) **The Term for University Seats.** Directors holding university seats shall serve for the term for which they are elected as determined according to these By-Laws; provided, however, that they shall vacate their seats on the Board in the event that they are no longer employed by the university. Such vacancy shall be filled in accordance with Section 8 below.

SECTION 5: Staggered Terms:

- (A) Directors shall serve on a staggered term basis, with one new Director to be elected each year.
- 4.) There being no further business to be transacted, on motion duly made by Jack Gautier, and seconded by Phil Livingston, the meeting was adjourned.


STEPHEN SMITH, PRESIDENT & CHAIRMAN

The undersigned Secretary/Executive Director to the Corporation, certifies that the above and foregoing are a true and correct Minutes of the Meeting of the Members and Directors held on August 10, 2004, at which all Directors and Members, have waived notice, consented to the action taken therein.


BRAD O'HARA, EXECUTIVE DIRECTOR

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809

Morgan Keegan & Company, Inc.
150 4th Avenue North
Nashville, Tennessee 37219-2434

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

\$60,985,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B**

and

\$925,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C**

Ladies and Gentlemen:

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "*Authority*"), UNIVERSITY FACILITIES, INC. (the "*Corporation*"), and MORGAN KEEGAN & COMPANY, INC. (the "*Underwriter*") have entered to and are entering into two Bond Purchase Agreements (collectively, the "*Bond Purchase Agreement*") relating to the purchase by the Underwriter and the sale by the Authority of its \$60,985,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "*Series 2004A Bonds*"), its \$15,000,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "*Series 2004B Bonds*"), and its \$925,000 in aggregate principal amount of its Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and the Series 2004B Bonds, the "*Series 2004 Bonds*") to be issued under and pursuant to a Trust Indenture dated as of August 1, 2004, between the Authority and The Bank of New York Trust Company, N.A., as Trustee, the proceeds of which will be used to provide funds to (a) finance the cost of (i) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the

"*New Facilities*"), (ii) renovating an existing student housing facility (the "*Renovated Facility*"), (iii) demolishing four existing student housing facilities (the "*Old Facilities*"), all located on the campus of Southeastern Louisiana University (the "*University*") in Tangipahoa Parish, Hammond, Louisiana, and (iv) repaying certain indebtedness of the Corporation (the "*Prior Debt*"), (b) fund the costs of marketing the New Facilities and the Renovated Facility (collectively, the "*Facilities*"), (c) provide working capital for the Facilities, (d) fund interest on the Series 2004 Bonds during the period of construction and renovation of the New Facilities, (d) fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, and (e) pay the costs of issuance of the Series 2004 Bonds. The land on which the Facilities will be constructed (the "*Land*") and the Renovated Facility will be leased to the Corporation pursuant to a Ground and Buildings Lease (the "*Ground Lease*") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "*Board*"), as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the "*Facilities Lease*") dated as of August 1, 2004, between the Corporation, as lessor, and the Board, as lessee. The Authority will lend the proceeds of the Series 2004 Bonds to the Corporation pursuant to a Loan and Assignment Agreement (the "*Loan Agreement*") dated as of August 1, 2004, between the Authority and the Corporation. The Corporation has furnished certain information relating to itself for inclusion in the Preliminary Official Statement (the "*Preliminary Official Statement*") dated July 30, 2004, and in the final Official Statement (the "*Official Statement*") relating to the Series 2004 Bonds and upon which the Authority and the Underwriter have relied.

MBIA Insurance Corporation (the "*Bond Insurer*") has agreed to issue its bond insurance policies (the "*Policies*") with respect to the payments of principal of and interest on the Series 2004 Bonds.

In order to induce the Authority and the Underwriter to enter into the Bond Purchase Agreement and to rely upon the information furnished by the Corporation, the Corporation represents, warrants, and covenants to and with the Authority, the Underwriter, and the Bond Insurer as follows:

1. The Corporation agrees to indemnify and hold harmless the Authority, the Underwriter, the Bond Insurer, each official, employee, member, and agent of the Authority and the Underwriter, the Bond Insurer, and each person, if any, who controls the Authority, the Underwriter, and the Bond Insurer within the meaning of §15 of the Securities Act of 1933, as amended, or §20 of the Securities Exchange Act of 1934, as amended (collectively, the "*Indemnified Parties*" and each, an "*Indemnified Party*"), from and against any and all losses, claims, damages, liabilities, or expenses whatsoever (including but not limited to reasonable attorneys' fees and any and all expenses whatsoever reasonably incurred in investigating, preparing, or defending against any litigation, commenced or threatened, or any claim whatsoever) arising out of or based upon any untrue statement or misleading statement or alleged untrue or misleading statement of a material fact contained in the Official Statement under the headings "**THE CORPORATION,**" "**LITIGATION - The Corporation,**" and, with respect to the Corporation and its counsel, "**CONFLICTS OF INTEREST, RELATIONSHIPS**" or arising out of or based upon any omission or alleged omission under such headings of any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

2. The Corporation further covenants and agrees to pay interest to the Indemnified Party or Indemnified Parties upon all amounts paid, advanced, or disbursed by such Indemnified Party for which it is entitled to reimbursement or indemnity hereunder at the lesser of the maximum contract rate of interest lawfully chargeable by applicable law or fifteen percent (15%) per annum.

3. In case any action shall be brought against one or more of the Indemnified Parties based upon the Official Statement pursuant to paragraph 1 above and in respect of which indemnity may be sought from the Corporation, the Indemnified Parties shall promptly notify the Corporation in writing, and the Corporation shall promptly assume the defense thereof, including the employment of counsel acceptable to the Indemnified Parties, the payment of all expenses and the right to negotiate and consent to settlement; provided, however, that the omission or failure in good faith to notify the Corporation shall not relieve the Corporation from any liability that it may have to the Authority or otherwise hereunder. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless (a) employment of such counsel and payment of the fees and expenses thereof by the Corporation has been specifically authorized by the Corporation, or (b) in the reasonable judgment of such Indemnified Party, employment of such counsel is necessary because the claim or defense for which such counsel is employed is inconsistent or in conflict with the claims or defenses of the Corporation, or (c) the Indemnified Party shall have reasonably concluded that there may be claims or defenses available to it that are different from or in addition to those available to the Corporation, in any of which events such fees and expenses shall

be borne by the Corporation, but in any such event, the Corporation shall not have the right to direct the defense of such action on behalf of the Indemnified Party. The Corporation shall not be liable for any settlement of any such action effected without the Corporation's consent by any of the Indemnified Parties, but if settled with the consent of the Corporation, or if there shall be a final judgment for the plaintiff in such action against the Corporation, or any of the Indemnified Parties with or without the consent of the Corporation, the Corporation agrees to indemnify and hold harmless the Indemnified Parties to the extent provided in this Indemnity Letter.

4. If the indemnification provided for in this Indemnity Letter is unavailable to or insufficient to hold harmless the Authority, the Underwriter, or the Bond Insurer with respect to any losses, claims, damages, or liabilities (or actions with respect thereto) referred to herein, then the Corporation shall contribute to such amount paid or payable by the Authority, the Underwriter, and/or the Bond Insurer in such proportion as is appropriate to reflect the relative fault of the Corporation on the one hand and the Authority, the Underwriter, and/or the Bond Insurer on the other in connection with the statements or omissions which resulted in such losses, claims, damages, or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Corporation on the one hand or the Authority, the Underwriter, and/or the Bond Insurer on the other and the parties' relative intent, knowledge, access to information, and the opportunity to correct or prevent such statement or omission.

5. The Corporation, the Authority, the Underwriter, and the Bond Insurer agree that it would not be just and equitable if contribution pursuant to paragraph 4 above were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in paragraph 4. The amount paid or payable by the Authority, the Underwriter, and/or the Bond Insurer as a result of the losses, claims, damages, or liabilities (or action with respect thereto) referred to above in paragraph 4 shall be deemed to include any legal or other expenses reasonably incurred by the Authority, the Underwriter, and/or the Bond Insurer in connection with investigating or defending any such action or claim. Notwithstanding the provisions of paragraph 4, the Underwriter shall not be required to contribute any amount to any person or entity in excess of the amount by which the total price at which the Series 2004 Bonds underwritten by it were sold exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of §11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

6. Any notice or other communication to be given to the Authority hereunder may be given by mailing the same in writing to the Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809 (Attention: Chairman); any notice or other communication to be given to the Underwriter hereunder may be given by mailing or delivering the same in writing to Morgan Keegan & Company, Inc., 150 4th Avenue North, Nashville, Tennessee 37219-2434 (Attention: Hugh C. Tanner); any notice or other communication to be given to the Corporation hereunder may be given by mailing or delivering the same in writing to University Facilities, Inc., SLU Box 10709, Hammond, Louisiana 70402 (Attention: Executive Director); and any notice or other communication to be given to the Bond Insurer hereunder may be given by mailing or delivering the same in writing to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 (Attention: Insured Portfolio Management-PF).

7. This Indemnity Letter shall be governed by the laws of the State of Louisiana and may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same agreement.

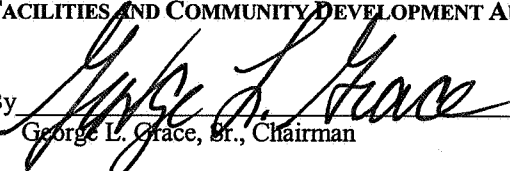
8. If any term or provision of this Indemnity Letter is declared by a court of competent jurisdiction to be invalid or unenforceable, the remaining terms and provisions of this Indemnity Letter shall continue to be valid and enforceable.

UNIVERSITY FACILITIES, INC.

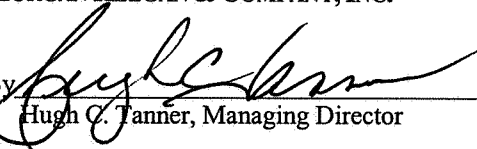
By 
Phil K. Livingston, Vice Chairperson, Board of Directors

Accepted as of the date first hereinabove written.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

By  _____
George L. Grace, Sr., Chairman

MORGAN KEEGAN & COMPANY, INC.

By  _____
Hugh C. Tanner, Managing Director

MBIA INSURANCE CORPORATION

By _____

Accepted as of the date first hereinabove written.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

By _____
Steve A. Dicharry, Interim Executive Director

MORGAN KEEGAN & COMPANY, INC.

By _____
Hugh C. Tanner, Managing Director

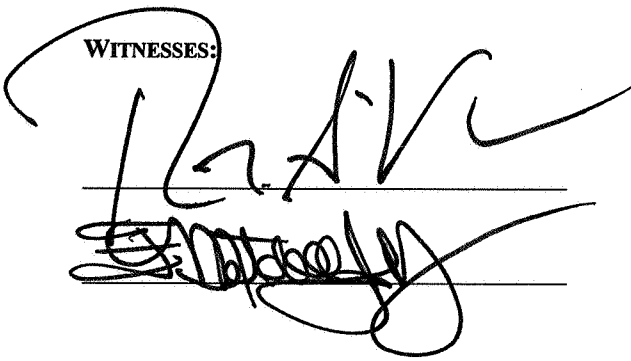
MBIA INSURANCE CORPORATION

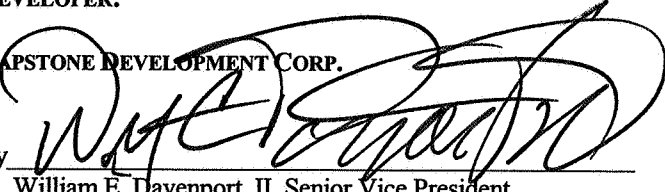
By  _____
Adam M. Carta, Assistant Secretary

2. The Developer further acknowledges that (a) as a result of the Assignment and its consent thereto, the Trustee and its assigns will be entitled, upon the occurrence of an Event of Default under the Indenture, to exercise all of the rights, interest, privileges, and options granted and/or afforded by the Development Agreement, (b) after any such Event of Default, it will accept all performance of the Development Agreement from the Trustee, its agents, or assigns as complying with the requirements and obligations otherwise due thereunder and agrees that it will not terminate the Development Agreement on account of any default by the Corporation thereunder without written notice to the Trustee and first providing to the Trustee a reasonable opportunity, but not less than thirty (30) days, to effect a cure of the default or to declare an Event of Default under the Indenture and commence to complete or cause the completion of the Project. In the event the Trustee shall elect to complete or cause the completion of the Project, the Developer agrees not to terminate the rights of the Corporation under the Development Agreement so long as the defaults of the Corporation thereunder shall be cured by the Trustee within a reasonable time. However, nothing herein shall require the Trustee to cure any default of the Corporation under the Development Agreement, but only grants it the option to do so. In the event of any foreclosure by the Trustee on the Corporation's interest in the Project (or the transfer or sale in lieu of foreclosure), the Trustee may transfer and assign its rights under the Assignment and this Consent and Agreement to Perform to the purchaser at the foreclosure sale or the transferee in lieu thereof; provided, however, it is understood that the Trustee has no obligation to assign its rights under the Assignment or this Consent and Agreement to Perform to such purchaser or transferee.

3. The Developer certifies to the Trustee that (a) the Development Agreement is valid and enforceable, and has been approved by it and to the best of its knowledge, all necessary government authorities that are required to approve the same in order to complete the Project, (b) to the best of its knowledge, the Development Agreement complies with all requirements of applicable governmental agencies, (c) there has been no prior assignment of the Development Agreement, (d) no default has occurred under the Development Agreement, (e) it is licensed to conduct business in the State of Louisiana and will maintain said license in full force and effect throughout the life of the Development Agreement, (f) to the best of its knowledge, the Development Agreement contains those usual and customary terms and conditions necessary to assure completion of the Project in a good and workmanlike manner and in accordance with the complete plans and specifications for the Project; and (g) any portion of the Project heretofore completed, if any, has been performed in accordance with the plans and specifications therefor.

IN WITNESS WHEREOF, the Developer has caused these presents to be executed as of the day and year first hereinabove written.

WITNESSES:

Two handwritten signatures are present, each written over a horizontal line. The signatures are in black ink and appear to be cursive.

DEVELOPER:
CAPSTONE DEVELOPMENT CORP.
By 
William E. Davenport, II, Senior Vice President

August 13, 2004

University Facilities, Inc.
213 College Drive
Hammond, Louisiana 70401

Louisiana Local Government Environmental Facilities
and Community Development Authority
8712 Jefferson Highway, Suite A
Baton Rouge, Louisiana 70809

Morgan Keegan & Company, Inc.
150 4th Avenue North
Nashville, Tennessee 37219-2434

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

\$60,985,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B**

and

\$925,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C**

Ladies and Gentlemen:

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "*Authority*"), UNIVERSITY FACILITIES, INC. (the "*Corporation*"), and MORGAN KEEGAN & COMPANY, INC. (the "*Underwriter*") have entered to and are entering into two Bond Purchase Agreements (collectively, the "*Bond Purchase Agreement*") relating to the purchase by the Underwriter and the sale by the Authority of its \$60,985,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "*Series 2004A Bonds*"), its \$15,000,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University

Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**"), and its \$925,000 in aggregate principal amount of its Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**" and together with the Series 2004A Bonds and the Series 2004B Bonds, the "**Series 2004 Bonds**") to be issued under and pursuant to a Trust Indenture dated as of August 1, 2004, between the Authority and The Bank of New York Trust Company, N.A., as Trustee, the proceeds of which will be used to provide funds to (a) finance the cost of (i) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,514 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "**New Facilities**"), (ii) renovating an existing student housing facility (the "**Renovated Facility**"), (iii) demolishing four existing student housing facilities (the "**Old Facilities**"), all located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana, and (iv) repaying certain indebtedness of the Corporation (the "**Prior Debt**"), (b) fund the costs of marketing the New Facilities and the Renovated Facility (collectively, the "**Facilities**"), (c) provide working capital for the Facilities, (d) fund interest on the Series 2004 Bonds during the period of construction and renovation of the Facilities, (d) fund the Debt Service Reserve Fund for the Series 2004A Bonds and the Series 2004B Bonds, and (e) pay the costs of issuance of the Series 2004 Bonds. The land on which the Facilities will be constructed (the "**Land**") and the Renovated Facility will be leased to the Corporation pursuant to a Ground and Buildings Lease (the "**Ground Lease**") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), as lessor, and the Corporation, as lessee, and the Facilities will be leased back to, and operated by, the Board pursuant to an Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004 between the Corporation, as lessor, and the Board, as lessee. The Authority will lend the proceeds of the Series 2004 Bonds to the Corporation pursuant to a Loan and Assignment Agreement (the "**Loan Agreement**") dated as of August 1, 2004, between the Authority and the Corporation. The Developer has furnished certain information relating to itself for inclusion in the Preliminary Official Statement dated July 30, 2004 (the "**Preliminary Official Statement**"), and in the final Official Statement (the "**Official Statement**") relating to the Series 2004 Bonds and upon which the Authority, the Underwriter, and the Corporation have relied.

MBIA Insurance Corporation (the "**Bond Insurer**") has agreed to issue its bond insurance policies (the "**Policies**") with respect to the payments of principal of and interest on the Series 2004 Bonds.

In order to induce the Authority, the Underwriter, the Corporation, and the Bond Insurer to rely upon the information furnished by the Developer, the Developer agrees as follows:

1. The Developer agrees to indemnify and hold harmless the Authority, the Underwriter, the Corporation, the Bond Insurer, each official, employee, director, and agent of the Authority, the Underwriter, the Corporation, and the Bond Insurer, and each person, if any, who controls the Authority, the Underwriter, the Corporation, and the Bond Insurer within the meaning of §15 of the Securities Act of 1933, as amended, or §20 of the Securities Exchange Act of 1934, as amended (collectively, the "**Indemnified Parties**" and each, an "**Indemnified Party**"), from and against any and all losses, claims, damages, liabilities, or expenses whatsoever (including but not limited to reasonable attorneys' fees and any and all expenses whatsoever reasonably incurred in investigating, preparing, or defending against any litigation, commenced or threatened, or any claim whatsoever) arising out of or based upon any untrue statement or misleading statement or alleged untrue or misleading statement of a material fact contained in the Official Statement furnished by the Developer for use in the Official Statement or arising out of or based upon any omission or alleged omission from the Official Statement of any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, which omission or alleged omission relates to the Developer, the Facilities the Developer's role with respect to the Facilities, or the General Contractor or the Architect (as both of such terms are defined in the Official Statement).

2. The Developer further covenants and agrees to pay interest to the Indemnified Party or Indemnified Parties upon all amounts paid, advanced, or disbursed by such Indemnified Party for which it is entitled to reimbursement or indemnity hereunder at the lesser of the maximum contract rate of interest lawfully chargeable by applicable law or fifteen percent (15%) per annum.

3. In case any action shall be brought against one or more of the Indemnified Parties based upon the Official Statement pursuant to paragraph 1 above and in respect of which indemnity may be sought from the Developer, the Indemnified Parties shall promptly notify the Developer in writing, and the Developer shall promptly assume the defense thereof, including the employment of counsel acceptable to the Indemnified Parties, the payment of all expenses and the right to negotiate and consent to settlement; provided, however, that the omission or failure in good faith to notify the Developer shall not relieve the Developer from any liability that it may have to the Authority or otherwise hereunder. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless (a) employment of such counsel and payment of the fees and expenses thereof by the Developer has been specifically authorized by the Developer, or (b) in the reasonable judgment of such Indemnified Party, employment of such counsel is necessary because the claim or defense for which such counsel is employed is inconsistent or in conflict with the claims or defenses of the Developer, or (c) the Indemnified Party shall have reasonably concluded that there may be claims or defenses available to it that are different from or in addition to those available to the Developer, in any of which events such fees and expenses shall be borne by the Developer, but in any such event, the Developer shall not have the right to direct the defense of such action on behalf of the Indemnified Party. Neither the Developer shall be liable for any settlement of any such action effected without the Developer's consent by any of the Indemnified Parties, but if settled with the consent of the Developer, or if there shall be a final judgment for the plaintiff in such action against the Developer, or any of the Indemnified Parties with or without the consent of the Developer, the Developer agrees to indemnify and hold harmless the Indemnified Parties to the extent provided in this Indemnity Letter.

4. If the indemnification provided for in this Indemnity Letter is unavailable to or insufficient to hold harmless the Authority, the Underwriter, the Corporation, or the Bond Insurer with respect to any losses, claims, damages or liabilities (or actions with respect thereto) referred to herein, then the Developer shall contribute to such amount paid or payable by the Authority, the Underwriter, the Corporation, and/or the Bond Insurer in such proportion as is appropriate to reflect the relative fault of the Developer on the one hand and the Authority, the Underwriter, the Corporation, and/or the Bond Insurer on the other in connection with the statements or omissions which resulted in such losses, claims, damages, or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Developer on the one hand or the Authority, the Underwriter, the Corporation, and/or the Bond Insurer on the other and the parties' relative intent, knowledge, access to information, and the opportunity to correct or prevent such statement or omission.

5. The Developer, the Authority, the Corporation, the Underwriter, and the Bond Insurer agree that it would not be just and equitable if contribution pursuant to paragraph 4 above were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in paragraph 4. The amount paid or payable by the Authority, the Underwriter, the Corporation, and/or the Bond Insurer as a result of the losses, claims, damages, or liabilities (or action with respect thereto) referred to above in paragraph 4 shall be deemed to include any legal or other expenses reasonably incurred by the Authority, the Underwriter, the Corporation, and/or the Bond Insurer in connection with investigating or defending any such action or claim. Notwithstanding the provisions of paragraph 4, the Underwriter shall not be required to contribute any amount to any person or entity in excess of the amount by which the total price at which the Series 2004 Bonds underwritten by it were sold exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of §11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

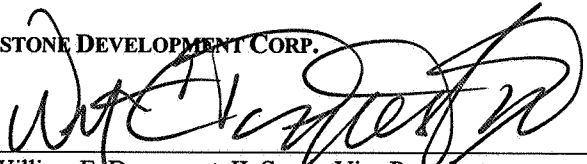
6. Any notice or other communication to be given to the Authority hereunder may be given by mailing the same in writing to the Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809 (Attention: Chairman); any notice or other communication to be given to the Underwriter hereunder may be given by mailing or delivering the same in writing to Morgan Keegan & Company, Inc., 150 4th Avenue North, Nashville, Tennessee 37219-2434 (Attention: Hugh C. Tanner); any notice or other communication to be given to the Corporation hereunder may be given by mailing or

University Facilities, Inc.
Louisiana Local Government Environmental Facilities and Community Development Authority
Morgan Keegan & Company, Inc.
MBIA Insurance Corporation
Page 4

delivering the same in writing to University Facilities, Inc., President, Hammond, Louisiana 70402 (Attention: Executive Director); any notice or other communication to be given to the Developer hereunder may be given by mailing or delivering the same in writing to Capstone Development Corp., 431 Office Park Drive, Birmingham, Alabama 35223 (Attention: President)]; and any notice or other communication to be given to the Bond Insurer hereunder may be given by mailing or delivering the same in writing to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 (Attention: Insured Portfolio Management-PF).

7. This Indemnity Letter shall be governed by the laws of the State of Louisiana and may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same agreement.

8. If any term or provision of this Indemnity Letter is declared by a court of competent jurisdiction to be invalid or unenforceable, the remaining terms and provisions of this Indemnity Letter shall continue to be valid and enforceable.

CAPSTONE DEVELOPMENT CORP.
By 
William E. Davenport, II, Senior Vice President

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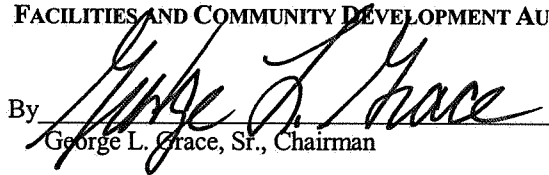
University Facilities, Inc.
Louisiana Local Government Environmental Facilities and Community Development Authority
Morgan Keegan & Company, Inc.
MBIA Insurance Corporation
Page 5

Accepted as of the date first hereinabove written.

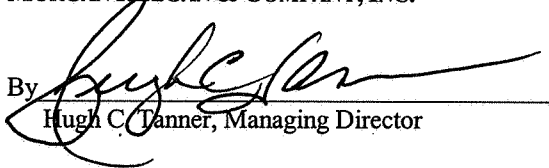
UNIVERSITY FACILITIES, INC.

By  _____
Phil K. Livingston, Vice Chairperson, Board of Directors

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

By  _____
George L. Grace, Sr., Chairman

MORGAN KEEGAN & COMPANY, INC.

By  _____
Hugh C. Tanner, Managing Director

MBIA INSURANCE CORPORATION

By _____

University Facilities, Inc.
Louisiana Local Government Environmental Facilities and Community Development Authority
Morgan Keegan & Company, Inc.
MBIA Insurance Corporation
Page 5

Accepted as of the date first hereinabove written.

UNIVERSITY FACILITIES, INC.

By _____
Phil K. Livingston, Vice Chairperson, Board of Directors

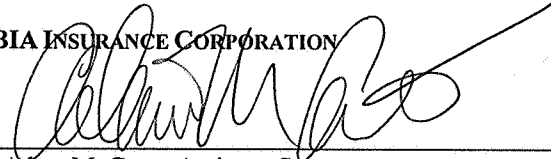
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

By _____
Steve A. Dicharry, Interim Executive Director

MORGAN KEEGAN & COMPANY, INC.

By _____
Hugh C. Tanner, Managing Director

MBIA INSURANCE CORPORATION

By  _____
Adam M. Carta, Assistant Secretary

GENERAL CERTIFICATE OF DEVELOPER

The undersigned, as President of Capstone Development Corp., an Alabama corporation ("Corporation") has executed this General Certificate of Developer (this "Certificate") in connection with the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds"), \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds") and \$925,000 Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/ University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bonds") (the "Series 2004A Bonds, Series 2004B Bonds and Series 2004C Bonds are collectively referred to herein as the "Bond Transactions").

The undersigned does hereby certify as follows:

1. As of the date hereof and on August 13, 2004, the Corporation is and shall be a duly organized, validly existing corporation and in good standing under the laws of the State of Alabama. Attached hereto as Exhibit "A" is a Certificate of Good Standing for the corporation issued by the Secretary of State of the State of Louisiana.

2. Attached hereto as Exhibit "B" is a certified copy of the Articles of Incorporation of the Corporation.

3. Set forth as Exhibit "C" hereto is a true and correct copy of the Bylaws of the Corporation.


4. Attached hereto as Exhibit "D" is a true, complete and correct copy of the Resolutions of the Corporation relating to the Bond Transactions, adopted by the sole shareholder and director of the Corporation (the "Resolutions"). The Resolutions have not been amended, revoked or otherwise modified in any respect and are the only Resolutions of the sole shareholder and director of the Corporation with respect to the Bond Transactions.

5. The sole member of the Board of Directors, Michael A. Mouron, and the officer acting on behalf of the Corporation with respect to the Bond Transactions were duly elected and incumbent in their offices at the times of all relevant entity action and at all relevant times thereafter.

6. The Corporation has not received any notice from the Secretary of State of the State of Alabama or the Secretary of State of the State of Louisiana of a determination that any grounds exists for administratively dissolving the Corporation, and the Corporation has not received notice of the commencement of any action to judicially dissolve the Corporation. The sole shareholder and director of the Corporation has not taken any action with respect to the dissolution of the Corporation, and the Corporation has not filed any notice of intent to dissolve with the Secretary of State of the State of Alabama or the Secretary of State of the State of Louisiana.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 10 day of August, 2004.

CAPSTONE DEVELOPMENT CORP.

By: 

MICHAEL A. MOURON
Its President

Nancy L. Worley
Secretary of State

P.O. Box 5616
Montgomery, AL 36103-5616

STATE OF ALABAMA

I, Nancy L. Worley, Secretary of State of the State of Alabama, having custody of the Great and Principal Seal of said State, do hereby certify that

the domestic corporation records on file in this office disclose that Capstone Development Corp. incorporated in Jefferson County, Birmingham, Alabama on February 26, 1990.

I further certify that the records do not disclose that said Capstone Development Corp. has been dissolved.

In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of the State, at the Capitol, in the City of Montgomery, on this day.

June 18, 2004

Date



Nancy L. Worley
Nancy L. Worley

Secretary of State



State of Alabama Department of Revenue

Certificate of Good Standing

Capstone Development Corp is in compliance with the requirements in Chapter 14, Title 40, Code of Alabama 1975, prior to its repeal (relating to Franchise Tax) and Chapter 14A, Title 40, Code of Alabama 1975 relating to (Business Privilege and Corporate Shares Tax), as applicable through September 15, 2004.

ORIGINAL

IN WITNESS WHEREOF, I hereunto set my hand this date of June 24, 2004.

Richard H. Steninger

Director, Individual and Corporate Tax Division

ATTEST

Ann A. Fisher

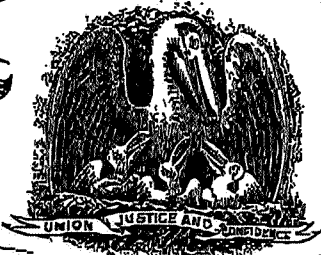
Secretary

Business Privilege Tax

Phone: 334-353-7923

UNITED STATES OF AMERICA

State of Louisiana



Jox McKeithen
 SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that
CAPSTONE DEVELOPMENT CORP.

A ALABAMA corporation domiciled at BIRMINGHAM,

Filed charter and qualified to do business in this State on
 November 03, 1994,

I further certify that the records of this Office indicate
 the corporation has paid all fees due the Secretary of
 State, and so far as the Office of the Secretary of State is
 concerned is in good standing and is authorized to do
 business in this State.

I further certify that this Certificate is not intended to
 reflect the financial condition of this corporation since
 this information is not available from the records of this
 Office.

*In testimony whereof, I have hereunto set
 my hand and caused the Seal of my Office
 to be affixed at the City of Baton Rouge on,*
 June 16, 2004

Jox McKeithen
 ABA 34477403F

Secretary of State



This instrument was prepared by:
Christopher R. Murvin
Attorney at Law
Tingle, Sexton, Murvin,
Watson & Bates, P.C.
900 Park Place Tower
Birmingham, Alabama 35203

ARTICLES OF INCORPORATION
OF
CAPSTONE DEVELOPMENT CORP.

TO THE HONORABLE JUDGE OF PROBATE
OF JEFFERSON COUNTY, ALABAMA:

I, the undersigned, for the purpose of forming a corporation pursuant to the provisions of the Alabama Business Corporation Act, do hereby certify as follows:

Section 1. Name. The name of the Corporation is:

Capstone Development Corp.

Section 2. Duration. The period of duration of the Corporation shall be perpetual.

Section 3. Purposes. The purposes for which the Corporation is organized are:

(a) As principal, agent, or broker, and on commission or otherwise: to buy, sell, exchange, lease, let, grant, or take licenses in respect of, improve, develop, repair, manage, maintain, and operate real property of every kind, corporeal and incorporeal, and every kind of estate, right, or interest therein or pertaining thereto; and to construct, improve, repair, raze, and wreck buildings, structures, and works of all kinds, for itself or for others; to acquire by purchase, lease, or otherwise and to improve and develop real property; to erect dwellings, apartment houses, and other buildings, private or public, of all kinds, and to sell or rent the same; to lay out, grade, pave, and dedicate roads, streets, avenues, highways, alleys, courts, paths, walks, parks, and playgrounds; to buy, sell, mortgage, exchange, lease, let, hold

for investment or otherwise, use, and operate real estate of all kinds, improved and unimproved, and any right or interest therein.

(b) To acquire by purchase, lease, or otherwise and to improve and develop real property. To erect dwellings, apartment houses, and other buildings, private or public, of all kinds, and to sell or rent the same. To lay out, grade, pave, and dedicate roads, streets, avenues, highways, alleys, courts, paths, walks, parks, and playgrounds. To buy sell, mortgage, exchange, lease, let, hold for investment or otherwise, use, and operate real estate of all kinds improved or unimproved, and any right or interest therein.

(c) To purchase, acquire, own, hold, improve, develop, operate, manage, sell, convey, assign, transfer, exchange, release, dispose of, mortgage, encumber, pledge, create security interests in, lease, hire, deal in, and loan or borrow money upon, alone or in conjunction with others, real and personal property, tangible and intangible, of every kind, character and description, or any interest therein.

(d) To apply for, purchase, or acquire by assignment, transfer or otherwise, and hold, mortgage or otherwise pledge, and to sell, exchange, transfer, deal in and with any license, power, authority, concession, right or privilege which any corporation may make or grant.

(e) To manufacture, purchase or otherwise acquire, and to hold, own, mortgage, pledge, sell, assign and transfer, exchange or otherwise dispose of, and invest, trade and deal in and with goods, wares and merchandise and personal property of every class and description, wherever situated, whether or not the same specifically pertain to the classes of business specified in this Section 3; and to own and operate mines, plants, factories, mills, warehouses, yards, merchandise stores, commissaries and all other installations or establishments of whatever character or description, together with the equipment, rolling stock and other facilities used or useful in connection with or incidental thereto.

(f) To engage in the business of exploiting natural resources, to search, prospect and explore for useful or valuable substances, to acquire and extract such substances, to sell and dispose of such substances, and to refine such substances and manufacture and sell and dispose of products and by-products derived therefrom.

(g) To purchase or otherwise acquire, hold, use, sell, assign, lease, mortgage or in any manner dispose of, and to take, exchange and grant licenses, or other rights therein, in respect of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements, processes, formulae, methods, copyrights, trademarks and trade

names, know how, and trade secrets, relating to or useful in connection with any business, objects or purposes of the Corporation.

(h) To acquire, by purchase, subscription or otherwise, and to own, hold, sell and dispose of, exchange, deal in and with stocks, bonds, debentures, obligations, evidences of indebtedness, promissory notes, mortgages and securities executed by any individual or by any corporation in Alabama or any other state or foreign countries, whether public or private, government or municipality or otherwise, and to issue and exchange for all such stocks, bonds, debentures, obligations, evidences of indebtedness, promissory notes, mortgages or securities, the stock, bonds, debentures or other evidences of indebtedness of this Corporation, and this Corporation shall have express power to hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the shares of capital stocks, bonds, debentures, promissory notes, mortgages and securities so acquired by it and while the owner thereof, to exercise all the rights, privileges and powers of ownership, including the right to vote thereon, to the same extent as a natural person may do, subject to the limitations, if any, on such rights now or hereafter provided by the laws of Alabama.

(i) To endorse, lend its credit to, or otherwise guarantee, or become a surety with respect to, or to guarantee itself for, or pledge or mortgage all or any part of its properties to secure the payment of the principal and interest, or either, on any bonds, debentures, notes scrip, coupons, or other obligations or evidences of indebtedness, or the performance of any contract, lease, mortgage, or obligations, of any subsidiary, affiliated or related corporation or any other corporation or association, domestic or foreign, or of any person, firm, partnership or joint venture.

(j) To enter into, make and perform contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association, partnership, limited partnership, corporation, municipality, county, state, territory, government, governmental subdivision, or body politic.

(k) To acquire the goodwill, rights, assets and properties, and to undertake the whole or any part of the liabilities of any person, firm, association or corporation; to pay for the same in cash, the stock or other securities of the Corporation, or otherwise; to hold, or in any manner dispose of, the whole or part of the property so acquired; to conduct in any lawful manner the whole or any part of the business so acquired and to exercise all the power necessary or convenient in and about the conduct and management of any such business.

(l) To borrow and lend money, without security, or upon the giving or receipt of such security as the Board of Directors of the Corporation may deem advisable by way of mortgage, pledge,

transfer, assignment, or otherwise, of real and personal property of every nature and description, or by way of guaranty, or otherwise, and to enter into revolving credit agreements or other loan agreements of any kind with banks or other financial or institutional investors.

(m) To draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, debentures and other negotiable or transferable instruments.

(n) To issue bonds, debentures or other securities or obligations and to secure the same by mortgage, pledge, deed of trust, or otherwise.

(o) To act as agent, jobber, broker or attorney-in-fact in buying, selling and dealing in real and personal property of every nature and description and leases respecting the same and estates and interests therein and mortgages and securities thereon, in making and obtaining loans, whether secured by such property or not, and in supervising, managing and protecting such property and loans and all interests in and claims affecting the same.

(p) To purchase, take, receive, redeem, exchange, or otherwise acquire, hold, own, pledge, transfer or otherwise dispose of the Corporation's own shares of common or other stock, whether or not redeemable (so far as may be permitted by law), and its bonds, debentures, notes, scrip or other securities or evidences of indebtedness, and to hold, sell, transfer or reissue the same.

(q) To enter in to any plan or project for the assistance and welfare of its employees, to lend money and use its credit to assist its employees, and to pay pensions and establish pension plans, pension trusts, profit sharing plans, stock bonus plans, stock option plans, employee stock ownership plans and other incentive or welfare plans for any or all of the Corporation's directors, officers and employees.

(r) To enter into any lawful arrangements for sharing of profits, union of interest, reciprocal concession, or cooperation, as partner (general or limited), joint venturer, or otherwise, with any person, partnership, corporation, association, combination, organization, entity or other body whatsoever, domestic or foreign, carrying on or proposing to carry on any business which this Corporation is authorized to carry on, or any business or transaction deemed necessary, convenient or incidental to the carrying out of any of the purposes of this Corporation.

(s) To have one or more offices to carry on all of the Corporation's operations and business without restriction or limit as to amount, in any of the estates, districts, territories or possessions or colonies of the United States, and in any and all

foreign countries, subject to the laws of such state, district, territory, possession, colony or country.

(t) To carry on any other business in connection with the foregoing, to transact any or all lawful business for which corporations may be incorporated under the Alabama Business Corporation Act, as amended, and to have and exercise all powers necessary or convenient to effect the purposes of the Corporation.

(u) To do any and all of the things herein set out and such other things as are incidental or conducive to the attainment of the objects and purposes of this Corporation, to the same extent as natural persons might or could do and in any part of the world, as principal, factor, agent, contractor, or otherwise, either alone or in conjunction with any person, firm, association, partnership, corporation or any entity of whatsoever kind, and to do any and all such acts and things and to have and exercise any and all such powers to the full extent authorized or permitted to a corporation under any laws that may now or hereafter be applicable or available to this Corporation.

The foregoing clauses, and each phrase thereof, shall be construed, in their broadest sense, as purposes and powers of the Corporation in addition to those powers specifically conferred upon the Corporation by law, and it is hereby expressly provided that the foregoing specific enumeration of purposes and powers shall not be held to limit or restrict in any manner the powers of the Corporation otherwise granted by law. Nothing herein contained, however, shall be construed as authorizing this Corporation to carry on the business of banking or that of a trust company, or the business of insurance.

Section 4. Authorized Capital Stock. The aggregate number of shares which the Corporation shall have authority to issue is Ten Thousand (10,000) shares of common stock at the par value of \$1.00 per share.

Section 5. Initial Registered Office and Agent. The location and mailing address of the initial registered office of the Corporation, and the name of its initial registered agent at such address are as follows:

Christopher R. Murvin
900 Park Place Tower
Birmingham, AL 35203

Section 6. Directors. The number of directors constituting the initial Board of Directors shall be one (1). Thereafter, the number of directors shall be fixed in the manner provided in the

Bylaws, and may be increased or decreased from time to time by amendment to, or in the manner provided in, the Bylaws, but no decrease shall have the effect of shortening the term of any incumbent director. The name and address of each person who is to serve as a director until the first annual meeting of shareholders or until his successor shall be elected and qualified is as follows:

<u>NAME</u>	<u>ADDRESS</u>
Michael A. Mouron	#6 Office Park Circle Suite 100 Birmingham, AL 35223

Section 7. Incorporator. The name and address of the incorporator is as follows:

<u>NAME</u>	<u>ADDRESS</u>
Christopher R. Murvin	900 Park Place Tower Birmingham, Alabama 35203

Section 8. Issuance and Disposition of Stock.

(a) Issuance of Stock. The Corporation may from time to time issue its shares of stock for such consideration (not less than the par value respecting shares having a par value) as may be fixed from time to time by the Board of Directors and may receive in payment thereof, in whole or in part, money, labor done, services actually performed, or real or personal property (tangible or intangible). In the absence of fraud in the transaction, the judgment of the Board of Directors as to the value of the consideration received for shares shall be conclusive. Any and all shares so issued for which the consideration so fixed shall have been paid or delivered shall be deemed fully-paid stock and shall not be liable to any further call or assessment thereon, and the holders of such shares shall not be liable for any further payment in respect thereof.

(b) Restrictions on Transfer of Shares. The Corporation may, from time to time, lawfully enter into any agreement to which all, or less than all, of the holders of record of the issued and outstanding shares of its capital stock shall be parties, restricting the transfer of any or all shares of its capital stock represented by certificates therefor upon such reasonable terms and conditions as may be approved by the Board of Directors of this Corporation.

(c) Stock Rights and Options. The Corporation may create and issue, whether or not in connection with the issuance and sale of any of its shares or other securities, rights or options entitling

the holders thereof to purchase from the Corporation shares of any class or classes of its stock.

(d) Payment of Dividends From Depletion Reserves. If at any time the Corporation is engaged in the business of exploiting natural resources, dividends may be declared and paid in cash out of the depletion reserves, but each such dividend shall be identified as a distribution of such reserves and the amount per share paid from such reserves shall be disclosed to the shareholders receiving the same concurrently with the distribution thereof.

(e) Waiver of Shareholders' Preemptive Rights. No holder of the common stock of the Corporation shall have the preemptive right to purchase his pro rata portion of the issuance of any class of stock, including treasury stock.

(f) Lien on Shares. The Corporation shall have a lien on the shares of its shareholders for any debt or liability incurred to it by such shareholders before notice of transfer of or levy on such shares, which lien may be exercised by cancellation, forfeiture, or public or private sale, upon reasonable notice, of such shares, which remedies are cumulative to an action to enforce payment or other remedies provided by law.

(g) Right of Corporation to Acquire and Dispose of its Own Shares. The Corporation shall have the right to purchase, take, receive or otherwise acquire, hold, own, pledge and transfer or otherwise dispose of its own shares, but purchases of its own shares, whether direct or indirect, shall be made only to the extent of unreserved and unrestricted earned surplus and unreserved and unrestricted capital surplus available therefor.

(h) Acquisition of Stock. All persons who shall acquire stock in this Corporation shall acquire it subject to the provisions of these Articles of Incorporation. So far as not otherwise expressly provided by the laws of the State of Alabama, the Corporation shall be entitled to treat the person or entity in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in said share on the part of any other person, whether or not the Corporation shall have notice thereof.

Section 9. Board of Directors.

(a) Powers. Except as may be otherwise provided by law or in these Articles of Incorporation, all corporate powers of the Corporation shall be exercised by or under authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors. In furtherance and not in

limitation of the powers conferred by statute, the Board of Directors shall have the following powers:

(1) The power to alter, amend or repeal the Bylaws or adopt new Bylaws shall be vested in the Board of Directors and the shareholders, or either of them, provided, however, that the Board of Directors may not alter, amend or repeal any Bylaw establishing what constitutes a quorum at shareholders' meetings or which was adopted by the shareholders and specifically provides that it cannot be altered, amended or repealed by the Board of Directors, or which is not otherwise permitted by applicable law to be altered, amended or repealed solely by the action of the Board of Directors;

(2) To fix and determine and to vary the amount of working capital of the Corporation; to determine whether any, and if any, part of any accumulated profits shall be declared and paid as dividends; to determine the date or dates for the declaration and payment of dividends; and to direct and determine the use and disposition of any surplus or net profits over and above the capital stock paid in;

(3) To authorize the issue and sale of warrants, in bearer or registered form, or other instruments for the purchase of shares of stock of any class of the Corporation within such period of time, or without limit as to time, for such aggregate number of shares, and at such price or prices per share, as the Board of Directors may determine. Such warrants or other instruments may be issued separately or in connection with the issue of any bonds, debentures, notes or other evidences of indebtedness or shares of the capital stock of any class of the Corporation and for such consideration and on such terms and conditions as the Board of Directors may determine to be desirable;

(4) To take any action required or permitted to be taken by the Board of Directors at a meeting without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors.

(5) To ratify and approve any action taken by or on behalf of the Corporation's employees, agents, officers, directors or any other party, and, upon such ratification and approval, any such actions so taken shall be effective for and as the act of the Corporation as though such act had been adopted and approved by the Board of Directors at the time such action was taken.

The Corporation may, in its Bylaws, confer powers upon its Board of Directors in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon directors by statute.

(b) Conflicts of Interest. No contract or other transaction between the Corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction, if the contract or transaction is fair and reasonable to the Corporation and if either:

(1) The fact of such relationship or interest is disclosed to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or

(2) The fact of such relationship or interest is disclosed to the shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent.

Common or interested directors may not be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

Section 10. Power of President to Execute Documents. The President shall have authority to execute all deeds, mortgages, bonds and other contracts requiring a seal, under the seal of the Corporation, and the Secretary or any Assistant Secretary shall have authority to affix such seal to instruments requiring it, and to attest the same.

Section 11. Indemnification of Officers, Directors, Employees and Agents.

(a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request

of the Corporation as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such claim, action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 11(a) and 11(b) or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

(d) Any indemnification under paragraphs (a) and (b) of this Section 11 (unless ordered by a court) shall be made by the

Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) and (b) of this Section 11. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in paragraph (d) of this Section 11 upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if and to the extent that it shall be ultimately determined that he is not entitled to be indemnified by the Corporation as authorized in this Section 11.

(f) The indemnification authorized in and provided by this Section 11 shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provisions of articles of incorporation, bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 12. Subsequently Adopted Corporation Laws. Any and every statute of the State of Alabama hereinafter enacted whereby the rights, powers and privileges of the shareholders of corporations organized under the general laws of the State of Alabama are increased, diminished or in any way affected, or whereby effect is given to the action taken by any part but less than all of the shareholders of any such corporation, shall apply to this Corporation and to every shareholder thereof, to the same extent as if such statute had been in force at the date of the making and filing of these Articles of Incorporation.

Section 13. Amendment. The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter provided by law, and all rights conferred upon officers, directors and

shareholders herein are granted subject to this reservation; provided, however, that no such amendment, alteration, change or repeal shall be effective without approval of a majority of the holders of the common stock and that no such amendment, alteration, change or repeal upon which the holders of any class of common stock shall be entitled to vote as a class shall be effective without the approval of a majority of the holders of that class of common stock.

IN WITNESS WHEREOF, the undersigned Incorporator has hereunto subscribed his name to these Articles of Incorporation on this the 26th day of February, 1990.



Christopher R. Murvin, Incorporator



STATE OF ALA. JEFFERSON CO.
I CERTIFY THIS INSTRUMENT
WAS FILED ON

1990 FEB 26 PM 4:15

OFFICE OF THE SECRETARY OF STATE

State of Alabama

PERRY A. HAND
SECRETARY OF STATE

RECEIVED \$ 3.00 MTG. TAX
FILED TAX HAS BEEN
PAID FOR THIS INSTRUMENT

360
John Vawter
JUDGE OF PROBATE

NAME RESERVATION CERTIFICATE

FOR

Capstone Development Corp.

I, Perry A. Hand, Secretary of State of the State of Alabama, having custody of the Great and Principal Seal of said state, do hereby certify that pursuant to the provisions of Section 10-2A-26, Code of Alabama 1975, based upon an examination of the corporation records on file in this office, the corporate name "Capstone Development Corp." is reserved as available.

This domestic corporation name is proposed to be incorporated in Jefferson County and is for the exclusive use of John Vawter, 3045 Cahaba Cliffs Dr., Birmingham, AL 35243 for a period of one hundred twenty days beginning January 29, 1990 and expiring May 30, 1990.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State in the Capitol, in the City of Montgomery, on January 29, 1990.

Perry A. Hand

Perry A. Hand
Secretary of State

B Y L A W S

OF

CAPSTONE DEVELOPMENT CORP.

an Alabama corporation

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an Alabama corporation

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OFFICES

Section 1.1 Principal Office

The principal office of the corporation shall be located in Birmingham, Alabama. The corporation may have such other offices, within and without the State of Alabama, as the board of directors may determine or as the business of the corporation may require.

Section 2 Registered Office

The registered office of the corporation, required by the Alabama Business Corporation Act to be maintained in the State of Alabama, may but need not be the same as its principal office in the State of Alabama. The address of the registered office may be changed from time to time by the board of directors.

ARTICLE II

SHAREHOLDERS

Section 2.1 Annual Meetings

The annual meeting of the shareholders, commencing with the year 1990, shall be held on the 2nd Tuesday of March in each year if not a legal holiday in the State of Alabama, and if a legal holiday, then on the next succeeding business day not a legal holiday, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for the annual meeting of the shareholders, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as may be conveniently held.

Section 2.2 Special Meetings

Special meetings of the shareholders may be called by the board of directors, the chairman of the board, the president or the holders of not less than one-tenth of all shares of the corporation

entitled to vote at the meeting.

Section 2.3 Place of Meetings

Annual and special meetings shall be held at the principal office of the corporation in the State of Alabama, or at such other place, within or without the State of Alabama, as may be designated by the board of directors or the person or persons calling the meeting and stated in the notice of the meeting.

Section 2.4 Notice of Meetings

Unless otherwise required by law, written notice of shareholder meetings, stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the chairman of the board, the president, the secretary, or the officer or other persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid. Notwithstanding the provisions of this section, the stock or bond indebtedness of the corporation shall not be increased at a meeting unless notice of such meeting shall have been given as may be required by Section 234 of the Constitution of Alabama as the same may be amended from time to time.

Section 2.5 Closing of Transfer Books or Fixing of Record Date

For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may provide that the stock transfer books shall be closed for a stated period not to exceed fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed

for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

Section 2.6 Voting Record

The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the address of and the number of shares held by each. Such list shall be kept on file at the principal office of the corporation for a period of ten days prior to such meeting of shareholders and shall be subject to inspection by any shareholder making written request therefor at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

Section 2.7 Proxies

At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.8 Quorum

Unless otherwise provided in the articles of incorporation, a majority of the shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If a quorum is not present at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice, other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been

transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 2.9 Voting of Shares

Subject to the provisions of the next sentence of this Section 2.9, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders. At each election for directors every shareholder entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders. At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or, if cumulative voting is authorized by the articles of incorporation, to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the Constitution of Alabama, the Alabama Business Corporation Act, the articles of incorporation or these bylaws.

Section 2.10 Voting of Shares by Certain Holders

(a) Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the bylaws of such other corporation may prescribe, or, in the absence of such provision, as the board of directors of such other corporation may determine.

(b) Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name and no corporate trustee shall be entitled to vote in the election of directors shares held by it solely in a fiduciary capacity if such shares are shares issued by the corporate trustee itself.

(c) Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

(d) A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(e) Neither treasury shares of its own stock held by the corporation, nor shares held by another corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by the corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Section 2.11 Action Without a Meeting

Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote of shareholders.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 General Powers

All corporate powers shall be exercised by or under authority of, and the business and affairs of the corporation shall be managed under the direction of, its board of directors. In furtherance and not in limitation of the powers confirmed by statute, the board of directors shall have the power to ratify and approve any action by or on behalf of the corporation by the corporation's employees, agents, officers, directors or any other party, and, upon such ratification and approval, any such actions so taken shall be effective for and as the act of the corporation as though such act had been adopted and approved by the board of directors at the time such action was taken.

Section 3.2 Number, Tenure and Qualifications

The number of directors constituting the initial board of directors is set forth in the articles of incorporation, and the members of the first board shall hold office until the first annual meeting of shareholders and until their successors shall have been elected and qualified. Thereafter, the number of directors constituting the board of directors shall be not less than one nor more than ten, the exact number to be determined by resolution of the board of directors. The minimum and maximum number of directors may be increased or decreased from time to time in the

manner provided by these bylaws for the amendment thereof, but no decrease shall have the effect of shortening the term of any incumbent director. Directors shall hold office until the next succeeding annual meeting of shareholders and until their successors shall have been elected and qualified. Directors need not be shareholders or residents of the State of Alabama.

Section 3.3 Vacancies

Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected to serve until the next annual meeting of shareholders. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose.

Section 3.4 Meetings

Meetings of the board of directors, regular or special, may be held either within or without the State of Alabama. A regular meeting of the board of directors shall be held without notice either during or immediately after, and at the same place as, the annual meeting of shareholders. Other regular meetings may be held upon such notice and at such time and place as shall be determined by the board. Special meetings of the board of directors may be called by the chairman of the board, the president or by any two directors on no less than three days written notice to each director, delivered personally, or mailed or delivered by overnight courier to each director at either his business or residence address or by telegram. The secretary, at the request in writing of the chairman of the board, the president or any two directors, shall send such written notice on his or their behalf. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If by overnight courier service, such notice shall be deemed to be delivered when deposited with such courier service. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice of such meeting.

Section 3.5 Meeting by Telephone

Members of the board of directors or any committee designated thereby may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Section 3.6 Quorum

A majority of the whole number of directors of the board shall constitute a quorum for the transaction of business at any meeting of the board of directors. If less than a majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. If a quorum is present when the meeting is convened, the directors present may continue to do business, taking action by a vote of a majority of a quorum, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum present or the refusal of any director present to vote.

Section 3.7 Acts of the Board

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Section 3.8 Presumption of Assent

A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 3.9 Action Without a Meeting

Any action required or permitted to be taken by the board of directors or a committee thereof at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote of the directors or the members of such committee.

Section 3.10 Committees

The board of directors, by resolution passed by a majority of the whole board of directors, may designate from among its members one or more committees, each committee to consist of one or more of the directors of the corporation. Each such committee, to the extent provided in the resolutions of the board of directors, shall have and may exercise all the powers and authority of the board of directors, except that no such committee shall have the authority

of the board in reference to declaring a dividend or distribution from capital stock, issuing capital stock, amending the articles of incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease, mortgage, exchange or other disposition of all or substantially all of the property and assets of the corporation other than in the usual and regular course of business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation of a dissolution, filling vacancies in the board of directors, or amending the bylaws of the corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

Section 3.11 Compensation

By resolution of the board of directors, each director may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board of directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 3.12 Conflicts of Interest

(a) No contract or other transaction between the corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction, if the contract or transaction is fair and reasonable to the corporation and if either the fact of such relationship or interest is disclosed to the board of directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors or the fact of such relationship or interest is disclosed to the shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent.

(b) Common or interested directors may not be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

Section 3.13 Loans to Employees and Directors

The corporation shall not lend money to or use its credit to assist its directors without authorization in the particular case by its shareholders, but may lend money to and use its credit to assist any employee of the corporation or of a subsidiary, including any such employee who is a director of the corporation, if the board of directors decides that such loan or assistance may benefit the corporation.

ARTICLE IV

WAIVER OF NOTICE

Section 4.1 Directors

Whenever any notice is required to be given to any director of the corporation under the provisions of the Constitution of Alabama, the Alabama Business Corporation Act, the articles of incorporation, or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors or any committee designated thereby need be specified in the waiver of notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4.2 Shareholders

Whenever any notice is required to be given to any shareholder of the corporation under the provisions of the Constitution of Alabama, the Alabama Business Corporation Act, the articles of incorporation, or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE V

OFFICERS

Section 5.1 Positions

The officers of the corporation shall be elected by the board of directors and shall consist of a president, a secretary, and such other officers and assistant officers as may be deemed

necessary by the board of directors. Any two or more offices may be held by the same person.

Section 5.2 Election and Term of Office

The first officers of the corporation shall be elected by the board of directors at the first meeting of the board of directors. Each officer shall hold office at the pleasure of the board of directors or until his death or he shall resign or shall have been removed in the manner hereinafter provided.

Section 5.3 Vacancies

A vacancy in any office may be filled by the board of directors.

Section 5.4 Removal

Any officer or agent of the corporation may be removed by the board of directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5.5 Duties

The officers of the corporation, if and when elected by the board of directors of the corporation, shall have the following duties:

(a) Chairman of the Board. The chairman of the board, who must be a member of the board of directors, shall have such powers and perform such duties as may be prescribed and assigned to him from time to time by the board of directors.

(b) President. The president shall be the chief administrative officer of the corporation and shall have general and active management of such areas and divisions of the business of the corporation as may be designated by the board of directors. The president may sign certificates for shares of the corporation and deeds, mortgages, bonds, contracts or other instruments on behalf of the corporation except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. In general, he shall perform all duties incident to the office of president, except as specifically limited by resolution of the board of directors. The president shall have such other powers

and perform such other duties as may be prescribed and assigned to him from time to time by the board of directors.

(c) Vice-President. In the absence of the president or in the event of his death or inability to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order determined by the board of directors) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Any vice-president may sign certificates for shares of the corporation and shall perform such other duties as from time to time may be prescribed and assigned to him by the president or the board of directors.

(d) Secretary. The secretary shall keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; be custodian of the corporate records and of the seal of the corporation; see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; keep a register of the post office address of each shareholder which shall be furnished to the secretary by each shareholder; sign with the president, any vice-president, or the treasurer certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; have general charge of the stock transfer books of the corporation; and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or the board of directors. If there is no treasurer of the corporation, the secretary shall assume the authority and duties of the treasurer.

(e) Treasurer. The treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for moneys due and payable to the corporation from any course whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as may be designated by the board of directors, and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or the board of directors. The treasurer may sign certificates for shares of the corporation. If

required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

(f) Assistant Secretaries and Assistant Treasurers. The assistant secretary, or if there shall be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. The board of directors may require any assistant treasurer to give a bond for the faithful discharge of his duties in such sums and with such surety or sureties as the board of directors shall determine. The assistant secretaries and assistant treasurers shall all perform such other duties as shall be assigned to them by the secretary and treasurer, respectively, or by the president or the board of directors.

Section 5.6 Compensation

The compensation of the officers shall be fixed from time to time by the board of directors, and no officer shall be prevented from receiving such compensation by reason of the fact that he is also a director of the corporation.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 6.1 Indemnity; Generally

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the corporation), by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such claim, action,

suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 6.2 Indemnity; Action by Corporation

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 6.3 Expenses Upon Successful Defense

To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in either Section 6.1 or 6.2 of this Article VI, or in defense or any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

Section 6.4 Authorization

(a) Any indemnification under Sections 6.1 and 6.2 of this Article VI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 6.1 and 6.2 of this Article VI. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the shareholders.

(b) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the corporation in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in paragraph (a) of this Section 6.4 upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if and to the extent that it shall be ultimately determined that he is not entitled to be indemnified by the corporation as authorized in this Article VI.

Section 6.5 Nonexclusive Right

The indemnification authorized in and provided by this Article VI shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provisions of articles of incorporation, bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.6 Indemnity Insurance

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation is required or permitted to indemnify him against such liability under the provisions of this Article VI or any statute.

ARTICLE VII

CERTIFICATES REPRESENTING SHARES

Section 7.1 Certificates Representing Shares

Certificates representing shares of the corporation shall be in such form as shall be determined by the board of directors. Such certificates shall be signed by the president, any vice-president, or the treasurer, and by the secretary, an assistant vice-president, an assistant secretary, or an assistant treasurer, and sealed with the corporate seal or a facsimile thereof. The signatures of both of such officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar, other than the corporation itself or one of its employees. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue. Each certificate of shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number and class of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the corporation as the board of directors may prescribe.

Section 7.2 Legends on Certificates

Any written restriction on the transfer of shares of the corporation must be noted conspicuously on the certificate representing such shares. In addition, if the corporation is authorized to issue shares of more than one class, there shall be set forth upon the face or back of every certificate, or every certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, and if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 7.3 Transfer of Shares

Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

Section 7.4 Lost, Stolen, Destroyed, or Mutilated Certificates

The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

ARTICLE VIII

GENERAL

Section 8.1 Fiscal Year

The fiscal year of the corporation shall be fixed by resolution of the board of directors.

Section 8.2 Dividends

The board of directors, from time to time, may declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law.

Section 8.3 Checks

All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 8.4 Corporate Seal

The board of directors shall select a corporate seal which shall have inscribed thereon the name of the corporation, the words "Alabama" and "Corporate Seal". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 8.5 Right of Corporation to Acquire its Own Shares

The corporation shall have the right to purchase, take, receive or otherwise acquire, hold, own, pledge and transfer or otherwise dispose of its own shares. Purchases by the corporation of its own shares, whether direct or indirect, may be made to the extent of unreserved and unrestricted earned surplus available therefor and, if permitted by the articles of incorporation of the corporation (or, if not so permitted by the articles of incorporation of the corporation, with the affirmative vote of the holders of two-thirds of all shares entitled to vote thereon), to the extent of unreserved and unrestricted capital surplus of the corporation available therefor.

Section 8.6 Voting of Corporation's Securities

Unless otherwise ordered by the board of directors, the chairman of the board, the president or any vice-president, or such other officer as may be designated by the board of directors to act in the absence of the chairman of the board, the president or any vice-president, shall have full power and authority on behalf of the corporation to attend and to act and to vote, and to execute a proxy or proxies empowering others to attend and to act and to vote, at any meetings of security holders of any corporation in which the corporation may hold securities, and at such meetings the chairman of the board, or such other officer of the corporation, or such proxy shall possess and may exercise any and all rights and powers incident to the ownership of such securities, and which as the owner thereof the corporation might have possessed and exercised, if present. The secretary or any assistant secretary may affix the corporate seal to any such proxy or proxies so executed by the chairman of the board, or such other officer, and attest the same. The board of directors by resolution from time to time may confer like powers upon any other person or persons.

ARTICLE IX

AMENDMENT OF BYLAWS

These bylaws may be altered, amended or repealed and new bylaws may be adopted by either the board of directors or by the shareholders at any regular or special meeting thereof; provided, however, that the board of directors may not alter, amend or repeal

any bylaw establishing what constitutes a quorum at shareholders' meetings.

CERTIFIED as a true, accurate and complete copy of the by-laws of Capstone Development Corp., this 6th day of March, 1990.



MICHAEL A. MOURON, President

ACTION BY WRITTEN CONSENT
OF THE SOLE SHAREHOLDER AND DIRECTOR OF
CAPSTONE DEVELOPMENT CORP.
IN LIEU OF A SPECIAL MEETING

WHEREAS, Capstone Development Corp., an Alabama corporation (the "Corporation"), as Developer of a student housing project on the campus of Southeastern Louisiana University, located in Hammond, Louisiana, is the party to certain agreements in connection with the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority of its \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "2004A Bonds"), the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority of its \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "2004B Bonds"), and the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority of its \$925,000 Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "2004C Bonds") (the 2004A Bonds, the 2004B Bonds and the 2004C Bonds are collectively referred to as the "Bonds");

WHEREAS, the Corporation desires to ratify, affirm, authorize, approve and consent to the entering into such documents as are required in connection with the issuance and sale of the Bonds;

NOW, THEREFORE, pursuant to Sections 10-2B-8.21 and 10-2B-7.04, Code of Alabama (1975, as amended), the undersigned, being the sole shareholder and sole member of the Board of Directors of the Corporation, does hereby consent to and adopt the following resolutions by written consent in lieu of a special meeting:

RESOLVED, that William E. Davenport, as Senior Vice President of the Corporation, is hereby authorized, empowered and directed, on behalf of the Corporation to execute and deliver any and all documents in connection with the issuance and sale of the Bonds, whether executed prior to the date hereof, on even date herewith, or subsequent to the date hereof, including, without limitation, the Development Agreement dated as of August 1, 2004, between University Facilities, Inc. ("UFI") and the Corporation (the "Development Agreement"), the Collateral Assignment dated as of August 1, 2004, by the Corporation in favor of UFI (the "Collateral Assignment"), the Consent and Agreement to Perform dated as of August 1, 2004 by the Corporation in favor of The Bank of New York Trust Company, N.A. (the "Consent") and the Developer Indemnity Letter from the Corporation to UFI, Louisiana Local Government Environmental and Community Development Authority, Morgan Keegan & Company, Inc. and MBIA Insurance Corporation (the "Developer Indemnity Letter"), and is further authorized, empowered and directed, on behalf of the Corporation, to execute any and all other documents required in connection with the issuance and sale of the Bonds and to take whatever other action deemed necessary to carry out the intent of the foregoing;

FURTHER RESOLVED, that Billy Higginbotham, as Vice President of the Corporation did sign on behalf of the Corporation the Standard Form of Agreements between Owner and Architect dated

as of December 1, 2003, between the Corporation and architect (the "Architect's Agreement") and such actions are hereby ratified, affirmed, authorized and approved in all respect;

FURTHER RESOLVED, that Joseph H. Harrison, as Executive Vice President of the Corporation, did sign on behalf of the Corporation the Standard Form of Agreement between Owner and Contractor dated as of February 24, 2004, between the Corporation and Capstone Building Corp. and the Standard Form of Agreement between Owner and Contractor dated May 20, 2004, between the Corporation and Capstone Building Corp. (collectively, the "Construction Contracts") and such actions are ratified, affirmed, authorized and approved in all respects;

FURTHER RESOLVED, that neither the Articles of Incorporation nor the Bylaws of the Corporation prohibit the execution of the Development Agreement, the Architect's Agreement, the Construction Contracts, the Collateral Assignment, the Consent or the Developer Indemnity Letter, or the execution of any other documents in connection therewith.

Dated: August 1, 2004.

SOLE SHAREHOLDER AND DIRECTOR:

A handwritten signature in black ink, appearing to read "Michael A. Mouron", written over a horizontal line.

MICHAEL A. MOURON

35 b.

CLOSING CERTIFICATE OF DEVELOPER

The undersigned, as President of Capstone Development Corp., an Alabama corporation (“Corporation”) has executed this Closing Certificate of Developer (this “Certificate”) in connection with the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the “Series 2004A Bonds”), \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the “Series 2004B Bonds”) and \$925,000 Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the “Series 2004C Bonds”) (the “Series 2004A Bonds, Series 2004B Bonds and Series 2004C Bonds are collectively referred to herein as the “Bond Transactions”).

The undersigned hereby certifies to Hand Arendall, L.L.C. that:

1. The following natural persons are certain of the duly elected officers of the Corporation:

Michael A. Mouron: President
L. Jeff Jones: Executive Vice President
William E. Davenport, II: Senior Vice President
Joe Harrison: Executive Vice President

2. As of the date hereof and on August 13, 2004, the Corporation is and shall be a duly organized, validly existing corporation and in good standing under the laws of the State of Alabama.

3. Attached hereto as Exhibit A is a true, complete and correct copy of the Resolutions of the Corporation relating to the Bond Transactions, adopted by the sole shareholder and director of the Corporation (the “Resolutions”). The Resolutions have not been amended, revoked or otherwise modified in any respect and are the only Resolutions of the sole shareholder and director of the Corporation with respect to the Bond Transactions.

4. The sole member of the Board of Directors, Michael A. Mouron, and the officer acting on behalf of the Corporation with respect to the Bond Transactions were duly elected and incumbent in their offices at the times of all relevant entity action and at all relevant times thereafter.

5. The Corporation has not received any notice from the Secretary of State of the State of Alabama or the Secretary of State of the State of Louisiana of a determination that any grounds exists for administratively dissolving the Corporation, and the Corporation has not received notice of the commencement of any action to judicially dissolve the Corporation. The sole shareholder and director of the Corporation has not taken any action with respect to the dissolution of the Corporation, and the Corporation has not filed any notice of intent to dissolve with the Secretary of State of the State of Alabama or the Secretary of State of the State of Louisiana.

6. The statements, representations and warranties of the Corporation contained in each of the documents executed and/or issued in connection with the Bond Transactions (the "Bond Documents") are true, complete and correct in all respects.

7. There are no actions or proceedings pending or threatened against, relating to or affecting the Corporation which could reasonably be expected to result in the issuance of any order restraining, enjoining or otherwise prohibiting or making illegal the consummation of the Bond Transactions.

8. The execution and delivery by the Corporation of all Bond Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by necessary entity action of the Corporation. The execution and delivery by the Corporation of the Bond Documents and the consummation by the Corporation of the Bond Transactions, will not violate any judicial or administrative order, judgment or decree to which the Corporation is subject.

9. The execution and delivery by the Corporation of each of the Bond Documents to which it is a party, will not conflict with or constitute a breach, result in a violation of, or result in the acceleration or required prepayment of any indebtedness pursuant to, any agreement or other instrument to which the Corporation is a party or by which the Corporation is bound nor will conflict with or constitute a breach or result in a violation of any substantive order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Corporation or its property.

10. There is no litigation at law or in equity or any proceeding before any governmental agency pending or threatened against the Corporation in which any liability of the Corporation is not adequately covered by insurance, or in which any judgment or order would have material adverse effect on the condition (financial or otherwise), of the Corporation or would affect their existence or authority to do business, the validity or enforceability of the Bond Documents or the performance by the Corporation of their obligations thereunder.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 10 day of August, 2004.

CAPSTONE DEVELOPMENT CORP.

By: 

MICHAEL A. MOURON

Its President

ACTION BY WRITTEN CONSENT
OF THE SOLE SHAREHOLDER AND DIRECTOR OF
CAPSTONE DEVELOPMENT CORP.
IN LIEU OF A SPECIAL MEETING

WHEREAS, Capstone Development Corp., an Alabama corporation (the "Corporation"), as Developer of a student housing project on the campus of Southeastern Louisiana University, located in Hammond, Louisiana, is the party to certain agreements in connection with the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority of its \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "2004A Bonds"), the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority of its \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "2004B Bonds"), and the issuance and sale by the Louisiana Local Government Environmental Facilities and Community Development Authority of its \$925,000 Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "2004C Bonds") (the 2004A Bonds, the 2004B Bonds and the 2004C Bonds are collectively referred to as the "Bonds");

WHEREAS, the Corporation desires to ratify, affirm, authorize, approve and consent to the entering into such documents as are required in connection with the issuance and sale of the Bonds;

NOW, THEREFORE, pursuant to Sections 10-2B-8.21 and 10-2B-7.04, Code of Alabama (1975, as amended), the undersigned, being the sole shareholder and sole member of the Board of Directors of the Corporation, does hereby consent to and adopt the following resolutions by written consent in lieu of a special meeting:

RESOLVED, that William E. Davenport, as Senior Vice President of the Corporation, is hereby authorized, empowered and directed, on behalf of the Corporation to execute and deliver any and all documents in connection with the issuance and sale of the Bonds, whether executed prior to the date hereof, on even date herewith, or subsequent to the date hereof, including, without limitation, the Development Agreement dated as of August 1, 2004, between University Facilities, Inc. ("UFI") and the Corporation (the "Development Agreement"), the Collateral Assignment dated as of August 1, 2004, by the Corporation in favor of UFI (the "Collateral Assignment"), the Consent and Agreement to Perform dated as of August 1, 2004 by the Corporation in favor of The Bank of New York Trust Company, N.A. (the "Consent") and the Developer Indemnity Letter from the Corporation to UFI, Louisiana Local Government Environmental and Community Development Authority, Morgan Keegan & Company, Inc. and MBIA Insurance Corporation (the "Developer Indemnity Letter"), and is further authorized, empowered and directed, on behalf of the Corporation, to execute any and all other documents required in connection with the issuance and sale of the Bonds and to take whatever other action deemed necessary to carry out the intent of the foregoing;

FURTHER RESOLVED, that Billy Higginbotham, as Vice President of the Corporation did sign on behalf of the Corporation the Standard Form of Agreements between Owner and Architect dated

as of December 1, 2003, between the Corporation and architect (the "Architect's Agreement") and such actions are hereby ratified, affirmed, authorized and approved in all respect;

FURTHER RESOLVED, that Joseph H. Harrison, as Executive Vice President of the Corporation, did sign on behalf of the Corporation the Standard Form of Agreement between Owner and Contractor dated as of February 24, 2004, between the Corporation and Capstone Building Corp. and the Standard Form of Agreement between Owner and Contractor dated May 20, 2004, between the Corporation and Capstone Building Corp. (collectively, the "Construction Contracts") and such actions are ratified, affirmed, authorized and approved in all respects;

FURTHER RESOLVED, that neither the Articles of Incorporation nor the Bylaws of the Corporation prohibit the execution of the Development Agreement, the Architect's Agreement, the Construction Contracts, the Collateral Assignment, the Consent or the Developer Indemnity Letter, or the execution of any other documents in connection therewith.

Dated: August 1, 2004.

SOLE SHAREHOLDER AND DIRECTOR:

A handwritten signature in black ink, appearing to read "Michael A. Mouron", written over a horizontal line.

MICHAEL A. MOURON

STATE OF LOUISIANA)	
)	
TANGIPAHOA PARISH)	

**CONSENT AND AGREEMENT TO PERFORM
(GENERAL CONTRACTOR)**

This **CONSENT AND AGREEMENT TO PERFORM**, made and entered into as of the 1st day of August, 2004, is by **CAPSTONE BUILDING CORP.** (the "**General Contractor**") in favor of **THE BANK OF NEW YORK TRUST COMPANY, N.A.**, as Trustee (together with its successors and assigns, the "**Trustee**").

WITNESSETH:

WHEREAS, University Facilities, Inc. (the "**Corporation**") and the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") have entered into a Loan Agreement of even date herewith wherein the Authority has agreed to lend to the Corporation the proceeds of the sale of the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**") issued in the aggregate principal amount of \$[Amount of A Bonds], the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**") issued in the aggregate principal amount of \$[Amount of B Bonds], and the Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**") issued in the aggregate principal amount of \$[Amount of C Bonds] in order to finance the cost of(a) acquiring, constructing, furnishing, and equipping two student housing facilities containing 1,513 beds, including the buildings, furniture, fixtures, and equipment therefor and related facilities (collectively, the "**New Facilities**"), (b) renovating an existing student housing facility (the "**Renovated Facility**"), and (c) demolishing four existing student housing facilities (the "**Old Facilities**"), all located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana;; and

WHEREAS, the Series 2004A Bonds the Series 2004B Bonds, and the Series 2004C Bonds (collectively, the "**Series 2004 Bonds**") are to be issued by the Authority pursuant to a Trust Indenture (the "**Indenture**") of even date herewith by and between the Authority and the Trustee; and

WHEREAS, the Corporation and Capstone Development Corp. (the "**Developer**") have entered into a Development Agreement dated as of August 1, 2004, pursuant to which the Developer has agreed to design and build the Project; and

WHEREAS, the Developer and the General Contractor have entered into a Standard Form of Agreement Between Owner and Contractor dated as of February 24, 2004, and a Standard Form of Agreement Between Owner and Contractor dated as of May 20, 2004, and anticipate entering into a third contract pursuant to which the General Contractor has agreed to complete the Project (collectively, the "**Construction Contract**"), pursuant to which the General Contractor has agreed to complete the Project; and

WHEREAS, as security for the its performance under the Development Agreement, the Developer has collaterally assigned its rights under the Construction Contract to the Corporation pursuant to a Collateral Assignment (the "**Developer Assignment**") of even date herewith by the Developer in favor of the Corporation; and

WHEREAS, the Corporation has collaterally assigned its rights under the Development Agreement and the Construction Contract to the Trustee pursuant to an Assignment of Agreements and Documents (the "**Corporation Assignment**") of even date herewith by the Corporation in favor of the Trustee;

WHEREAS, the Authority has agreed to issue and deliver the Series 2004 Bonds on the condition, *inter alia*, that the General Contractor acknowledge and consent to the assignment of the Construction Contract by the Developer to the Corporation pursuant to the Developer Assignment and by the Corporation to the Trustee pursuant to the Corporation Assignment and that it agree, upon the occurrence of an Event of Default under the Indenture (an "**Indenture Default**") **and** the occurrence of a default or an event of default under the Development Agreement (a

"Development Agreement Default"), to perform for the Trustee under the Construction Contract on the terms set forth herein,


NOW, THEREFORE, FOR VALUE RECEIVED the General Contractor hereby represents, warrants, covenants, and agrees:

1. The General Contractor hereby consents to the assignment of the Construction Contract by the Developer to the Corporation pursuant to the Developer Assignment and by the Corporation to the Trustee pursuant to the Corporation Assignment and consents and agrees that (a) none of its obligations or duties under the Construction Contract shall be impaired or reduced in any way by the Developer Assignment or the Corporation Assignment, and (b) upon the occurrence of an Indenture Default and a Development Agreement Default, it will, at the request of the Trustee, continue performance pursuant to the Construction Contract until completion of construction of the Project, provided it is reimbursed for any sums owing in accordance therewith for all such services rendered.

2. The General Contractor further acknowledges that (a) as a result of the Developer Assignment, the Corporation Assignment, and its consent thereto, the Trustee and its assigns will be entitled, upon the occurrence of an Indenture Default and a Development Agreement Default, to exercise all of the rights, interest, privileges, and options granted and/or afforded by the Construction Contract, (b) after any occurrence of such events, it will accept all performance of the Construction Contract from the Trustee, its agents, or assigns as complying with the requirements and obligations otherwise due thereunder and agrees that it will not terminate the Construction Contract on account of any default by the Developer thereunder without written notice to the Trustee and first providing to the Trustee a reasonable opportunity, but not less than thirty (30) days, to effect a cure of the default or to commence or cause the commencement of completion of construction of the Project. In the event the Trustee elects to complete or cause the completion of the Project, the General Contractor agrees not to terminate the rights of the Developer under the Construction Contract so long as the defaults of the Developer thereunder are cured by the Trustee within a reasonable time. However, nothing herein shall require the Trustee to cure any default of the Developer under the Construction Contract, but only grants it the option to do so. In the event of any foreclosure by the Trustee on the Corporation's leasehold interest in the Project (or the transfer or sale in lieu of foreclosure), the Trustee may transfer and assign its rights under the Developer Assignment, the Corporation Assignment, and this Consent and Agreement to Perform to the purchaser at the foreclosure sale or the transferee in lieu thereof; provided, however, it is understood that the Trustee has no obligation to assign its rights under the Developer Assignment, the Corporation Assignment, or this Consent and Agreement to Perform to such purchaser or transferee.

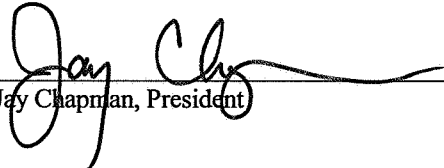
3. The General Contractor certifies to the Trustee that (a) the Construction Contract is valid and enforceable, and has been approved by it and to the best of its knowledge, all necessary government authorities which are required to approve the same in order to construct the Project, (b) to the best of its knowledge, the Construction Contract complies with all requirements of applicable governmental agencies, (c) there has been no prior assignment of the Construction Contract, (d) no default has occurred under the Construction Contract, (e) it is licensed to conduct business in the State of Louisiana and will maintain said license in full force and effect throughout the life of the Construction Contract, (f) to the best of its knowledge, the Construction Contract contains those usual and customary terms and conditions necessary to assure completion of construction of the Project in a good and workmanlike manner and in accordance with the complete plans and specifications for the Project identified in the Construction Contract (the "Plans"); and (g) any construction of the Project heretofore completed by it, if any, has been performed in accordance with the Plans.

IN WITNESS WHEREOF, the General Contractor has caused these presents to be executed as of the day and year first hereinabove written.



Louis Harris

CCT
CAPSTONE BUILDING CORP.

By 

Jay Chapman, President

and the occurrence of a default or an event of default under the Development Agreement (a "**Development Agreement Default**"), to perform for the Trustee under the Architect's Agreement on the terms set forth herein,

NOW, THEREFORE, FOR VALUE RECEIVED the Architect hereby represents and agrees:

1. The Architect hereby consents to the assignment of the Architect's Agreement by the Developer to the Corporation pursuant to the Developer Assignment and by the Corporation to the Trustee pursuant to the Corporation Assignment and consents and agrees that (a) none of its obligations or duties under the Architect's Agreement shall be impaired or reduced in any way by the Developer Assignment or the Corporation Assignment, and (b) upon the occurrence of an Indenture Default **and** a Development Agreement Default, it will, at the request of the Trustee, continue performance pursuant to the Architect's Agreement until completion of construction of the Project, provided it is reimbursed for any sums owing in accordance therewith for all such services rendered.

2. The Architect further acknowledges that (a) as a result of the Developer Assignment, the Corporation Assignment, and its consent thereto, the Trustee and its assigns will be entitled, upon the occurrence of an Indenture Default and a Development Agreement Default, to exercise all of the rights, interest, privileges, and options granted and/or afforded by the Architect's Agreement, (b) after any occurrence of such events, it will accept all performance of the Architect's Agreement from the Trustee, its agents, or assigns as complying with the requirements and obligations otherwise due thereunder and agrees that it will not terminate the Architect's Agreement on account of any default by the Developer thereunder without written notice to the Trustee and first providing to the Trustee a reasonable opportunity, but not less than thirty (30) days, to effect a cure of the default or to commence or cause the commencement of completion of construction of the Project. In the event the Trustee elects to complete or cause the completion of the Project, the Architect agrees not to terminate the rights of the Developer under the Architect's Agreement so long as the defaults of the Developer thereunder are cured by the Trustee within a reasonable time. However, nothing herein shall require the Trustee to cure any default of the Developer under the Architect's Agreement, but only grants it the option to do so. In the event of any foreclosure by the Trustee on the Corporation's leasehold interest in the Project (or the transfer or sale in lieu of foreclosure), the Trustee may transfer and assign its rights under the Developer Assignment, the Corporation Assignment, and this Consent and Agreement to Perform to the purchaser at the foreclosure sale or the transferee in lieu thereof; provided, however, it is understood that the Trustee has no obligation to assign its rights under the Developer Assignment, the Corporation Assignment, or this Consent and Agreement to Perform to such purchaser or transferee.

3. The Architect certifies to the Trustee that (a) the Architect's Agreement is valid and enforceable, and has been approved by it and to the best of its knowledge, all necessary government authorities which are required to approve the same in order to construct the Project, (b) to the best of its knowledge, the Architect's Agreement complies with all requirements of applicable governmental agencies, (c) there has been no prior assignment of the Architect's Agreement, (d) no default has occurred under the Architect's Agreement, (e) the person or persons charged with the responsibility of performing the functions and obligations of the Architect under the Architect's Agreement are licensed in the State of Louisiana and will maintain said license in full force and effect throughout the life of the Architect's Agreement, (f) to the best of its knowledge, the Architect's Agreement contains those usual and customary terms and conditions necessary to assure completion of construction of the Project in a good and workmanlike manner and in accordance with the Plans; and (g) any construction of the Project heretofore completed, if any, has been performed in accordance with the Plans.

4. The Architect represents that the Plans, and the Project if constructed in accordance therewith, will comply with legal requirements regarding access and facilities for handicapped or disabled persons including, without limitation, the physical accessibility requirements of Title III of the Americans with Disabilities Act of 1990 and the implementing regulations promulgated thereunder by the Department of Justice and the Americans with Disabilities Act Accessibility Guidelines (ADAAG) associated therewith.


5. The Architect represents that the conclusions and recommendations set forth in the "Geotechnical Engineering Report Proposed New Student Housing Phases 1A and 1B Southeastern Louisiana University Hammond, Louisiana" dated February 20, 2004, the "Geotechnical Engineering Report Proposed New Student Housing Phase II Southeastern Louisiana University Hammond, Louisiana" dated May 5, 2004, and the "Geotechnical Engineering Report Proposed Maintenance Facility North Oak Street Southeastern Louisiana University Hammond, Louisiana" dated May 26, 2004, all by Professional Service Industries, Inc. were followed in the design of the Project and are reflected in the drawings therefor.

6. The Architect represents that authorizations, certificates, licenses, permits, and approvals required for the construction of the Project in accordance with applicable laws, rules, regulations, and ordinances of all municipal, county, and state authorities which are required to have been issued as of the date hereof have been issued and are unamended and in full force and effect.


7. The Architect represents that the Project, if constructed in accordance with the Plans, will be in compliance with fire and building codes, zoning, subdivision, inland wetland, and disposal of effluents rules, regulations, and statutes, and occupational safety act, rules, regulations, and statutes to which it is subject.

IN WITNESS WHEREOF, the Architect has caused these presents to be executed as of the day and year first hereinabove written.

WITNESSES:



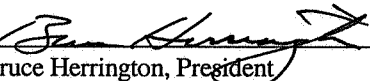
Denise C. Hathard



H. S. Nulhamkin


ARCHITECT:

BRUCE HERRINGTON ARCHITECT P.C.

By 

Bruce Herrington, President

DESIGN COLLECTIVE, INC.

By 

Richard A. Marietta, Principal

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID BE
HERR-B1

DATE (MM/DD/YYYY)
08/05/04

308

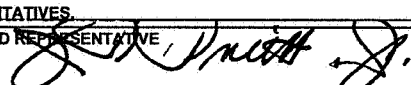
PRODUCER J R Prewitt & Associates, Inc. P. O. Box 55088 Birmingham AL 35255 Phone: 205-933-9207 Fax: 205-930-0450	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Bruce Herrington Architect, PC 101 Richard Arrington Blvd S Birmingham AL 35233	INSURER A: Pennsylvania Nat'l Ins Co.	14990
	INSURER B: Alabama Retail Comp	
	INSURER C: Safety National Cas. Corp	
	INSURER D: CNA Insurance Companies	20443
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY	BP90067793	06/02/04	06/02/05	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 5,000
					PERSONAL & ADV INJURY	\$ 1,000,000
					GENERAL AGGREGATE	\$ 2,000,000
					PRODUCTS - COMP/OP AGG	\$ 1,000,000
					GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	
A	AUTOMOBILE LIABILITY	BP90067793	06/02/04	06/02/05	COMBINED SINGLE LIMIT (Ea accident)	\$ 1000000
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE (Per accident)	\$
	<input checked="" type="checkbox"/> NON-OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$
					AUTO ONLY: AGG	\$
	EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE	\$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$
						\$
						\$
						\$
B C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	32457 SP-4625-AL	01/01/04 01/01/04	12/31/04 01/10/05	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS	OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	\$ 2000000
	If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$
					E.L. DISEASE - POLICY LIMIT	\$
D	Professional Liability	SFP113852128	06/02/04	06/02/05	Per Claim	1,000,000
					Aggregate	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Included in BOP Premium. Coverage for Workers Compensation is limited to the provisions of the Alabama workers Compensation Law. RE:University Facilities, Inc[Owner] *Except 10 Day Notice For Non-Payment Of Premium.

CERTIFICATE HOLDER UNIVFAC University Facilities, Inc. SLU Box 10746 Hammond, LA 70402	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID BE
HERR-B1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER J R Prewitt & Associates, Inc. P. O. Box 55088 Birmingham AL 35255 Phone: 205-933-9207 Fax: 205-930-0450	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Bruce Herrington Architect, PC 101 Richard Arrington Blvd S Birmingham AL 35233	INSURER A: Pennsylvania Nat'l Ins Co.	14990
	INSURER B: Alabama Retail Comp	
	INSURER C: Safety National Cas. Corp	
	INSURER D: CNA Insurance Companies	20443
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	BP90067793	06/02/04	06/02/05	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000				
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BP90067793	06/02/04	06/02/05	COMBINED SINGLE LIMIT (Ea accident) \$ 1000000
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN AUTO ONLY: EA ACC \$
	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$
					AGGREGATE \$
					\$
					\$
B C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	32457 SP-4625-AL	01/01/04 01/01/04	12/31/04 01/10/05	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER
					E.L. EACH ACCIDENT \$ 2000000
					E.L. DISEASE - EA EMPLOYEE \$
D	Professional Liability	SFP113852128	06/02/04	06/02/05	Per Claim 1,000,000 Aggregate 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Included in BOP Premium *Except 10 Day Notice For Non-Payment Of Premium.

CERTIFICATE HOLDER

SOULAUN

Southeastern Louisiana University
 SLU Box 10709
 Hammond, LA 70402

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL ***30** DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID BE
HERR-B1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER J R Prewitt & Associates, Inc. P. O. Box 55088 Birmingham AL 35255 Phone: 205-933-9207 Fax: 205-930-0450	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Bruce Herrington Architect, PC 101 Richard Arrington Blvd S Birmingham AL 35233	INSURER A: Pennsylvania Nat'l Ins Co.	14990
	INSURER B: Alabama Retail Comp	
	INSURER C: Safety National Cas. Corp	
	INSURER D: CNA Insurance Companies	20443
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	BP90067793	06/02/04	06/02/05	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 5,000
					PERSONAL & ADV INJURY \$ 1,000,000
					GENERAL AGGREGATE \$ 2,000,000
					PRODUCTS - COMP/OP AGG \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				
A	AUTOMOBILE LIABILITY	BP90067793	06/02/04	06/02/05	COMBINED SINGLE LIMIT (Ea accident) \$ 1000000
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE (Per accident) \$
<input checked="" type="checkbox"/> NON-OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC \$
					AUTO ONLY: AGG \$
	EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE \$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$
	<input type="checkbox"/> DEDUCTIBLE				\$
	<input type="checkbox"/> RETENTION \$				\$
B C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	32457	01/01/04	12/31/04	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	SP-4625-AL	01/01/04	01/10/05	E.L. EACH ACCIDENT \$ 200000
	If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE \$
D	OTHER				E.L. DISEASE - POLICY LIMIT \$
	Professional Liability	SFP113852128	06/02/04	06/02/05	Per Claim 1,000,000 Aggregate 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Included in BOP Premium. *Except 10 Day Notice For Non-Payment Of Premium.

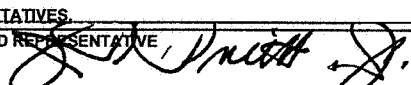
CERTIFICATE HOLDER

BNKONYT

The Bank of New York
Trust Company, N.A.
(Trustee)
10161 Centurion Parkway
Jacksonville, FL 32256

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE 

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID BF
HERR-B1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER J R Prewitt & Associates, Inc. P. O. Box 55088 Birmingham AL 35255 Phone: 205-933-9207 Fax: 205-930-0450	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Bruce Herrington Architect, PC 101 Richard Arrington Blvd S Birmingham AL 35233	INSURER A:	Pennsylvania Nat'l Ins Co. 14990
	INSURER B:	Alabama Retail Comp
	INSURER C:	Safety National Cas. Corp
	INSURER D:	CNA Insurance Companies 20443
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	BP90067793	06/02/04	06/02/05	EACH OCCURRENCE \$ 1,000,000
					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000
					MED EXP (Any one person) \$ 5,000
					PERSONAL & ADV INJURY \$ 1,000,000
					GENERAL AGGREGATE \$ 2,000,000
					PRODUCTS - COMP/OP AGG \$ 1,000,000
					GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BP90067793	06/02/04	06/02/05	COMBINED SINGLE LIMIT (Ea accident) \$ 1000000
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN EA ACC AUTO ONLY: AGG \$
	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
B C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	32457 SP-4625-AL	01/01/04 01/01/04	12/31/04 01/10/05	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 200000 E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	OTHER Professional Liability	SFP113852128	06/02/04	06/02/05	Per Claim 1,000,000 Aggregate 1,000,000
	DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS Included in BOP Premium . *Except 10 Day Notice For Non-Payment Of Premium.				

CERTIFICATE HOLDER

MBIA Insurance Corporation
 (Credit Enhancer)
 The transAmerica Pyramid
 150 California St. 20th Floor
 San Francisco, CA 94111

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE: *J. R. Prewitt*

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID ER
DESIG-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER

Hess Egan Hagerty L'Hommedieu
5530 Wisconsin Ave., Suite 620
Chevy Chase MD 20815
Phone: 301-654-3600 Fax: 301-986-0832

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Design Collective Inc.
Leo Nechamkin
100 E. Pratt Street, 14th Fl.
Baltimore MD 21202

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: **Hartford Casualty Insurance Co**
INSURER B: **Continental Casualty Company**
INSURER C:
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE \$ 1000000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300000 MED EXP (Any one person) \$ 10000 PERSONAL & ADV INJURY \$ 1000000 GENERAL AGGREGATE \$ 2000000 PRODUCTS - COMP/OP AGG \$ 2000000
A		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	42SBACV4109	08/24/03	08/24/04	COMBINED SINGLE LIMIT (Ea accident) \$ 1000000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE \$ 3000000 AGGREGATE \$ 3000000
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	42WBIF1085	08/24/03	08/24/04	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 100000 E.L. DISEASE - EA EMPLOYEE \$ 100000 E.L. DISEASE - POLICY LIMIT \$ 500000
B		OTHER Professional Liab	AEA 003010705	03/15/04	03/15/05	Per Claim 300000 Aggregate 500000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 University Facilities, Inc. (Owner) is listed as Additional Insured

CERTIFICATE HOLDER

CANCELLATION

UNIVER4

University Facilities, Inc
 SLU Box 10746
 Hammond LA 70402

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Shari L. Shelters



ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID ER
DESIG-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER Hess Egan Hagerty L'Hommedieu 5530 Wisconsin Ave., Suite 620 Chevy Chase MD 20815 Phone: 301-654-3600 Fax: 301-986-0832		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Design Collective Inc. Leo Nechamkin 100 E. Pratt Street, 14th Fl. Baltimore MD 21202		INSURERS AFFORDING COVERAGE	NAIC #
		INSURER A: Hartford Casualty Insurance Co	
		INSURER B: Continental Casualty Company	
		INSURER C:	
		INSURER D:	
		INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	X	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE	\$ 1000000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300000
							MED EXP (Any one person)	\$ 10000
							PERSONAL & ADV INJURY	\$ 1000000
							GENERAL AGGREGATE	\$ 2000000
							PRODUCTS - COMP/OP AGG	\$ 2000000
A			AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	42SBACV4109	08/24/03	08/24/04	COMBINED SINGLE LIMIT (Ea accident)	\$ 1000000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
			GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
							OTHER THAN AUTO ONLY: EA ACC	\$
							AGG	\$
A		X	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE	\$ 3000000
							AGGREGATE	\$ 3000000
								\$
								\$
								\$
A			WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	42WBIF1085	08/24/03	08/24/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
							E.L. EACH ACCIDENT	\$ 100000
							E.L. DISEASE - EA EMPLOYEE	\$ 100000
							E.L. DISEASE - POLICY LIMIT	\$ 500000
B			Professional Liab	AEA 003010705	03/15/04	03/15/05	Per Claim	300000
							Aggregate	500000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Southeastern Louisiana University is listed as Additional Insured.

CERTIFICATE HOLDER


SOUTHEA
 Southeastern Louisiana Univ.
 SLU box 10709
 Hammond LA 70402

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Shari L. Shalters



ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID ER
DESIG-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER Hess Egan Hagerty L'Hommedieu 5530 Wisconsin Ave., Suite 620 Chevy Chase MD 20815 Phone: 301-654-3600 Fax: 301-986-0832		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Design Collective Inc. Leo Nechamkin 100 E. Pratt Street, 14th Fl. Baltimore MD 21202		INSURERS AFFORDING COVERAGE	NAIC #
		INSURER A: Hartford Casualty Insurance Co	
		INSURER B: Continental Casualty Company	
		INSURER C:	
		INSURER D:	
		INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	X		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. JECT <input type="checkbox"/> LOC	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE \$ 1000000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300000 MED EXP (Any one person) \$ 10000 PERSONAL & ADV INJURY \$ 1000000 GENERAL AGGREGATE \$ 2000000 PRODUCTS - COMP/OP AGG \$ 2000000	
A			AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	42SBACV4109	08/24/03	08/24/04	COMBINED SINGLE LIMIT (Ea accident) \$ 1000000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$	
			GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY; EA ACC \$ AGG \$	
A			EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE \$ 3000000 AGGREGATE \$ 3000000	
A			WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	42WBIF1085	08/24/03	08/24/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 100000 E.L. DISEASE - EA EMPLOYEE \$ 100000 E.L. DISEASE - POLICY LIMIT \$ 500000	
B			Professional Liab	AEA 003010705	03/15/04	03/15/05	Per Claim 300000 Aggregate 500000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

The Bank of New York Trust Company, N.A. (Trustee) is listed as Additional Insured

CERTIFICATE HOLDER

BANK-09

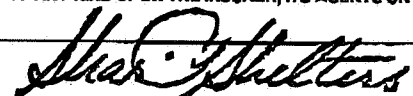
The Bank of New York
Trust Company, N.A.
10161 Centurion Parkway
Jacksonville FL 32256

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Shari L. Shelters



ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID ER
DESIG-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER Hess Egan Hagerty L'Homme 5530 Wisconsin Ave., Suite 620 Chevy Chase MD 20915 Phone: 301-654-3600 Fax: 301-986-0832		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Design Collective Inc. Leo Nechamkin 100 E. Pratt Street, 14th Fl. Baltimore MD 21202		INSURERS AFFORDING COVERAGE	NAIC #
		INSURER A: Hartford Casualty Insurance Co	
		INSURER B: Continental Casualty Company	
		INSURER C:	
		INSURER D:	
		INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
A	X	GENERAL LIABILITY	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE	\$ 1000000	
		COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (EA occurrence)	\$ 300000	
						CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	MED EXP (Any one person)	\$ 10000
							PERSONAL & ADV INJURY	\$ 1000000
							GENERAL AGGREGATE	\$ 2000000
							PRODUCTS - COMP/OF AGG	\$ 2000000
		GEN'L AGGREGATE LIMIT APPLIES PER:						
		POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/>						
A		AUTOMOBILE LIABILITY	42SBACV4109	08/24/03	08/24/04	COMBINED SINGLE LIMIT (Ea accident)	\$ 1000000	
		ANY AUTO				BODILY INJURY (Per person)	\$	
		ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$	
		SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$	
		<input checked="" type="checkbox"/> HIRED AUTOS						
		<input checked="" type="checkbox"/> NON-OWNED AUTOS						
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$	
		ANY AUTO				OTHER THAN AUTO ONLY: EA ACC AGG	\$	
A		EXCESS/UMBRELLA LIABILITY	42SBACV4109	08/24/03	08/24/04	EACH OCCURRENCE	\$ 3000000	
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 3000000	
							\$	
							\$	
		DEDUCTIBLE				\$		
		RETENTION \$				\$		
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	42WBIF1085	08/24/03	08/24/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER		
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	\$ 100000	
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$ 100000	
		OTHER				E.L. DISEASE - POLICY LIMIT	\$ 500000	
B		Professional Liab	AEA 003010705	03/15/04	03/15/05	Per Claim Aggregate	300000 500000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

RE: MBIA Insurance Corporation (Credit Enhancer) is listed as Additional Insured.

CERTIFICATE HOLDER

CANCELLATION

MBIAI01

MBIA Insurance Corporation
 The Transamerica Pyramid
 150 California Street, 20th Fl
 San Francisco CA 94111

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Shari L. Shelters



ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID SS
CAPST-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Capstone Development Corp. Capstone Properties Corp. Capstone On-Campus Management 431 Office Park Drive, #100 Birmingham AL 35223	INSURER A: Arch Insurance Company	
	INSURER B: Allstate Insurance Co.	
	INSURER C: American Int'l Specialty	
	INSURER D: Benchmark Insurance Company	
	INSURER E: Travelers Insurance Company	25615

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Contractual Liab <input checked="" type="checkbox"/> \$25,000 SIR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	12GPP0030600	09/01/03	11/01/04	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000
		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS HIRED PHYSICAL DAMAGE LIMIT \$30,000 COMP \$100 COLL \$500	048598569 (OHIO) 048563613 (AOS) 048573973 (CA)	09/01/03 09/01/03 09/01/03	11/01/04 11/01/04 11/01/04	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
C		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	BE2194292	09/01/03	11/01/04	EACH OCCURRENCE \$ 25,000,000 AGGREGATE \$ 25,000,000 \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	BICWC01015	09/01/03	11/01/04	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
E		Emp Dishonesty	103040561	09/01/03	11/01/04	Limit 100,000 Ded 2,500

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CERTIFICATE HOLDER Southeastern Louisiana University SLU Box 10709 Hammond LA 70402	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL SEND BY MAIL <u>45</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BY FAILURE TO DO SO SHALL <u>INFO BE THE OBLIGATION FOR LIABILITY OF ANY LOSS FROM THE INSURER'S AGENTS OR REPRESENTATIVES</u> AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>
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ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID SS
CAPST-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Capstone Development Corp. Capstone Properties Corp. Capstone On-Campus Management 431 Office Park Drive, #100 Birmingham AL 35223	INSURER A:	Arch Insurance Company
	INSURER B:	Allstate Insurance Co.
	INSURER C:	American Int'l Specialty
	INSURER D:	Benchmark Insurance Company
	INSURER E:	Travelers Insurance Company
		25615

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	12GPP0030600	09/01/03	11/01/04	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$
		<input checked="" type="checkbox"/> Contractual Liab				PERSONAL & ADV INJURY	\$ 1,000,000
		<input checked="" type="checkbox"/> \$25,000 SIR				GENERAL AGGREGATE	\$ 2,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$ 2,000,000
		<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC					
B		AUTOMOBILE LIABILITY	048598569 (OHIO) 048563613 (AOS) 048573973 (CA)	09/01/03	11/01/04	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
		<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		<input checked="" type="checkbox"/> HIRED AUTOS					
		<input checked="" type="checkbox"/> NON-OWNED AUTOS					
		HIRED PHYSICAL DAMAGE					
		LIMIT \$30,000					
		COMP \$100 COLL \$500					
		GARAGE LIABILITY					
		<input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
C		EXCESS/UMBRELLA LIABILITY	BE2194292	09/01/03	11/01/04	EACH OCCURRENCE	\$ 25,000,000
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 25,000,000
		<input type="checkbox"/> DEDUCTIBLE					\$
		<input checked="" type="checkbox"/> RETENTION \$10,000					\$
D		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	BICWC01015	09/01/03	11/01/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	\$ 1,000,000
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
		OTHER				E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
E		Emp Dishonesty	103040561	09/01/03	11/01/04	Limit	100,000
						Ded	2,500

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CERTIFICATE HOLDER

CANCELLATION

UNIVFAC

University Facilities, Inc.
213 College Drive
Hammond LA 70401

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDORSE BY MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL NOT BE CONSIDERED AS WAIVER OF THE INSURER'S OBLIGATION TO DEFEND OR SETTLE CLAIMS OR TO REIMBURSE THE INSURED FOR DEFENSE COSTS INCURRED BY THE INSURED OR TO REIMBURSE THE INSURED FOR DEFENSE COSTS INCURRED BY THE INSURED OR TO REIMBURSE THE INSURED FOR DEFENSE COSTS INCURRED BY THE INSURED.

AUTHORIZED REPRESENTATIVE

Ronald B. Giadrosich

Ronald B. Giadrosich

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID SS
CAPST-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Capstone Development Corp. Capstone Properties Corp. Capstone On-Campus Management 431 Office Park Drive, #100 Birmingham AL 35223	INSURER A:	Arch Insurance Company
	INSURER B:	Allstate Insurance Co.
	INSURER C:	American Int'l Specialty
	INSURER D:	Benchmark Insurance Company
	INSURER E:	Travelers Insurance Company
		25615

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRC	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	12GPP0030600	09/01/03	11/01/04	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$
		<input checked="" type="checkbox"/> Contractual Liab				PERSONAL & ADV INJURY	\$ 1,000,000
		<input checked="" type="checkbox"/> \$25,000 SIR				GENERAL AGGREGATE	\$ 2,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COM/POP AGG	\$ 2,000,000
		<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC					
B		AUTOMOBILE LIABILITY	048598569 (OHIO) 048563613 (AOS) 048573973 (CA)	09/01/03	11/01/04	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
		<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		<input checked="" type="checkbox"/> HIRED AUTOS					
<input checked="" type="checkbox"/> NON-OWNED AUTOS	HIRED PHYSICAL DAMAGE LIMIT \$30,000 COMP \$100 COLL \$500						
		GARAGE LIABILITY					
		<input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$	
C		EXCESS/UMBRELLA LIABILITY	BE2194292	09/01/03	11/01/04	EACH OCCURRENCE	\$ 25,000,000
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 25,000,000
		<input type="checkbox"/> DEDUCTIBLE					\$
		<input checked="" type="checkbox"/> RETENTION \$10,000					\$
D		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	BICWC01015	09/01/03	11/01/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				E.L. EACH ACCIDENT	\$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
E		OTHER	103040561	09/01/03	11/01/04	Limit	100,000
		Emp Dishonesty				Ded	2,500

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CERTIFICATE HOLDER THEBANK The Bank of New York Trust Company, N.A. 10161 Centurion Parkway Jacksonville FL 32256	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL SEND BY MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BY SIGNATURE OF THE AGENT OR REPRESENTATIVE. AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>
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ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID SS
CAPST-1

DATE (MM/DD/YYYY)
08/05/04

PRODUCER McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Capstone Development Corp. Capstone Properties Corp. Capstone On-Campus Management 431 Office Park Drive, #100 Birmingham AL 35223	INSURER A:	Arch Insurance Company
	INSURER B:	Allstate Insurance Co.
	INSURER C:	American Int'l Specialty
	INSURER D:	Benchmark Insurance Company
	INSURER E:	Travelers Insurance Company
		25615

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	12GPP0030600	09/01/03	11/01/04	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$
		<input checked="" type="checkbox"/> Contractual Liab				PERSONAL & ADV INJURY	\$ 1,000,000
		<input checked="" type="checkbox"/> \$25,000 SIR				GENERAL AGGREGATE	\$ 2,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$ 2,000,000
		<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
B		AUTOMOBILE LIABILITY	048598569 (OHIO) 048563613 (AOS) 048573973 (CA)	09/01/03	11/01/04	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
		<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		<input checked="" type="checkbox"/> HIRED AUTOS					
<input checked="" type="checkbox"/> NON-OWNED AUTOS							
		HIRED PHYSICAL DAMAGE LIMIT \$30,000 COMP \$100 COLL \$500					
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
		<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
C		EXCESS/UMBRELLA LIABILITY	BE2194292	09/01/03	11/01/04	EACH OCCURRENCE	\$ 25,000,000
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 25,000,000
		<input type="checkbox"/> DEDUCTIBLE					\$
		<input checked="" type="checkbox"/> RETENTION \$10,000					\$
D		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	BICWC01015	09/01/03	11/01/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	\$ 1,000,000
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
		OTHER				E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
E		Emp Dishonesty	103040561	09/01/03	11/01/04	Limit	100,000
						Ded	2,500

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CERTIFICATE HOLDER

CANCELLATION

MBIACO MBIA Insurance Corporation The TransAmerica Pyramid 150 California Street, 20th FL San Francisco CA 94111	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL SEND BY MAIL <u>45</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BY FAILURE TO DO SO SHALL THE INSURER BE DEEMED TO HAVE ACCEPTED THE POLICY AS A MATTER OF COURSE REPRESENTATIVE AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>
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ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
7/30/04

40

PRODUCER

BIRMINGHAM
MCGRIFF, SEIBELS AND WILLIAMS
P.O. BOX 10265
BIRMINGHAM AL 35202-0265
(205) 252-9871

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

- COMPANY
A Amerisure Mutual Insurance Company
- COMPANY
B
- COMPANY
C
- COMPANY
D

INSURED

Capstone Building Corp.
3415 Independence Drive
Birmingham, AL 35209

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT <input checked="" type="checkbox"/> Per Project <input type="checkbox"/> Aggregate Applies	CPP132664304	9/01/03	9/01/04	GENERAL AGGREGATE \$ 2,000,000
					PRODUCTS-COMP/OP AGG \$ 2,000,000
					PERSONAL & ADV INJURY \$ 1,000,000
					EACH OCCURRENCE \$ 1,000,000
					FIRE DAMAGE (Any one fire) \$ 300,000
					MED EXP (Any one person) \$ 10,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	CA1326642040003	9/01/03	9/01/04	COMBINED SINGLE LIMIT \$ 1,000,000
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN AUTO ONLY:
					EACH ACCIDENT \$
A	EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	CU1326644	9/01/03	9/01/04	EACH OCCURRENCE \$ 10,000,000
					AGGREGATE \$ 10,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL STATES INCLUDED: AL, FL, GA, LA, OK, SC, MO, PA, MS, TX, NC, CT	WC2002504	9/01/03	9/01/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER \$
					EL EACH ACCIDENT \$ 1,000,000
					EL DISEASE-POLICY LIMIT \$ 1,000,000
					EL DISEASE-EA EMPLOYEE \$ 1,000,000
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

Project: Southeastern Louisiana University-Phase IA & IB.

Following are named as Additional Insured(s) and Waiver of Subrogation applies in favor of each for General, Auto & Excess Liability as required by written contract: Capstone Development Corp.(Developer); University Facilities, Inc.(Project Owner); Southeastern Louisiana University, its officers, members, agents & employees; State of Louisiana; The Bank of New York Trust Company

CERTIFICATE HOLDER

Capstone Development Corp.
431 Office Park Drive
Birmingham, AL 35223

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL SEND BY MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT,

AUTHORIZED REPRESENTATIVE

Ronald B. Dubois

N.A. (Trustee); MBIA Insurance Corporation (Credit Enhancer);
State of Louisiana.

Insurance is primary and non-contributory for each Additional
Insured.

ACORD**EVIDENCE OF PROPERTY INSURANCE**

OP ID SS

DATE (MM/DD/YY)

08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE/FAX (A/C, No, Ext): McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY RSUI Indemnity Company	
CODE: AGENCY CUSTOMER ID #: CAPST-1	SUB CODE:	LOAN NUMBER POLICY NUMBER NHQ336237	
INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223		EFFECTIVE DATE 06/30/04	EXPIRATION DATE 08/01/05
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION LOCATION/DESCRIPTION 001 1301 SGA Drive Hammond LA 70402		Southeastern Louisiana University Student Housing Project (New Construction)
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COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Phase I & Phase II		
Building - All Risk - Subject to Exclusions	31983868	10000
Business Income (Loss of Rents)	5334590	10000
Soft Costs	13905728	10000
Transit and Offsite Storage	250000	10000
Flood Annual Aggregate (Except Zone A)	10000000	50000
Flood Annual Aggregate (Zone A)	5000000	250000
Earthquake Annual Aggregate	10000000	50000
Wind/Hail Deductible	Included	50000

REMARKS (including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CANCELLATION THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW <u>45</u> DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST NAME AND ADDRESS Southeastern Louisiana University SLU Box 10709 Hammond LA 70402		<input type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED University
		LOAN #	AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>

ACORD**EVIDENCE OF PROPERTY INSURANCE**

OP ID: SS

DATE (MM/DD/YY)

08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY Landmark American Ins. Co.	
CODE:	SUB CODE:		
AGENCY CUSTOMER ID #: CAPST-1			
INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223		LOAN NUMBER	POLICY NUMBER LHT332762
		EFFECTIVE DATE 09/01/03	EXPIRATION DATE 11/01/04
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION LOCATION/DESCRIPTION 001 Hammond LA 70402		Cardinal Newman Hall Southeastern Oaks Apts The Village
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COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Business Income (Loss of Rents)		
Cardinal Newman Hall	220800	25000
Southeastern Oaks Apts	1357632	25000
The Village	983664	25000

REMARKS (Including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

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ADDITIONAL INTEREST NAME AND ADDRESS Southeastern Louisiana University SLU Box 10709 Hammond LA 70402		<input type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE LOAN # AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>	<input checked="" type="checkbox"/> ADDITIONAL INSURED <input checked="" type="checkbox"/> University
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ACORD**EVIDENCE OF PROPERTY INSURANCE**

OF ID: SS

DATE (MM/DD/YY)
08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE/FAX (A/C, No, Ext): McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY RSUI Indemnity Company	
CODE: AGENCY CUSTOMER ID #: CAPST-1	SUB CODE:	LOAN NUMBER POLICY NUMBER NHQ336237	
INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223		EFFECTIVE DATE 06/30/04	EXPIRATION DATE 08/01/05
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION LOCATION/DESCRIPTION 001 1301 SGA Drive Hammond LA 70402		Southeastern Louisiana University Student Housing Project (New Construction)	
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COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Phase I & Phase II		
Building - All Risk - Subject to Exclusions	31983868	10000
Business Income (Loss of Rents)	5334590	10000
Soft Costs	13905728	10000
Transit and Offsite Storage	250000	10000
Flood Annual Aggregate (Except Zone A)	10000000	50000
Flood Annual Aggregate (Zone A)	5000000	250000
Earthquake Annual Aggregate	10000000	50000
Wind/Hail Deductible	Included	50000

REMARKS (Including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CANCELLATION THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW <u>45</u> DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST NAME AND ADDRESS University Facilities, Inc. 213 College Drive Hammond LA 70401		<input checked="" type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED Foundation/Owner
		LOAN #	
		AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>	

ACORD**EVIDENCE OF PROPERTY INSURANCE**

OP ID SS

DATE (MM/DD/YY)
08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE/FAX JACO. No. Ext: McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY Landmark American Ins. Co.	
CODE: AGENCY CUSTOMER ID #: CAPST-1	SUB CODE:	INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223	
LOAN NUMBER		POLICY NUMBER LHT332762	
EFFECTIVE DATE 09/01/03		EXPIRATION DATE 11/01/04	
THIS REPLACES PRIOR EVIDENCE DATED:		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	

PROPERTY INFORMATION LOCATION/DESCRIPTION 001 Hammond LA 70402		Cardinal Newman Hall Southeastern Oaks Apts The Village	
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COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Business Income (Loss of Rents)	220800	25000
Cardinal Newman Hall	1357632	25000
Southeastern Oaks Apts	983664	25000
The Village		

REMARKS (Including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CANCELLATION THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW <u>45</u> DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST NAME AND ADDRESS University Facilities, Inc. 213 College Drive Hammond LA 70401		<input type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE <input checked="" type="checkbox"/> ADDITIONAL INSURED Foundation/Owner
LOAN #		AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>

ACORD**EVIDENCE OF PROPERTY INSURANCE**

OP ID: SS

DATE (MM/DD/YY)
08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE/FAX (AG, No, Ext): McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY RSUI Indemnity Company	
CODE: AGENCY CUSTOMER ID #: CAPST-1	SUB CODE:	LOAN NUMBER POLICY NUMBER NHQ336237	
INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223		EFFECTIVE DATE 06/30/04	EXPIRATION DATE 08/01/05
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION LOCATION/DESCRIPTION 001 1301 SGA Drive Hammond LA 70402		Southeastern Louisiana University Student Housing Project (New Construction)
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COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Phase I & Phase II		
Building - All Risk - Subject to Exclusions	31983868	10000
Business Income (Loss of Rents)	5334590	10000
Soft Costs	13905728	10000
Transit and Offsite Storage	250000	10000
Flood Annual Aggregate (Except Zone A)	10000000	50000
Flood Annual Aggregate (Zone A)	5000000	250000
Earthquake Annual Aggregate	10000000	50000
Wind/Hail Deductible	Included	50000

REMARKS (Including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CANCELLATION THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW <u>45</u> DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST NAME AND ADDRESS The Bank of New York Trust Company, N.A. 10161 Centurion Parkway Jacksonville FL 32256		<input checked="" type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED <input checked="" type="checkbox"/> Trustee
		LOAN #	
		AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>	

ACORD 27 (3/93)

©ACORD CORPORATION 1993

ACORD**EVIDENCE OF PROPERTY INSURANCE**

OP ID 55

DATE (MM/DD/YY)
08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE/FAX (A/C, No, Ext): McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY Landmark American Ins. Co.	
CODE: AGENCY CUSTOMER ID #: CAPST-1	SUB CODE:	LOAN NUMBER POLICY NUMBER LHT332762	
INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223		EFFECTIVE DATE 09/01/03	EXPIRATION DATE 11/01/04
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION LOCATION/DESCRIPTION 001 Hammond LA 70402		Cardinal Newman Hall Southeastern Oaks Apts The Village
---------------------------------------------------------------------------------------------------------	--	------------------------------------------------------------------------------------

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Business Income (Loss of Rents)		
Cardinal Newman Hall	220800	25000
Southeastern Oaks Apts	1357632	25000
The Village	983664	25000

REMARKS (including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CANCELLATION THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW <u>45</u> DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST NAME AND ADDRESS The Bank of New York Trust Company, N.A. 10161 Centurion Parkway Jacksonville FL 32256	<input checked="" type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED <input checked="" type="checkbox"/> Trustee
	LOAN #	
	AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>	

ACORD**EVIDENCE OF PROPERTY INSURANCE**

OP ID: SS

DATE (MM/DD/YY)
08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE/FAX (INC, No, Ext): McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY RSUI Indemnity Company	
CODE: AGENCY CUSTOMER ID #: CAPST-1	SUB CODE:	LOAN NUMBER	POLICY NUMBER NHQ336237
INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223		EFFECTIVE DATE 06/30/04	EXPIRATION DATE 08/01/05
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION LOCATION/DESCRIPTION 001 1301 SGA Drive Hammond LA 70402		Southeastern Louisiana University Student Housing Project (New Construction)
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COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Phase I & Phase II	31983868	10000
Building - All Risk - Subject to Exclusions	5334590	10000
Business Income (Loss of Rents)	13905728	10000
Soft Costs	250000	10000
Transit and Offsite Storage	10000000	50000
Flood Annual Aggregate (Except Zone A)	5000000	250000
Flood Annual Aggregate (Zone A)	10000000	50000
Earthquake Annual Aggregate	Included	50000
Wind/Hail Deductible		

REMARKS (Including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

CANCELLATION THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW <u>45</u> DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST NAME AND ADDRESS MBIA Insurance Corporation The TransAmerica Pyramid 150 California Street, 20th FL San Francisco CA 94111		<input checked="" type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED <input checked="" type="checkbox"/> Credit Enhancer
		LOAN #	
		AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich	<i>Ronald B. Giadrosich</i>

ACORD**EVIDENCE OF PROPERTY INSURANCE**

OF ID: SS

DATE (MM/DD/YY)

08/05/04

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE/FAX (AG, No, Ext): McGriff, Seibels and Williams P. O. Box 10265 Birmingham, AL 35202-0265		COMPANY Landmark American Ins. Co.	
CODE:	SUB CODE:		
AGENCY CUSTOMER ID #: CAPST-1			
INSURED Capstone Development Corp. 431 Office Park Drive Birmingham AL 35223		LOAN NUMBER	POLICY NUMBER LHT332762
		EFFECTIVE DATE 09/01/03	EXPIRATION DATE 11/01/04
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION	
LOCATION/DESCRIPTION 001 Hammond LA 70402 Cardinal Newman Hall Southeastern Oaks Apts The Village	

COVERAGE INFORMATION	AMOUNT OF INSURANCE	DEDUCTIBLE
COVERAGE/PERILS/FORMS		
Business Income (Loss of Rents) Cardinal Newman Hall Southeastern Oaks Apts The Village	220800 1357632 983664	25000 25000 25000

REMARKS (Including Special Conditions) University Facilities, Inc. (Foundation/Owner), The Bank of New York Trust Company, N.A. (Trustee), MBIA Insurance Corporation (Credit Enhancer) and Southeastern Louisiana University (University) are included as additional insured's, ATIMA.

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ADDITIONAL INTEREST	<input type="checkbox"/> MORTGAGEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED
NAME AND ADDRESS MBIA Insurance Corporation The TransAmerica Pyramid 150 California Street, 20th FL San Francisco CA 94111	<input type="checkbox"/> LOSS PAYEE	<input checked="" type="checkbox"/> Credit Enhancer
	LOAN #	
	AUTHORIZED REPRESENTATIVE Ronald B. Giadrosich <i>Ronald B. Giadrosich</i>	

**CERTIFICATE OF
THE BANK OF NEW YORK TRUST COMPANY, N.A.**

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004**

The undersigned (the "Bank"), acting as Trustee pursuant to the Trust Indenture dated as of August 1, 2004 (the "Indenture"), between the Bank and the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), hereby certifies with respect to the above captioned bonds (the "Bonds"), issued pursuant to the Indenture, as follows:

1. The Bonds are issued in the aggregate principal amount of \$76,910,000, the same being issued in the form of fully registered bonds, being in the denomination, bearing the number and bearing interest from the date thereof at the rate or rates in the manner set forth in the Indenture, and maturing on the dates and in the principal amounts as set forth in the Indenture.

2. The Indenture was executed on behalf of the Bank by Elizabeth Dean and/or Cynthia M. Moore, who was at the time of the execution of said document and is now the duly elected, qualified and acting incumbents of their office, duly authorized to execute and deliver said document, and the signatures appearing below after their names are true and correct specimens of there genuine signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Elizabeth Dean	Vice President	<u>Elizabeth Dean</u>
Cynthia M. Moore	Assistant Vice President	<u>Cynthia M. Moore</u>

3. The person named below is an authorized officer of the Bank, and such person in accordance with the provisions of the Indenture is duly authorized and empowered to authenticate and did authenticate and deliver as of the date hereof, the Bonds, and the signature appearing below after her name is a true and correct specimen of her genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Cynthia M. Moore	Assistant Vice President	<u>Cynthia M. Moore</u>

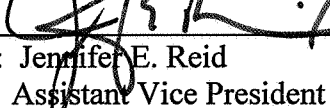
4. Receipt from the Issuer of the instruments required by the Indenture and the Bonds is hereby acknowledged.

5. The acceptance of appointment as Trustee, the authentication of the Bonds and the execution of the Indenture on behalf of the Bank, were duly authorized by the By-Laws of the Bank (a true copy of the excerpt of which is attached hereto as Exhibit A) which By-Laws remain in full force and effect on the date hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand on this the 13th day of August, 2004.

THE BANK OF NEW YORK TRUST
COMPANY, N.A.

[SEAL]

By: 
Name: Jennifer E. Reid
Title: Assistant Vice President

496648.2

THE BANK OF NEW YORK TRUST COMPANY, N.A.

CERTIFICATE

I, the undersigned, Heather A. Sisler, Assistant Secretary of The Bank of New York Trust Company, N.A., formerly known as The Bank of New York Trust Company of Florida, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of Florida, DO HEREBY CERTIFY that the following individual is a duly appointed Vice President of the Association:

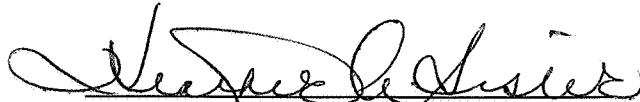
A, C2 and J

Elizabeth Dean

I FURTHER CERTIFY that she has the authority to sign on behalf of the Association in discharging or performing her duties in accordance with the limited signing powers provided under Article V, Section 5.3 of the By-laws of the Association and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Association.

Attached hereto are true and correct copies of excerpts of the By-laws of the Association and the signing authority resolution which have not been amended or revised since October 8, 2002 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Trust Company, N.A., this 31st day of March, 2004.


Heather A. Sisler, Assjstant Secretary

THE BANK OF NEW YORK TRUST COMPANY, N.A.

CERTIFICATE

I, the undersigned, Heather A. Sisler, Assistant Secretary of The Bank of New York Trust Company, N.A., formerly known as The Bank of New York Trust Company of Florida, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of Florida, DO HEREBY CERTIFY that the following individual is a duly appointed Assistant Vice President of the Association:

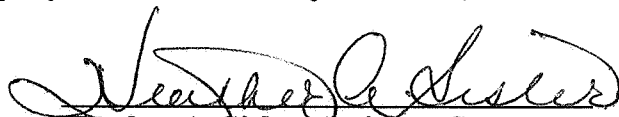
A, C3 and J

Cynthia M. Moore

I FURTHER CERTIFY that she has the authority to sign on behalf of the Association in discharging or performing her duties in accordance with the limited signing powers provided under Article V, Section 5.3 of the By-laws of the Association and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Association.

Attached hereto are true and correct copies of excerpts of the By-laws of the Association and the signing authority resolution which have not been amended or revised since October 8, 2002 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Trust Company, N.A., this 26th day of March, 2004.


Heather A. Sisler, Assistant Secretary

SIGNING AUTHORITIES
Extracts from By-Laws of
The Bank of New York Trust Company, N.A.
ARTICLE V
Amended May 1, 1997
Further Amended May 4, 2001
Further Amended October 8, 2002

SECTION 5.1 *Real Property*. Real property owned by the Association in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Association in its own right with such maximum values as the Board may fix in its authorizing resolution.

SECTION 5.2. *Senior Signing Powers*. Subject to the exception provided in Section 5.1, the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Association in all transactions arising out of, or in connection with, the normal course of the Association's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Association thereto. In such instances as in the judgment of the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Association authorized in or pursuant to Section 5.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 5.2, is authorized to attest to the seal of the Association on any documents requiring such seal.

SECTION 5.3. *Limited Signing Powers*. Subject to the exception provided in Section 5.1, in such instances as in the judgment of the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Association to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

SECTION 5.4. *Powers of Attorney*. All powers of attorney on behalf of the Association shall be executed by any officer of the Association jointly with the Chairman of the Board, the President, any Vice Chairman, any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

SECTION 5.5. *Auditor*. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Association, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

**SIGNING AUTHORITY RESOLUTION
OCTOBER 8, 2002**

RESOLVED that, pursuant to Section 5.3 of the By-laws of the Association, authority be, and hereby is, granted to the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Association; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Association's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$100,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and

internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$100,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$100,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$10,000,000.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$1,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$250,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$50,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Association as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Association in trust or in connection with any transaction with respect to which the Association is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Association or to affix the seal of the Association to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Association in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and

Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Association products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Association.

SIGNING AUTHORITIES
Extracts from By-Laws of
The Bank of New York Trust Company, N.A.
ARTICLE V
Amended May 1, 1997
Further Amended May 4, 2001
Further Amended October 8, 2002

SECTION 5.1 *Real Property*. Real property owned by the Association in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Association in its own right with such maximum values as the Board may fix in its authorizing resolution.

SECTION 5.2. *Senior Signing Powers*. Subject to the exception provided in Section 5.1, the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Association in all transactions arising out of, or in connection with, the normal course of the Association's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Association thereto. In such instances as in the judgment of the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Association authorized in or pursuant to Section 5.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 5.2, is authorized to attest to the seal of the Association on any documents requiring such seal.

SECTION 5.3. *Limited Signing Powers*. Subject to the exception provided in Section 5.1, in such instances as in the judgment of the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Association to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

SECTION 5.4. *Powers of Attorney*. All powers of attorney on behalf of the Association shall be executed by any officer of the Association jointly with the Chairman of the Board, the President, any Vice Chairman, any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

SECTION 5.5. *Auditor*. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Association, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION
OCTOBER 8, 2002

RESOLVED that, pursuant to Section 5.3 of the By-laws of the Association, authority be, and hereby is, granted to the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Association; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Association's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$100,000,000 with single authorization for all transactions.

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(D4) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$5,000.

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(J) Authority to either sign on behalf of the Association or to affix the seal of the Association to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Association in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and

Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Association products or services.

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RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Association.



August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

\$60,985,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

8555 UNITED PLAZA BOULEVARD • BATON ROUGE, LOUISIANA 70809-7000 • 225-248-2000 • FAX 225-248-2010 • E-MAIL info@joneswalker.com • www.joneswalker.com

BATON ROUGE HOUSTON LAFAYETTE MIAMI NEW ORLEANS WASHINGTON, D.C.

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) pay the Prior Debt, (ii) demolish certain existing facilities and renovate, develop and construct the Facilities, (iii) fund the costs of marketing the Facilities; (iv) provide working capital for the Facilities, (v) fund a deposit to the Debt Service Reserve Fund, (vi) pay capitalized interest on the Bonds; (vii) fund a deposit to the Replacement Fund; and (viii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of August 1, 2004 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Facilities will be located from the Board of Supervisors for the

University of Louisiana System pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004 (the "Ground Lease").

The Bonds are also entitled to the benefits of the Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004 (the "Mortgage") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has mortgaged its leasehold interest in and to the Land and the improvements located thereon, granted a security interest in certain movable property and assigned its rights to all leases and rents relating to the Facilities; and an Assignment of Agreements and Documents dated as of August 1, 2004 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board of Supervisors for the University of Louisiana System (the "Board") and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.

2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.

3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.

4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.

5. Interest on the Series 2004A Bonds and the Series 2004B Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Interest on the Series 2004C Bonds is included in the gross income of the owners thereof for federal income tax purposes.

7. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement and the Tax Regulatory Agreement pertaining to those sections of the Code that

affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board or the Corporation fails to comply with the foregoing covenants, interest on the Series 2004A Bonds and the Series 2004B Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Borrower, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution and delivery by the Corporation of, the Agreement, the Ground Lease and the Mortgage and the valid and binding effect thereof on the Borrower; (iv) the Borrower being exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

Louisiana Local Government Environmental Facilities
and Community Development Authority
August 13, 2004
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We have also relied on the opinion of McGlinchey Stafford, LLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir & Clark, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

*Jones, Walker, Warchter,
Porter, Carter &
Dunlap, L.L.P.*



August 13, 2004

Louisiana Local Government Environmental
Facilities and Community Development Authority
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

The Bank of New York Trust Company, N.A.
Jacksonville, Florida

MBIA Insurance Corporation
Armonk, New York

Morgan Keegan & Company, Inc.
Nashville, Tennessee

\$60,985,000

**Louisiana Local Government Environmental
Facilities and Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004A
(the "Series 2004A Bonds")**

\$15,000,000

**Louisiana Local Government Environmental
Facilities and Community Development Authority Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004B
(the "Series 2004B Bonds")**

\$925,000

**Louisiana Local Government Environmental
Facilities and Community Development Authority Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004C
(the "Series 2004C Bonds")**

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

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Louisiana Local Government Environmental Facilities
and Community Development Authority
University Facilities, Inc.
The Bank of New York Trust Company, N.A.
MBIA Insurance Corporation
Morgan Keegan & Company, Inc.
August 13, 2004
Page 2

We have acted as Bond Counsel in connection with the issuance and delivery of the above-captioned bonds (the "Bonds"). Reference is hereby made to our approving opinion of even date herewith (the "Approving Opinion") addressed to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and delivered to you concurrently herewith. You may rely upon such Approving Opinion as if the same were addressed to you. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Trust Indenture dated as of August 1, 2004 by and between the Issuer and The Bank of New York Trust Company, N.A., as Trustee (the "Indenture") pursuant to which the Bonds are being issued.

In connection with the issuance of the Bonds, we have examined the following:

1. The Bond Purchase Agreement (the "First Bond Purchase Agreement") dated August 5, 2004, among the Issuer, University Facilities, Inc. (the "Corporation"), and Morgan Keegan & Company, Inc. (the "Underwriter");
2. The Bond Purchase Agreement (the "Second Bond Purchase Agreement" and, together with the First Bond Purchase Agreement, the "Bond Purchase Agreement") dated as of August 13, 2004, among the Authority, the Corporation and the Underwriter;
3. The Preliminary Official Statement (the "Preliminary Official Statement") dated July 30, 2004 relating to the Bonds.
4. The Official Statement (the "Official Statement") dated August 10, 2004, relating to the Bonds; and
5. The Indenture, the Loan Agreement dated as of August 1, 2004 by and between the Issuer and the Corporation (the "Loan Agreement"), the Ground Lease Agreement by and between the Board of Supervisors for the University of Louisiana System (the "Board") and the Corporation dated as of August 1, 2004 (the "Ground Lease"), the Agreement to Lease with Option to Purchase by and between the Corporation and the Board dated as of August 1, 2004 (the "Facilities Lease"), the Act of Mortgage, Assignment of Leases and Security Agreement

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University Facilities, Inc.
The Bank of New York Trust Company, N.A.
MBIA Insurance Corporation
Morgan Keegan & Company, Inc.
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dated August 13, 2004 (the "Mortgage"), the Tax Regulatory Agreement and Arbitrage Certificate dated August 13, 2004 by and among the Board, the Issuer, the Trustee and the Corporation (the "Tax Regulatory Agreement"), the Assignment of Agreements and Documents between the Corporation and the Trustee dated as of August 1, 2004, the Continuing Disclosure Agreement of the Board and the Management Agreement dated as of July 1, 2004 between the Corporation and Capstone On-Campus Management, LLC (collectively, the "Transaction Documents").

In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate. With respect to matters of fact relevant to this opinion, we have relied, without independent verification of the accuracy or completeness of the matters set forth therein, on the representations and warranties of the parties thereto set forth in the Bond Purchase Agreement and the Transaction Documents, as well as certificates of officers of the Issuer, the Corporation and the Board and the other parties to the Transaction Documents, delivered in connection with the issuance of the Bonds.

Based upon the foregoing, and subject to other assumptions and conditions as are hereinafter set forth, and having regard to applicable matters of law, we are of the opinion, as of the date hereof, as follows:

(i) the Bond Purchase Agreement constitutes the legal, valid, and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally, by usual limitations on the availability of equitable remedies, or by the valid exercise of the sovereign police powers of the State of Louisiana and its governmental bodies and the constitutional powers of the United States of America and except as any indemnification provisions of the Bond Purchase Agreement may be limited by applicable securities laws or by public policy;

(ii) the Series 2004A Bonds and the Series 2004B Bonds are exempt securities within the meaning of §3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"),

Louisiana Local Government Environmental Facilities
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Page 4

to the extent provided in such Securities Act, and it is not necessary in connection with the offer and sale of the Series 2004A Bonds and the Series 2004B Bonds to the public to register the Series 2004A Bonds and the Series 2004B Bonds under the Securities Act;

(iii) the Series 2004C Bonds are exempt securities within the meaning of §3(a)(4) of the Securities Act, to the extent provided in such Securities Act, and it is not necessary in connection with the offer and sale of the Series 2004C Bonds to the public to register the Series 2004C Bonds under the Securities Act;

(iv) pursuant to the Trust Indenture Act of 1939, as amended, and to the extent provided in such Act, it is not necessary to qualify the Trust Indenture under the Trust Indenture Act of 1939, as amended;

(v) the statements and information in the Preliminary Official Statement and the Official Statement under the headings "INTRODUCTORY STATEMENT," "THE SERIES 2004 BONDS," except "Book-Entry Only System," "SOURCES OF PAYMENT FOR THE SERIES 2004 BONDS," "THE GROUND LEASE," "THE FACILITIES LEASE," and in "DEFINITIONS" and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS" contained in Appendices "A" and "B," respectively, to the Preliminary Official Statement and the Official Statement, insofar as such descriptions purport to summarize certain provisions of the Bonds, the Transaction Documents described therein, and applicable provisions of law, are accurate summaries of the matters set forth, and fairly present the information purported to be shown;

(vi) the summary of the Approving Opinion under the heading "TAX EXEMPTION" accurately reflects the substance of the legal conclusions contained in the Approving Opinion;

Louisiana Local Government Environmental Facilities
and Community Development Authority
University Facilities, Inc.
The Bank of New York Trust Company, N.A.
MBIA Insurance Corporation
Morgan Keegan & Company, Inc.
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(vii) we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement or any other offering materials relating to the Bonds, and we express no opinion with respect to such accuracy, completeness, or sufficiency; however, no facts have come to the attention of the lawyers within our firm actively engaged in our role as Bond Counsel in connection with the issuance of the Bonds which lead us to believe that, as of the date thereof or as of the date hereof either the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(viii) the Indenture creates a valid pledge of and lien on the Trust Estate described in the granting clauses of the Indenture.

In rendering the foregoing opinions, we have relied upon the opinion of even date herewith of Casten & Pearce, A.P.L.C. with respect to, among other matters, the due authorization, execution, and delivery by the Issuer of the Bond Purchase Agreement and the validity and enforceability thereof against the Issuer and we have assumed that the Bond Purchase Agreement has been duly authorized, executed, and delivered by the Underwriter.

We have acted as Bond Counsel in connection with the issuance of the Bonds and, as such, have reviewed only those documents, opinions, certificates, and proceedings necessary to enable us to render our opinion to the Issuer of even date herewith as to the legality and validity of the Bonds and the tax-exempt status of the interest on the Series 2004A Bonds and the Series 2004B Bonds. This opinion speaks as of its date and we are under no obligation to provide any updates of this opinion. This opinion is given solely for the use and benefit of the addressees hereof, and only in connection with the issuance and delivery of the Bonds pursuant to the Bond Purchase Agreement, and may not be used or relied upon by any other person or in connection with any other transaction, except with express consent of this firm.

Very truly yours,

*Jones, Walker, Warrenton
Parlement, Centre &
Denegre, LLP*

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A Professional Law Corporation

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August 13, 2004

Louisiana Local Government Environmental
Facilities and Community Development Authority
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

Jones, Walker, Waechter, Poitevent, Carrere
Baton Rouge, Louisiana

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

MBIA Insurance Corporation
Armonk, New York

University Facilities, Inc.
Hammond, Louisiana

Re: \$60,985,000 Louisiana Local Government Environmental Facilities and
Community Development Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series
2004A Bonds")

and \$15,000,000 Louisiana Local Government Environmental Facilities and
Community Development Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series
2004B Bonds")

and \$925,000 Louisiana Local Government Environmental Facilities and
Community Development Revenue Bonds (Southeastern Louisiana University
Student Housing/University Facilities, Inc. Project) Series 2004C (the "Series
2004C Bonds")

Ladies and Gentlemen:

We have acted as counsel for the Louisiana Local Government Environmental Facilities and
Community Development Authority (the "Authority") in connection with the issuance and delivery of
the above-captioned bonds (the "Series 2004 Bonds") and for the purpose of rendering this opinion, we
have examined the following:

1. The resolutions (the "Bond Resolution") adopted by the Authority on February 12, 2004 and May 13, 2004 authorizing, among other things, the following:

(aa) the execution, delivery, and performance of the Trust Indenture (the "Indenture") dated as of August 1, 2004, by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee"); the Loan Agreement dated as of August 1, 2004, by and between the Authority and University Facilities, Inc. (the "Corporation"); the Bond Purchase Agreement dated as of August 5, 2004 and August 13, 2004, among the Authority, the Corporation, and Morgan Keegan & Company, Inc. (the "Underwriter"), Tax Regulatory Agreement and Arbitrage Certificate (the "Tax Agreement") executed by the Authority, the Corporation, the Board of Supervisors for the University of Louisiana System, and the Trustee on and as of the date hereof, the Auction Agency Agreement (the "Auction Agency Agreement") dated as of August 1, 2004, by and among the Authority, the Trustee, and The Bank of New York Trust Company, as Auction Agent and the Reimbursement and Indemnity Agreement between the Authority and MBIA Insurance Corporation dated as of August 1, 2004 (collectively, the "Authority Documents");

(bb) the distribution by the Underwriters of the Official Statement (the "Official Statement") dated August 10, 2004, relating to the Series 2004 Bonds; and

(cc) the issuance and delivery of the Series 2004 Bonds.

2. Constitution and statutes of the State of Louisiana, including , but not limited to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended.

3. Executed counterparts of the Authority Documents.

4. The form of the Series 2004 Bonds.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Authority is a political subdivision of the law of the State of Louisiana (the "State") duly organized and validly existing under the constitution and laws of the State and has full power and authority to issue and deliver the Series 2004 Bonds, and to execute and deliver, and to perform its obligations under, the Series 2004 Bonds and the Authority Documents;

(ii) the Bond Resolution has been duly adopted by the Authority, duly adopted at meetings of the Executive Committee, and is legal, valid, binding, and in full force and effect on the date hereof; the officers of the Authority who have executed the Series 2004 Bonds, and the Authority Documents have been duly appointed and are qualified to serve as such officers;

(iii) no additional or further approval, consent, or authorization of any governmental or public agency or authority is required by the Authority in connection with the issuance and delivery of the Series 2004 Bonds, the execution, delivery of the Authority Documents, or the performance by the Authority of its obligations thereunder;

(iv) the Authority has taken all corporate action legally necessary in connection with the authorization of the execution, delivery, and performance of the Series 2004 Bonds and the Authority Documents, and the execution, delivery, and performance of the Series 2004 Bonds and the Authority Documents are within the power of the Authority;

(v) the Series 2004 Bonds have been duly authorized, issued, and delivered by the Authority and constitute legal, valid, and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Bond Resolution, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(vi) the Authority Documents have been duly authorized, executed, and delivered by the Authority and the Authority Documents constitute legal, valid, and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally;

(vii) the execution and delivery by the Authority of the Series 2004 Bonds and the Authority Documents and the performance by the Authority of its obligations under the Series 2004 Bonds and the Authority Documents do not violate any provision of law or any regulation applicable to it or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Authority or any of its activities or property and do not conflict with or result in any breach of, or constitute a default or result in the creation of a lien under, any agreement or instrument to which the Authority is a party or by which it is bound;

(viii) there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority, not to the best of our knowledge is there any basis therefore, wherein an unfavorable decision, ruling or finding would adversely affect the validity of, or materially adversely affect the transactions contemplated by, the Series 2004B Bonds, the Authority Documents, or the Official Statement;

(ix) neither the existence of the Authority nor the title of any of the officials or members of the Authority to their offices is being contested and none of the proceedings heretofore taken to authorize the issuance and delivery of the Series 2004 Bonds, to provide the security therefore, or to authorize the execution and delivery of the Authority Documents and the Official Statement have been repealed, revoked, or rescinded;

(x) all meetings of the Authority at which action was taken in connection with the Bond Resolution, the Authority Documents, and the authorization, sale, and issuance of the Series 2004 Bonds were duly and legally called and held, and notice of the time and place of each such meeting was given as required by the laws of the State and the procedural rules of the Authority;

(xi) the information and statements contained in the Official Statement under the headings "The Authority" and "Litigation – The Authority," (the "Authority Information"), are accurate statements or summaries of the matter therein set forth and fairly present the

information purported to be shown, and, with respect to the Authority Information, the Official Statement does not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, not misleading; and

(xii) nothing has come to our attention which would lead us to believe that the Official Statement (except for financial and statistical data included therein, as to which no opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

Only the addressees (the "Opinion Recipients") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Authority Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Very truly yours,

Castan & Pearce, A.P.L.C.

45

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August 13, 2004

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Opinion of Counsel

- Re:** \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and** \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and** \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We are counsel for University Facilities, Inc. (the "**Corporation**"). In connection with the issuance and delivery of the above-captioned bonds (the "**Series 2004 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Articles of Incorporation, the Bylaws, and the minute book of the Corporation.
2. The Trust Indenture (the "**Indenture**") dated as of August 1, 2004, by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the "**Trustee**").
3. The Ground and Buildings Lease Agreement (the "**Ground Lease**") dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), on behalf of Southeastern Louisiana University (the "**University**") and the Corporation.
4. The Agreement to Lease With Option to Purchase (the "**Facilities Lease**") dated as of August 1, 2004, between the Corporation and the Board.

5. The Loan Agreement (the "**Loan Agreement**") dated as of August 1, 2004, by and between the Authority and the Corporation.
6. The Mortgage, Assignment of Leases and Security Agreement (the "**Mortgage**") dated as of August 1, 2004, by the Corporation in favor of the Trustee.
7. The Assignment of Agreements and Documents (the "**Assignment of Agreements and Documents**") dated as of August 1, 2004, by the Corporation in favor of the Trustee.
8. The Development Agreement (the "**Development Agreement**") dated as of August 1, 2004, between the Corporation and Capstone Development Corp.
9. The Management Agreement (the "**Management Agreement**") dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management,, LLC.
10. The Tax Regulatory Agreement and Arbitrage Certificate (the "**Tax Agreement**") dated as of August 13, 2004, by and among the Authority, the Corporation, the Board, and the Trustee.
11. The Bond Purchase Agreement dated as of August 5, 2004, and the Bond Purchase Agreement dated as of August 13, 2004, (collectively, the "**Bond Purchase Agreement**") each among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the "**Underwriter**").
12. The indemnity letter (the "**Corporation Indemnity Letter**") dated as of August 5, 2004, 2004, from the Corporation to the Authority, the Underwriter, and MBIA Insurance Corporation.
13. The Official Statement (the "**Official Statement**") dated August 10, 2004, relating to the Series 2004 Bonds.
14. The UCC-1 Financing Statements to be filed under the Loan Agreement and under the Mortgage and the Assignment of Agreements and Documents (collectively, the "**Corporation Financing Statements**").

Opinion of Counsel for University Facilities, Inc.

Page 4

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The Ground Lease, the Facilities Lease, the Loan Agreement, the Mortgage, the Assignment of Agreements and Documents, the Development Agreement, the Management Agreement, the Tax Agreement, the Bond Purchase Agreement, and the Corporation Indemnity Letter are hereinafter referred to collectively as the "*Corporation Documents*."

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

- (i) the Corporation has been duly organized, is validly existing as a nonprofit corporation under the laws of the State of Louisiana no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;
- (ii) the Corporation has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Corporation Documents and to own its properties and carry on its business, and the Corporation has all licenses and permits necessary to conduct the operation of the Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Corporation Documents;
- (iii) the Corporation is authorized to conduct business in each jurisdiction in which the failure so to qualify would materially adversely affect its business including the State;
- (iv) the execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder have been duly authorized by all necessary action on the part of the Corporation, and the Corporation Documents constitute legal, valid, and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;
- (v) the execution and delivery of the Corporation Documents by the Corporation and the performance by the Corporation of

its obligations thereunder do not violate any provision of law or any regulation applicable to the Corporation or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Corporation or any of its activities or property and do not conflict with or result in any breach of, or constitute a default under, any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or, to the best of our knowledge after due inquiry, any agreement or instrument to which the Corporation is a party or by which it is bound;

- (vi) neither the issuance and sale of the Series 2004 Bonds, nor the consummation of any other of the transactions contemplated in the Corporation Documents, nor the fulfillment of the terms thereof will result in the creation of any lien, pledge, charge, or encumbrance upon any of the assets of the Corporation other than those expressly contemplated by such documents;
- (vii) the Corporation has duly approved the Indenture and has duly approved, executed, and authorized the use of the Official Statement by the Underwriter in connection with the offering and sale of the Series 2004 Bonds;
- (viii) to the best of our knowledge after due inquiry, all consents, approvals, and authorizations, if any, of any governmental authority required in connection with the acquisition, construction, furnishing, and equipping of the New Facilities (as such term is defined in the Bond Purchase Agreement), the renovation of the Renovated Facility (as such term is defined in the Bond Purchase Agreement), the demolition of the Old Facilities (as such term is defined in the Bond Purchase Agreement); and the repayment of the Prior Debt (as such term is defined in the Bond Purchase Agreement) and the execution and delivery and the performance by the Corporation of its obligations under the Corporation Documents have been obtained;

Opinion of Counsel for University Facilities, Inc.

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August 13, 2004

- (ix) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect (i) the transactions contemplated by, any of the Corporation Documents or (ii) the exclusion of the interest on the Series 2004A Bonds or the Series 2004B Bonds from the gross income of the registered owners thereof;
- (x) the Corporation has a written determination from the Internal Revenue Service that it has been determined to be an organization that is exempt from federal income taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), by virtue of being an organization described in §501(c)(3) of the Code, the Corporation is not a "private Corporation," as defined in §509(a) of the Code, and its use of the Facilities does not constitute an "unrelated trade or business" as such term is defined in Section 513 (a) of the Code) and, to the best of our knowledge after due inquiry, the Corporation has conducted its operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization; and
- (xi) nothing has come to our attention that leads us to believe that, as of the date thereof and as of the date hereof, the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; we do not express any opinion or belief as to the financial statements and other financial and statistical information and data contained in the Official Statement or as to any information under the captions "**THE AUTHORITY**" or "**TAX EXEMPTION**" in the Official Statement

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions

Opinion of Counsel for University Facilities, Inc.

Page 7

August 13, 2004

expressed herein shall be only for the purpose contemplated by the Corporation Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Sincerely,

SEALE & ROSS, A PROFESSIONAL LAW CORP.

By: 
T. Jay Seale, III

DeCUIR & CLARK, L.L.P.

ATTORNEYS AT LAW
1961 GOVERNMENT STREET
BATON ROUGE, LOUISIANA 70806

WINSTON G. DECUIR, SR.
LINDA LAW CLARK
DIANNE M. IRVINE¹
WINSTON G. DECUIR, JR.
BRANDON J. DECUIR²

(225) 346-8716
FAX (225) 336-1950

OF COUNSEL
MICHAEL R. D. ADAMS

1. ALSO LICENSED IN NY & MA
2. LL.M. IN TAXATION

August 13, 2004

Louisiana Local Government Environmental
Facilities and Community Development Authority
Baton Rouge, Louisiana

The Bank of New York Trust Company, N.A., Trustee
Jacksonville, Florida

University of Louisiana Facilities, Inc.
Hammond, Louisiana

MBIA Insurance Corporation
Armonk, New York

Jones, Walker, Waechter, Poitevent, Carrere
& Denegre, L.L.P.
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

RE: \$60,985,000
Louisiana Local Government Environmental Facilities and Community Development
Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University
Facilities Inc. Project) Series 2004A (the "Series 2004A Bonds")

\$15,000,000
Louisiana Local Government Environmental Facilities and Community Development
Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University
Facilities Inc. Project) Series 2004B (the "Series 2004B Bonds")

\$925,000
Louisiana Local Government Environmental Facilities and Community Development
Authority Taxable Revenue Bonds (Southeastern Louisiana University Student
Housing/University Facilities Inc. Project) Series 2004C (the "Series2004C Bonds")

Dear Ladies & Gentlemen;

We have acted as counsel to the Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities, a public constitutional corporation duly created and existing under the constitution and laws of the State of Louisiana (the "Board"), in connection with the entering into and execution by the Board, on behalf of Southeastern Louisiana University (the "University"), of the Ground and Buildings Lease Agreement (the "Ground Lease"), dated as of August 1, 2004, by and between the Board, as lessor, and University Facilities, Inc., a Louisiana private non-profit corporation (the "Corporation"), as lessee, pursuant to which the Board has leased to the Corporation property located on the campus of Southeastern Louisiana University (the "Land"), and the entering into and execution of the Agreement to Lease with Option to Purchase (the "Facilities Lease") dated as of August 1, 2004, by and between the Corporation, as lessor, and the Board, as lessee,

pursuant to which the Corporation will renovate and/or construct certain facilities (the "Facilities"), financed by issuance of the above referenced bonds (the "Bonds") of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") and lease back to the Board the Facilities.

Pursuant to a Request for Proposals (RFP) by the University, evaluation of submitted proposals and determination of the best project submitted, the University requested and received Board approval to award the Project to Capstone Development Corporation.

In that connection, we have examined the Board's current Bylaws and Regulations, the actions and Resolutions adopted by the Board on December 5, 2003 and June 25, 2004 approving the award, approving the financing and authorizing Dr. Moffett to execute any and all documents necessary with respect to the project and the financing thereof (the "Resolutions"), the approval by the Board of Regents on January 22, 2004, the Ground and Buildings Lease Agreement (the "Ground Lease") dated August 1, 2004, the Agreement to Lease with Option to Purchase (the "Facilities Lease") dated August 1, 2004, the Bond Purchase Agreement dated August 5, 2004 and the Bond Purchase Agreement dated August 13, 2004 (collectively, the "Bond Purchase Agreement"), the Tax Regulatory Agreement and Arbitrage Certificate (the "Tax Agreement") dated August 13, 2004, the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), dated August 1, 2004, and such other documents and records of the Board (collectively, the "Additional Documents") as deemed necessary to enable us to render this opinion. All capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to such terms in the hereinafter defined Board Documents unless the context shall clearly indicate otherwise.

Based on the foregoing, it is our opinion that:

1. The Board is a public constitutional corporation duly created and validly existing under the laws of the State of Louisiana with full power and authority to own its own properties and to conduct its business and affairs, particularly, to adopt the Resolution authorizing the Ground Lease and the Facilities Lease, to execute, deliver and perform its obligations under the Ground Lease and Facilities Lease, to acknowledge and approve the entering into and execution of the Management Agreement by the Corporation and to conduct the business now being conducted by it having taken all requisite action required to authorize the execution and delivery thereof and consummation of the transactions contemplated thereby.
2. The Ground Lease, the Facilities Lease, the Tax Agreement and the Continuing Disclosure Agreement delivered in connection with the issuance of the Bonds (referred herein collectively as the "Board Documents") have been duly authorized, executed and delivered by the Board and constitute legal, valid and binding obligations of the Board enforceable in accordance with their respective terms except insofar as the enforcement thereof may be limited by applicable bankruptcy, reorganization, moratorium, insolvency, liquidation or other laws affecting creditors' rights generally, by general principles of equity and as otherwise set forth herein.
3. To the best of our knowledge and after reasonable inquiry, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, pending or, to our knowledge, threatened, against or affecting the Board, other than that previously listed and disclosed wherein an unfavorable decision, ruling or finding would adversely affect its financial condition, the results of its operation or the transactions contemplated by the Board Documents, or the validity of the Board Documents. Please be advised that while there may be lawsuits pending involving the Board itself, it is not possible for us to confer with every attorney handling such matters. Furthermore, it would be impossible to predict outcomes of such cases. However, to the extent that there are adverse judgments in excess

of any Board insurance policy limit, such judgments could be satisfied only through an appropriation by the Louisiana Legislature because Board assets are not available to satisfy such judgments.

4. To the best of our knowledge, after due and reasonable inquiry and based upon certifications and representations of officials of the Board, the adoption of the Resolution and the execution and delivery of the Board Documents and compliance with the provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Board a material breach of or material default under any material indenture, mortgage, agreement or other instrument to which the Board is a party by which it is bound or any existing law, regulation, court order or consent decree to which the Board is subject.

5. No approval or other action by any governmental authority or agency, other than approvals or actions already obtained, is required in connection with the execution or performance by the Board of the Board Documents.

6. Based upon our participation in the preparation of the Board Documents regarding this transaction, and without having undertaken to determine independently the accuracy or the completeness of the statements contained therein, we have no reason to believe that the statements with respect to the Board contained in the Board Documents contain any untrue statement of a material fact or fails to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, misleading.

This opinion is rendered solely to the addressees hereof in connection with the captioned transaction and may not be relied upon by any person for any other purpose without our prior written consent. Further, copies of this letter may not be circulated or furnished to any party, and neither this letter nor the opinions set forth herein may be quoted or referred to in any report or document furnished to any other party without our prior written consent. The opinions set forth herein are subject to the following qualifications and limitations.

(a) The opinions set forth in this letter are given as of the date hereof and we do not undertake to report or advise you or any other person of any changes in law, statutes or jurisprudence in any matter set forth herein. The opinion is limited to the matters expressly stated herein and no opinion may be inferred or implied beyond the matters expressly stated herein.

(b) We are qualified to practice law in the State of Louisiana and the foregoing opinions are limited exclusively to the presently effective laws of the State and the Federal Laws of the United States of America in effect on and as of the date hereof and no opinion is expressed herein as to any matter governed by the laws of other jurisdictions.

(c) We have assumed the accuracy of and compliance with representations, warranties and covenants of the Board, its officers, representatives or agents, contained in the documents or made in connection with the entering into of this Ground Lease and Facilities Lease and other Board Documents delivered in this transaction. We have also relied upon the opinions of McGlinchey Stafford, counsel to the Trustee, with respect to the corporate power

of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the documents described above to which it is a party and the binding effect thereof on the Trustee, on the opinion of Casten & Pearce, A.P.L.C. of Shreveport, Louisiana, counsel to the Authority, with respect to the due organization and good standing of the Authority as a political subdivision of the State of Louisiana with the corporate authority to enter into and the due authorization, execution and delivery of the documents described herein to which it is a party and on the opinion of Seale & Ross, P.L.C. of Hammond, Louisiana, counsel to the Corporation, with respect to the due organization and good standing of the Corporation with the corporate authority to enter into and the due authorization, execution and delivery of the documents described herein to which it is a party. We have additionally relied on the opinion of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., Baton Rouge, Louisiana bond counsel, with respect to due authorization, execution and delivery by the parties identified herein in the pursuance of and execution of bond agreements and certain tax matters addressed herein. We have additionally relied upon the Title Insurance Policies issued by First American Title Insurance Company as to title matters addressed herein. We have additionally relied on Haynsworth Sinkler Boyd, P.A. of Charleston, South Carolina, counsel to the Underwriter, with respect to the due organization and good standing of the Underwriter with the corporate authority to enter into and the due authorization, execution and delivery of the documents described herein to which it is a party.

- (d) We have assumed the accuracy of and compliance with representations, warranties and covenants of the Board, the Authority, the Corporation, or their officers, representatives or agents, contained in the documents or made in connection with the entering into of this Agreement, specifically, the Board Documents delivered in this transaction. We have also relied upon the Structural Advisory Report of Sisung Securities Corporation, financial advisor to the University as to certain financial matters, on the opinion of Hand Arendall, counsel to the Developer and Management Company, with respect to the corporate powers of the Developer and Management to enter into and the due authorization, execution and delivery by the Developer and Management Company of the documents described above to which it is a party and the binding effect thereof on the Developer and Management Company.

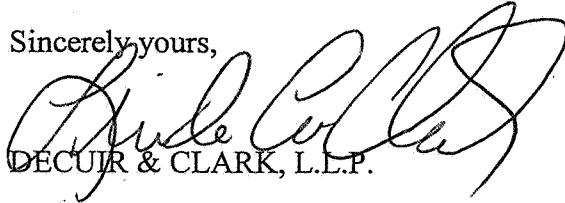
For the purpose of this opinion, our services as counsel to the Board have not extended beyond the examinations and expressions of the conclusions referred to herein. In addition in rendering the foregoing opinion with respect to enforceability of the various agreements to which the Board is a party, we have assumed that such agreements are enforceable against the parties thereto other than the Board. This opinion is not offered nor shall it be construed as a guarantee or warranty nor has the firm of DeCuir & Clark, L.L.P. performed or been asked to perform any title examinations with respect to the property leased to the Corporation pursuant to the Ground Lease incorporated herein nor has the undersigned expressed or issued an opinion as to the title herein or otherwise.

In addition, in rendering the foregoing opinions with respect to enforceability of the various agreements to which the Board is a party, we have assumed such agreements are

SLU Residential Project
Page 5
August 13, 2004

enforceable against the parties thereto other than the Board. This opinion is not offered, nor shall it be construed, as a guaranty or warranty.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Linda Law Clark".

DECUR & CLARK, L.L.P.

LINDA LAW CLARK

August 13, 2004

The Bank of New York Trust Company, N.A.
Jacksonville, Florida

University Facilities, Inc.
Hammond, Louisiana

Louisiana Local Government Environmental
Facilities and Community Development
Authority
Baton Rouge, Louisiana

Morgan, Keegan & Company, Inc.
Nashville, Tennessee

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

MBIA Insurance Corporation
Armonk, New York

Jones, Walker, Waechter, Poitevent,
Carrère & Denègre, L.L.P.
Baton Rouge, Louisiana

NEW ORLEANS
HOUSTON
BATON ROUGE
JACKSON
CLEVELAND
MONROE
DALLAS
ALBANY

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/
UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004**

Ladies and Gentlemen:

We have acted as counsel for The Bank of New York Trust Company, N.A., Jacksonville, Florida (the "Bank") in connection with said Bank serving as Trustee (the "Trustee") under a Trust Indenture dated as of August 1, 2004 (the "Indenture"), between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and the Trustee, relating to the issuance of the Issuer's \$76,910,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004 (the "Bonds"). Unless otherwise expressly provided herein, capitalized terms used herein have the respective meanings assigned to them in the Indenture.

In our capacity as counsel for the Trustee, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Association and By-Laws of the Trustee, as amended, and such other corporate records of the Trustee as we have deemed advisable for the opinion we are expressing hereunder. As to questions of fact we have relied upon certificates of officers of the Trustee.

We have examined an executed counterparts of the following:

1. The Indenture;
2. The Tax Regulatory Agreement and Arbitrage Certificate dated August 13, 2004 (the "Tax Regulatory Agreement"), among the Board of Supervisors for the

University of Louisiana System (the "Board"), the Trustee, the Corporation and the Issuer;

3. The Continuing Disclosure Agreement dated as of August 1, 2004 (the "Continuing Disclosure Agreement") between the Board and the Trustee;
4. The Market Agent Agreement dated as of August 1, 2004 (the "Market Agent Agreement"), between the Trustee and Morgan Keegan & Company, Inc., as Market Agent; and
5. The Auction Agency Agreement dated as of August 1, 2004 (the "Auction Agency Agreement") among the Issuer, the Trustee and The Bank of New York, as Auction Agent.

We have also examined such other documents and matters as we have deemed relevant, together with such matters of law which we have considered necessary or appropriate for the purposes of this opinion. The Indenture, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, the Market Agent Agreement and the Auction Agency Agreement are herein referred to as the "Trustee Documents."

In rendering the opinions hereinafter expressed, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, the authenticity of all signatures on executed documents, the execution of all documents submitted to us unsigned and the legal capacity of all persons (other than representatives of the Trustee) executing such documents.

Based upon the foregoing, and subject to the qualifications and exclusions otherwise stated herein, we are of the opinion that:

1. The Bank is a national banking association with fiduciary powers, duly organized, validly existing and in good standing under the laws of the United States of America, and authorized to serve as a corporate trustee in the State of Louisiana.

2. The Trustee Documents have been duly authorized, executed and delivered by the Trustee and constitute the valid, legal and binding obligations of the Trustee, enforceable against the Trustee in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights.

3. The Trustee has all necessary trust powers required to carry out the duties of the Trustee provided under the Trustee Documents.

4. The acceptance by the Trustee of the duties and obligations under the Trustee Documents and compliance with the provisions thereof does not conflict with or constitute on the part of the Trustee a breach of, violation or default under any existing law, rule or administrative regulation, or, to the best of our knowledge, any judgment, order, consent decree, agreement,

indenture, mortgage, lease or other instrument to which the Trustee is subject or by which it is bound.

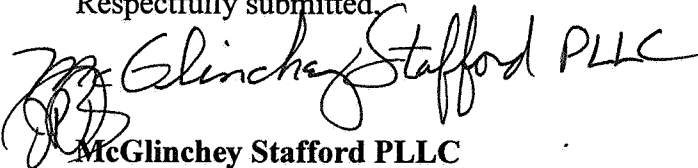
5. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter, which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Trustee Documents, have been obtained and are in full force and effect.

In basing the opinions and other matters set forth herein on "our knowledge," the words "our knowledge" signify that, in the course of our representation of the Trustee in matters with respect to which we have been engaged by them, no information has come to our attention that would give us actual knowledge or actual notice that any such opinion or other matters are not accurate or that any of the foregoing documents, certificates, reports and information on which we have relied are not accurate and complete. The words "our knowledge" and similar language used herein are intended to be limited to the knowledge of the lawyers within our firm who have devoted substantive attention to the transaction contemplated by the Trustee Documents and not to knowledge of the firm generally.

We have not made an inquiry or investigation with respect to compliance with applicable federal and state securities laws and regulations. No opinion is extended and we specifically disclaim any opinion, as to (i) the excludability of interest on the Bonds from federal or state income taxes; (ii) the applicability or compliance with federal or state securities laws; (iii) the enforceability of any provisions of any Trustee Document or other document referred to herein, if any, which purports to grant extra judicial remedies; (iv) the legality or enforceability of indemnification provisions; (v) the legality or enforceability of the waiver of any rights or remedies by the Trustee under the Trustee Documents; and (vi) the creation of any lien purported to be created pursuant to any Trustee Document.

The opinions expressed hereinabove are expressed only insofar as the laws of the State of Louisiana and the United States of America may be applicable and are qualified to the extent that (i) certain equitable remedies including specific performance may be unavailable, and (ii) any indemnification provisions contained therein may be limited by applicable laws and public policy. This opinion is furnished solely for the benefit of the addressees and is not to be used, circulated, quoted, relied upon or otherwise referred to for any other purpose without our prior written approval. No other person shall be entitled to rely on this opinion without the express written consent of this firm.

Respectfully submitted,


McGlinchey Stafford PLLC

Haynsworth
Sinkler Boyd, P.A.

ATTORNEYS AND COUNSELORS AT LAW

134 MEETING STREET, THIRD FLOOR (29401)
POST OFFICE BOX 340 (29402-0340)
CHARLESTON, SOUTH CAROLINA
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WEBSITE www.hsblawfirm.com

August 13, 2004

Morgan Keegan & Company, Inc.
Nashville, Tennessee

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A
- and \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C

Ladies and Gentlemen:

We have acted as counsel to you as underwriter in connection with your purchase of the above-captioned bonds (the "**Bonds**"). As such counsel we have examined the following:

1. The Trust Indenture dated as of August 1, 2004, between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**").
2. The Loan Agreement dated as of August 1, 2004, by and between the Authority and University Facilities, Inc. (the "**Corporation**").
3. The Mortgage, Assignment of Leases and Security Agreement of even date herewith by the Corporation in favor of the Trustee.
4. The Assignment of Agreements and Documents dated as of August 1, 2004, by the Corporation in favor of the Trustee.
5. The Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board of Supervisors (the "**Board**") for the University of Louisiana System, on behalf of Southeastern Louisiana University, as lessor, and the Corporation, as lessee
6. The Agreement to Lease With Option to Purchase dated as of August 1, 2004, between the Corporation and the Board.
7. The Management Agreement dated as of July 1, 2004, between the Corporation, as agent for the Board, and Capstone On-Campus Management, LLC.

Morgan Keegan & Company, Inc.

August 13, 2004

Page 2

8. The Preliminary Official Statement (the "*Preliminary Official Statement*") dated July 30, 2004, relating to the Bonds.

9. The Official Statement (the "*Official Statement*") dated August 10, 2004, relating to the Bonds.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that the statements in the Official Statement under the headings "SUMMARY STATEMENT," "INTRODUCTORY STATEMENT," "THE SERIES 2004 BONDS," and "UNDERWRITING," insofar as such statements constitute a summary of certain of the provisions of the documents referred to therein, fairly present the information purported to be shown.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of other counsel and certificates of officers of the Corporation and the Authority and other appropriate persons. We also participated in conferences and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness, or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Haynsworth Sinkler Boyd, P.A.



Capital Strength. Triple-A Performance.
August 13, 2004

Southeastern Louisiana University
303 Texas Avenue, Room 214
Hammond, Louisiana 70402

Morgan Keegan & Co., Inc.
150 Fourth Avenue North, Suite 1500
Nashville, Tennessee 37219

\$60,985,000

Louisiana Local Government Environmental Facilities
and Community Development Authority, Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004A

\$15,000,000

Louisiana Local Government Environmental Facilities
and Community Development Authority, Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004B

\$925,000

Louisiana Local Government Environmental Facilities
and Community Development Authority, Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004C

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy Nos. 44754, 44755 and 44756 (the "Policies") relating to \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004A, \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004B and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004C.

In so acting, I have examined copies of the Policies and such other relevant documents as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policies under the laws of the State of New York and the State of Louisiana.

Page 2

2. The Policies have been duly executed and are valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policies may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

Katherine McManus
Katherine McManus
Deputy General Counsel

112 WEST LAUREL AVENUE * FOLEY, ALABAMA 36535 * (251) 970-5511

Post Office Box 1231 * Foley, Alabama 36536 * Facsimile: (251) 970-3375

August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

Board of Supervisors for the University of
Louisiana System
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

Morgan Keegan & Company, Inc.
Nashville, Tennessee

The Bank of New York Trust Company, N.A.,
as Trustee
Jacksonville, Florida

MBIA Insurance Corporation
Armonk, New York

- Re: \$60,985,000 Louisiana Local Government Environmental Facilities and Community
Development Authority Revenue Bonds (Southeastern Louisiana University Student
Housing/University Facilities, Inc. Project) Series 2004A (the "**Series 2004A Bonds**")
- and \$15,000,000 Louisiana Local Government environment Facilities and Community Development
Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University
Facilities, Inc. Project) Series 2004B (the "**Series 2004B Bonds**")
- and \$925,000 Louisiana Local Government Environmental Facilities and Community Development
Authority Taxable Revenue Bonds (Southeastern Louisiana University System Student
Housing/University Facilities, Inc. Project) Series 2004C (the "**Series 2004C Bonds**")

Ladies and Gentlemen:

We have acted as counsel to Capstone Development Corp. (the "**Developer**"), an Alabama corporation, and for Capstone On-Campus Management, LLC (the "**Manager**"), an Alabama single member limited liability company, in connection with the issuance and delivery of the above-captioned bonds. For the purpose of rendering this opinion, we have examined the following:

1. The Articles of Incorporation, Bylaws, Minute Book, and resolutions of the Developer and all amendments thereto and the Articles of Organization, Operating Agreement and resolutions of the Manager and all amendments thereto.
2. The Development Agreement (the "**Development Agreement**") dated as of August 1, 2004, between University Facilities, Inc. (the "**Corporation**") and the Developer;
3. The Collateral Assignment (the "**Collateral Assignment**") dated as of August 1, 2004, by the Developer in favor of the Borrower.

4. The Developer Indemnity Letter (the "*Developer Indemnity Letter*") dated August 1, 2004, from the Developer to the Borrower, the Louisiana Local Government Environmental Facilities and Community Development Authority, Morgan Keegan & Company, Inc., and MBIA Insurance Corporation.
5. The Management Agreement (the "*Management Agreement*") dated as of July 1, 2004, between the Corporation, as agent for the Board and the Manager.

The Development Agreement, the Collateral Assignment, and the Developer Indemnity Letter are hereinafter referred to collectively as the "*Developer Documents*."

When reference is made in this opinion to our "knowledge" of certain matters or to matters "known to us," it means the actual present knowledge and conscious awareness of those matters by the attorneys at this firm directly involved in acting as counsel to the Developer or the Manager, as applicable, in connection with the transactions contemplated by the Developer Documents or the Management Agreement, as applicable. Wherever our opinions herein, with respect to existence or absence of facts, is indicated to be "to our knowledge," "to the best of our actual knowledge," "of which we have actual knowledge", or it is stated that we have "no knowledge," it is intended to signify that during the course of our representation, as herein described, no information has come to our attention that has given us actual knowledge of the existence or absence of such facts, and material information as to such matters may exist which has not come to our attention during the course of our representation.

As to various questions of fact material to our opinions herein, we have relied exclusively upon the information contained in item 1 above and such other agreements, instruments and documents as we have deemed necessary as a basis for the opinions set forth herein. We have not made any independent investigation of and do not express an opinion as to any matters of title to any property (whether real, personal, or mixed). We also do not express any opinions as to the adequacy of the description of the premises contained in any of the Developer Documents or the Management Agreement. We express no opinion with respect to the effect of any law other than the law of the State of Alabama and the federal law of the United States. We have assumed the truthfulness of any factual representations made to us by or on behalf of the Developer and the Manager. We have made no independent investigations of the facts supporting any representations or warranties of the Developer or the Manager and express no opinion as to the truthfulness of any representations or warranties made by the Developer or the Manager in any of the Developer Documents or the Management Agreement, respectively.

In connection with this opinion, we have examined the Developer Documents, the Management Agreement and other records and documents of Developer and Manager, and have considered such matters of law and of fact as we deem necessary or appropriate for the purpose of rendering this opinion. We have assumed that all information and certificates obtained by us from public officials, Developer and Manager are true, complete and not misleading, the genuineness of all signatures other than the signatures of Developer and Manager contained in the Developer Documents and Management Agreement, respectively, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as conformed, photocopied or photostatic copies, and the due authority to execute the Developer Documents and Management Agreement by Developer and Manager, respectively. We have also assumed that each representative of Developer and Manager who is a natural person has sufficient legal capacity to execute and deliver the Developer Documents and Management Agreement, respectively, to which Developer and Manager, respectively, is a party, and that each representative of Developer and Manager that is a natural person is not under duress. To our knowledge, there are no facts that conflict with any of the assumptions made by us as expressed in this opinion.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we deemed appropriate to enable us to render this opinion, we are of the opinion that:

- (i) based solely upon the Closing Certificate of Developer to this firm, the Developer is a duly organized, validly existing corporation and is in good standing under the laws of the State of Alabama;
- (ii) based solely upon the Closing Certificate of Manager to this firm, the Manager is a duly

organized, validly existing limited liability company and is in good standing under the laws of the State of Alabama;

(iii) the Developer is a duly organized, validly existing corporation and is in good standing under the laws of the State of Alabama, and the Manager is a duly organized, validly existing limited liability company and is in good standing under the laws of the State of Alabama;

(iv) each of the Developer and the Manager has the power to own its properties and to conduct its business as now conducted;

(v) each of the Developer and the Manager has all requisite power and authority, and has taken all corporate or company action, respectively, necessary, to enter into and perform its obligations under the Developer Documents and the Management Agreement, respectively;

(vi) the Developer Documents and the Management Agreement are valid and binding obligations of the Developer and the Manager, respectively, and are enforceable against the Developer and the Manager, respectively, in accordance with their terms, subject to (i) applicable bankruptcy, insolvency, avoidance, reorganization, moratorium, or other similar laws affecting the rights of creditors generally, (ii) general principles of equity (regardless of whether considered in a proceeding in equity or at law); and (iii) the future qualifications contained herein;

(vii) the execution, delivery, and performance by the Developer and the Manager of the Developer Documents and the Management Agreement, respectively, do not (a) conflict with or violate the Articles of Incorporation or Bylaws of the Developer or any amendment thereto or the Articles of Organization of the Manager or any amendment thereto, or any applicable federal or Alabama law or regulation, (b) conflict with or violate any order, writ, injunction, or decree of any court or governmental authority or any arbitral award of which we have actual knowledge, or (c) constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to, any agreement or instrument to which the Developer or the Manager or their respective assets are bound, or result in the creation or imposition of any lien upon any property of the Developer or the Manager, pursuant to any such agreement or instrument of which we have actual knowledge;

(viii) we have no knowledge of any agreements or agreements binding upon the Developer or the Manager that are in conflict with or violate any of the terms of the Developer Documents or the Management Agreement, respectively, nor do we have any knowledge that the execution of the Developer Documents or the Management Agreement by the Developer or the Manager, respectively, will result in the breach or violation of the terms of any other agreement to which the Developer or the Manager is a party; and

(ix) to the best of our actual knowledge, there is no pending or threatened condemnation proceeding, lawsuit, claim, or criminal proceeding against the Developer or the Manager that could have a material adverse effect on the Developer's or the Manager's ability to perform its respective obligations under the Developer Documents or the Management Agreement, respectively.

Our opinions herein contained are further subject to the following qualifications:

(i) No opinions are expressed regarding the availability of the remedies of specific performance, injunctive relief or any other equitable remedy or relief, which is subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law), to enforce any right under any agreement or document. Moreover, a court may fail or refuse to enforce provisions of agreements or documents if the enforcement thereof is based upon default or breaches that are immaterial to the ultimate performance contemplated thereby.

(ii) No opinion is expressed as to the legality, validity or enforceability of any waiver of the right to

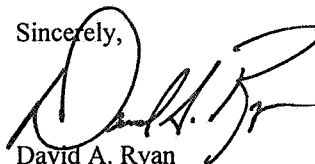
receive notice, any waiver of any legal or equitable defense or any waiver of any constitutional right or any waiver if the right waived is one forbidden by law to be waived or such waiver is determined to be violative of public policy. In addition, the enforceability of all rights, remedies and obligations are subject to compliance with requirements of procedural due process.

- (iii) No opinion is expressed with respect to any provision of the Developer Documents or Management Agreement that purports to (a) require the payment or reimbursement of attorney's fees or litigation expenses of another party; (b) require the payment or reimbursement of any fee, cost or expense that may be deemed unreasonable in nature or amount; (c) release, exculpate, hold harmless, exempt a party from, require indemnification or prohibit future business activity to the extent such release, exculpation, hold harmless, exemption, indemnity, or prohibition is, with respect to any activity, contrary to public policy; (d) provide the right to exercise remedies upon the occurrence of a non-material breach of the Developer Documents or Management Agreement (including material breaches of non-material provisions thereof); (e) define, waive, or set standards for good faith, reasonableness, commercial reasonableness, fair dealing, or diligence; or (f) govern the election of remedies or provide that remedies are cumulative.
- (iv) No opinion is expressed with respect to any provision of the Developer Documents or Management Agreement with regard to the enforceability of (a) self-help provisions (including provisions granting a power of attorney or provisions authorizing the use of force or a breach of peace in enforcing rights or remedies); (b) provisions which purport to establish evidentiary standards; (c) provisions relating to waiver of rights or remedies (or the delay or omission of enforcement thereof), disclaimers, liability limitations, releases of legal or equitable rights (including the right to a jury trial), submission to the jurisdiction and venue of any court, arbitration or the creation of rights and remedies not available under applicable law or contrary to public policy; or (d) provisions which purport to prohibit, restrict or limit the ability of a person to transfer rights or interests in property.

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Developer Documents and Management Agreement. The opinions stated above are limited to the matters set forth herein, and no opinion may be implied or inferred beyond the matter expressly stated. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

The opinions expressed in this letter are rendered as of the date hereof and we express no opinion as to circumstances or events that may occur subsequent to such date. We undertake no responsibility to supplement, update or amend our opinions with respect to changes in law, judicial decisions or facts occurring after the date hereof. Our rendering of these opinions to the Opinion Recipients does not obligate us to render any further opinion to the Opinion Recipients or any other person or entity in the future.

Sincerely,



David A. Ryan
For the Firm

DAR/db



August 13, 2004

Louisiana Local Government Environmental
Facilities and Community Development Authority
Baton Rouge, Louisiana

University Facilities, Inc.
Hammond, Louisiana

The Bank of New York Trust Company, N.A.
Jacksonville, Florida

Morgan Keegan & Company, Inc.
Nashville, Tennessee

MBIA Insurance Company
Armonk, New York

\$60,985,000

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bonds**

**(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004A**

\$15,000,000

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bonds**

**(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004B**

\$925,000

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Taxable Revenue Bonds**

**(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004C**

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

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Ladies and Gentlemen:

We have acted as Bond Counsel for **Louisiana Local Government Environmental Facilities and Community Development Authority ("LCDA")**, pursuant to that certain Trust Indenture dated as of August 1, 2004 by and between the LCDA and The Bank of New York Trust Company, N.A., as Trustee (the "**Indenture**") in connection with the issuance of the Bonds. The proceeds of the Bonds are being loaned (the "**Loan**") to University Facilities, Inc. ("**UFI**") pursuant to the terms of that certain Loan Agreement (the "**Loan Agreement**") dated as of August 1, 2004 by and between the LCDA and UFI. The rights of the LCDA under the Loan Agreement to receive payments thereunder are being assigned to the Trustee under the Indenture. For purposes of rendering our opinion (the "**Opinion**") set forth herein, we have reviewed originals or copies of the following documents which pertain directly to the Loan (collectively, the "**Bond Documents**"):

1. The Indenture;
2. The Loan Agreement;
3. The Ground Lease Agreement by and between the Board and UFI dated as of August 1, 2004 (the "**Ground Lease**");
4. The Agreement to Lease with Option to Purchase by and between the Board and UFI dated as of August 1, 2004 (the "**Facilities Lease**");
5. The Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004 (the "**Mortgage**");
6. UCC-1 Financing Statement (the "**Financing Statement**"); and
7. The Assignment of Agreements and Documents dated as of August 1, 2004 by UFI in favor of Trustee (the "**Assignment**").

In reaching our opinions set forth below, we have assumed: (a) the genuineness of all signatures (other than those of the Authority), the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies; (b) the due organization, valid existence and good standing of UFI and Trustee under the laws of the jurisdiction in which

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Trustee is organized; (c) that UFI and Trustee have the power and authority to execute and deliver the Bond Documents to which Trustee is a party and to perform its obligations thereunder, and that all such actions have been duly and validly authorized by all necessary proceedings on the part of Trustee; and (d) that the address of Trustee set forth in the Financing Statements is an address at which information may be obtained concerning the Collateral.

The term "knowledge", as used herein, means the current actual knowledge of the lawyers who are participating in drafting this Opinion letter and in handling the transaction described herein, but does not include, except as specifically provided hereafter, constructive knowledge or inquiry knowledge. Whenever our opinions herein with respect to the existence or absence of facts is qualified by the phrase, "to the best of our knowledge" or "known to us" or the like, we mean that, during the course of our representation of LCDA, we have made inquiry of the members, managers, or managing members of UFI who by virtue of their position, would have reason to know of such facts, and no information has come to our attention which has given us actual knowledge of the existence of facts to the contrary. We have not, however, in rendering this Opinion, undertaken any other independent investigation to determine the existence or absence of such facts, but have relied upon the representations as described above, which we have no reason to believe are inaccurate, and the matters within our files. Further be advised that the phrases "we", "us" and "our" and the like are intended to identify only the attorneys of this firm who have given substantive attention to this matter in rendering this Opinion. Capitalized terms used in this Opinion and not otherwise defined shall have the meaning ascribed to them in the Bond Documents.

1. **Definitions.** As used herein, the following shall have the following meanings:
 - a. Applicable Laws. The term "Applicable Laws" means all applicable constitutional, legislative, judicial and administrative provisions, statutes, regulations, decisions, rulings, orders, ordinances and other laws of the State of Louisiana and of the United States of America.
 - b. Governing Documents. The term "Governing Documents" means the articles of organization, operating agreement, or similar organizational documents of UFI as context may require.
 - c. Chapter 9 of the LAUCC. "Chapter 9 of the LAUCC" shall refer to La. R.S. §10:9-101 et seq.

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- d. Collateral. The terms "Collateral", means the personal or movable property as set forth in Exhibit A attached to the Financing Statement.
- e. Contract. The term "Contract" means any instrument binding on the specified party, including, but not limited to, promissory notes, deeds of trust, mortgages, security agreements, lien instruments, leases, covenants, conditions, easements, rights of way, franchises, permits and licenses.
- f. Filing Collateral. The term "Filing Collateral" means Collateral that constitutes accounts, equipment, inventory, fixtures, general intangibles, investment property, instruments, or tangible chattel paper as defined in the LAUCC.
- g. Filing Office. The term "Filing Office" means the Clerk of Court of any Parish in the State of Louisiana, or in the case of Orleans Parish, with the Recorder of Mortgages.
- h. LAUCC. References herein to the LAUCC are to the Louisiana Commercial Laws, La. R.S. §§ 10:1-101 et seq., and any and all terms used in this Opinion that are defined in the LAUCC shall be construed and defined in accordance with the meaning and definition ascribed to such terms under the LAUCC as in effect in Louisiana, unless otherwise defined herein.
- i. Governmental Authority. The term "Governmental Authority" means all federal, state and local governmental entities.
- j. Security Interest and/or Security Interests. "Security Interest" and/or "Security Interests" shall have the meaning assigned in La. R.S. § 10: 1-201 (37).
- k. LAUCC Filing Collateral. The term "LAUCC Filing Collateral" means Collateral in which a security interest can be perfected solely by filing a financing statement in the Filing Office, including accounts, equipment, inventory, fixtures and general intangibles.

2. Based upon our examination of the Bond Documents and the Governing Documents, subject to the qualifications and assumptions herein set forth, we are of the opinion that:

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- a. The Mortgage and the Assignment create in favor of the Trustee a valid security interest in the "Collateral" (as defined in the Mortgage) and in the Agreements and Documents (as defined in the Assignment), respectively, to the extent that a security interest therein may be created under Chapter 9 of the LAUCC (the "Article 9 Collateral"). Assuming that there is no agreement among the parties to postpone the time of attachment, such security interest has attached to the Article 9 Collateral.
- b. With respect to that portion of the Collateral in which a Security Interest may be perfected by the filing of a financing statement, Louisiana has adopted the revisions of Article 9 of the Uniform Commercial Code, with minor modifications to the model act, effective July 1, 2001. Under Louisiana law, a security interest in the LAUCC Filing Collateral can be perfected by filing with the state in which UFI is located. Under Louisiana law, a debtor which a registered organization, such as a corporation, is "located" for purposes of the LAUCC in the state under whose laws it is organized, and under Louisiana law UFI is located in Louisiana and thus the laws of the State of Louisiana govern the perfection of a security interest in such collateral. The Financing Statement is in proper form for filing with the Filing Office for the State of Louisiana. The Trustee is authorized to file the Financing Statement in such Filing Office. Upon filing of the Financing Statement with the Filing Office for the State of Louisiana, the Trustee will have a perfected security interest in such Filing Collateral.
- c. To the extent the Collateral constitutes fixtures under LAUCC 10:9-301(3)(A), the proper place to file the Financing Statement is with the Recorder of Mortgages for the Parish of Orleans or the Office of the Clerk of Court and Recorder of Mortgages for any other parish in the State of Louisiana. Upon proper filing and recording of the Financing Statement with the Clerk of Court and Recorder of Mortgages for the Parish of Tangipahoa, Louisiana, Trustee shall have a good, valid and perfected security interest in that portion of the Filing Collateral described in the Mortgage which constitutes "fixtures".
- d. The Mortgage is in proper form for recordation and filing with the Clerk of Court and Recorder of Mortgages for the Parish of Tangipahoa, Louisiana. The Mortgage affords to the Trustee the customary remedies of a secured lender under mortgages commonly used by secured lenders in the State of Louisiana.

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3. **Assumptions.** In delivering the opinions expressed in Paragraph 2 above, we have assumed the following:

- a. No Outside Agreements. All terms and conditions of, or relating to, the transactions contemplated by the Bond Documents are correctly and completely embodied in the Bond Documents. There are no written or oral terms and conditions agreed to by and between the parties to the Bond Documents that vary or could be deemed to vary the truth, completeness, correctness, validity, or effect of any of the Bond Documents in any material manner;
- b. Capacity. Each individual executing/authorizing the Bond Documents had sufficient legal capacity to execute such documents and perform their obligations thereunder (provided, however, we have no actual knowledge that any such individual lacks legal capacity to do so).
- c. Title. UFI holds requisite title and rights to the Property.
 - i) The Collateral, as set forth in Schedule A attached to the Financing Statement (the "**Collateral**") exists, and UFI has good title thereto.
 - ii) UFI has rights in the Collateral or the power to transfer rights in the Collateral to a secured party, and all steps necessary to perfect UFI's interest in such Collateral against the claims of third parties have been taken.
- d. Descriptions.
 - i) The descriptions of the immovable and movable property securing the Bonds are sufficient under Applicable Laws to provide notice to third parties of the liens and security interests provided by the Bond Documents and to create an effective contractual obligation under Applicable Law.
 - ii) The descriptions of the Collateral as shown on the Financing Statement is accurate and complete in all respects to provide notice to third parties of the liens and security interests provided by the Bond Documents and to create an effective contractual obligation under Applicable Law.

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- e. Mistake/Fraud. There has not been any mutual mistake of fact or misunderstanding, fraud, duress or undue influence. Each party has acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any property or security interest transferred or created as part of, the transactions contemplated by the Bond Documents, and that the parties will act at all times in good faith and in a commercially reasonable manner.
 - f. Conduct. All parties have complied with any requirement of good faith, fair dealing and conscionability.
 - g. Future Actions. All parties to the Bond Documents will act in accordance with and refrain from taking any action forbidden by the terms and conditions of the Bond Documents.
 - h. Other Secured Parties. The Trustee has no knowledge that its security interest in the Collateral violates the rights of another secured party.
 - i. Value Given. Value has been given to the UFI pursuant to the Bond Documents.
4. **Qualifications.** The opinions expressed above are subject to the following qualifications:
- a. Specified Laws. The opinions contained herein as to the enforceability of the Bond Documents are subject to the qualification that enforcement of the Bond Documents may be affected by: (i) the exercise of judicial discretion in accordance with principles of equity, and (ii) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, revocatory actions, oblique actions and similar laws of general applicability affecting creditors' rights.

This Opinion does not mean that (a) any particular remedy is available upon a material default or (b) every provision of the Bond Documents will be upheld or enforced in any or each circumstance by a court. The rights of the Trustee or obligee under any Bond Document and the enforceability of the Bond Documents to the extent that Louisiana law is applicable thereto may be subject to the exercise of judicial discretion in accordance with general principles of equity and other applicable law limiting the effectiveness of waivers and the availability of

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self-help and the remedy of specific performance, and to the further qualifications that certain of the remedial provisions therein are or may be limited or unenforceable in whole or in part under applicable law, provided, that such limitations will not, in our opinion, make the remedies afforded by the Bond Documents or otherwise available under applicable law inadequate for the practical realization of the principal benefits of the collateral security provided therein, except as such benefits are otherwise limited in these exceptions and except for the economic consequences of any judicial, administrative, or other procedural delay which might result from such laws. We note that the use of certain remedies, such as self-help, and the acceptance of a *dation en paiement* (deed in lieu of foreclosure) by a secured party or its successors and assigns or other actions of the secured party or any of its successors or assigns, may limit the right of the secured party to collect a deficiency judgment, or to pursue a guaranty or the Guarantor thereunder. We further note that the exercise of the remedy of self-help will constitute a potential violation of Louisiana law and public policy.

The opinions expressed above as to the enforceability of the Bond Documents are subject to the qualification that certain of the remedial provisions thereof may be limited by Applicable Laws, although such limitations do not in our opinion make the remedies provided for therein inadequate for the practical realization of the benefits of the security intended to be afforded thereby.

- b. We express no opinion with respect to any of the following:
- i) The enforceability of any provision in the Bond Documents making irrevocable a power of attorney, whether or not coupled with an interest;
 - ii) The enforceability of any provision in the Bond Documents that excludes, waives or limits the liability of any party (A) for its own gross fault, intentional or fault or for causing physical injury to the other party, or (B) for the releases or indemnified's party's negligence or strict liability, where the release or indemnity does not expressly include liability arising out of such negligence or strict liability, or (C) for matters relating to the maintenance and preservation of collateral and the exercise of remedies against collateral to the extent proscribed by La. R. S. §10:9-502(3), or (D) which requires indemnification for the indemnified party's failure to comply with mandatory limitations or requirements of applicable law;

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- iii) The enforceability of any provision in the Bond Documents prohibiting the verbal modification of such documents;
- iv) The enforceability of any provision in the Bond Documents waiving the right to a jury trial, the objection of improper venue, unknown rights or defenses or any agreement granting subject matter and personal jurisdiction in any court;
- v) The enforceability of any provision requiring the payment of attorneys' fees and expenses, in an amount in excess of reasonable attorneys' fees and expenses actually incurred;
- vi) The enforceability of any provision purporting to shorten any prescriptive period or statute of limitations, or waiving in advance any defense with respect to any right of prescription or statute of limitations;
- vii) To the extent not exercised in good faith, the enforceability of any provision of the Bond Documents granting the secured party or obligee the unilateral right or discretion to determine standards or requirements for performance not expressly enumerated in the Bond Documents, or to establish standards or requirements that are not commercially reasonable;
- viii) Any waivers of rights of setoff, or agreement to setoff debts that are not liquidated and exigible;
- ix) Any provision providing for the right to injunctive relief without a showing of irreparable harm or injury;
- x) Whether any keeper fees would be enforced as a portion of the obligations or indebtedness secured by any lien granted by any of the Louisiana documents;
- xi) Any provision for stipulated damages deemed by a court of competent jurisdiction to be manifestly unreasonable contained in any of the Bond Documents;

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- xii) The availability of executory process;
- xiii) With respect to the ability of the Trustee, following a default by the Borrower and the exercise of the Trustee's remedies under the Security Instrument with respect to the Property, to obtain a deficiency; but we note that subject to the matters set forth in 4.a. of this Opinion, a deficiency judgment is available under Louisiana law to creditors holding a mortgage lien on immovable property upon compliance with the Deficiency Judgment Act, La. R.S. 13:4106-4108.2. Enforcement in accordance with the LAUCC and applicable jurisprudence of the remedies both provided in the Bond Documents (but only with respect to movable property Collateral) and made available under the LAUCC and applicable jurisprudence will not deprive the Trustee of its rights to seek a deficiency; provided that a deficiency shall not be available to the Trustee in the event (a) the Trustee exercises the remedies provided under La. R.S. 6:965 et seq.; (b) the Trustee exercises remedies under the LAUCC for which a deficiency is precluded by the LAUCC; or (c) the Trustee exercises any remedy in a manner not consistent with the LAUCC and applicable law;

Moreover, the provisions of the LAUCC that govern a secured party's deficiency rights have never been judicially construed and it is possible that a Louisiana court (or a court applying Louisiana law) could hold that notwithstanding the Trustee's enforcement of its remedies in accordance with the appropriate provisions of the LAUCC and applicable jurisprudence, a deficiency is not available; and

- xiv) The enforceability of any provision of the Bond Documents providing the Trustee with the right to accelerate any indebtedness is subject to any applicable judicial decisions which limit the exercise of such right on the basis that (i) the defaults are not material, the penalties bear no reasonable relation to the damage suffered by the Trustee as a result of the delinquencies or defaults, or it cannot be demonstrated that the enforcement of the restrictions or burdens is reasonably necessary for the protection of the Trustee, or (ii) the Trustee's enforcement of the covenants or provisions under the circumstances would violate any applicable duty of good faith or fair dealing by the Trustee.

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- c. Certificates. As to any facts material to our opinion, we have relied upon the accuracy and completeness of the facts and factual representations made in or pursuant to the Bond Documents and the documents referred to therein, and, in addition, we have relied upon a certificate or certificates of an official, officer or authorized representative of the particular governmental authority, corporation, firm or other person or entity concerned, and opinions of counsel of other jurisdictions. We have no knowledge of any fact which would render any such reliance inaccurate.
- d. LAUCC Qualifications. Without limiting any other qualifications, assumptions, limitations or exceptions contained herein, and to the extent the LAUCC is applicable to matters of perfection, the effect of perfection and priority, opinions 2(b) and 2(c) of this Opinion are subject to the following qualifications and limitations:
- i) (1) Any security interest granted in the Bond Documents as to advances made on or after forty five (45) days from the perfection of the security interests may be subject to the claims of lien creditors, non-ordinary course buyers and non-ordinary course lessees as provided in Section 9-323 of the LAUCC; (2) Any security interest may be subject to the rights of certain purchasers, licensees and lessees as provided in Sections 9-320 and 9-321 of the LAUCC; (3) Security interests in chattel paper, instruments, documents, securities, financial assets, and security entitlements are subject to the rights and claims of holders, purchasers and other parties as provided in Sections 9-330 and 9-331 of the LAUCC; (4) Rights to money or funds contained in a deposit account are subject to the rights of transferees under Section 9-327 of the LAUCC; (5) Security interests in goods are subject to rights of holders of possessory liens under Section 9-333 of the LAUCC; (6) Security interests in deposit accounts are subject to the rights of the depositary bank under Section 9-340 of the LAUCC; (7) Security interests in Collateral consisting of proceeds will be limited as provided in Sections 9-315 and 9-322(c) of the LAUCC; (8) Security interests in a good which is installed in, or attached or affixed to any other good may be subject to the provisions of Section 9-335 of the LAUCC, and may be subject to the provisions of Section 9-336 of the LAUCC to the extent that such good forms part of a larger product or mass;

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- ii) We express no opinion with respect to any security interest in any portion of the Collateral that constitutes (i) farm products, (ii) Collateral that is subject to a certificate of title, (iii) fixtures, timber to be cut or as-extracted collateral, (iv) consumer goods or manufactured homes, (v) electronic chattel paper, (vi) commercial tort claims, (vii) money, cash or cash equivalents to the extent not in the possession of Trustee, or a third party who has acknowledged that it is holding such Collateral for the Trustee's benefit under Section 9-313(c) of the LAUCC, and to the extent such items do not constitute identifiable proceeds of Collateral under Section 9-315 of the LAUCC, (viii) documents or goods covered by documents, (ix) property excluded from coverage under Article 9 of the LAUCC; (x) the perfection of a Security Interest in any portion of the Collateral as to which Federal registration is required;
- iii) We express no opinion with regard to the priority of any security interest created by the filing of the Financing Statement with the Clerk of Court and Recorder of Mortgages for Tangipahoa Parish, Louisiana;
- iv) Although we render no opinion with regard to priority of any security interest, we note the priority of Trustee's security interests in the Collateral may be lost or impaired or become inferior:
 - (1) as to the Collateral, or portions thereof that (i) are or become subject to rights reserved to or vested in governmental or public authorities to condemn, appropriate, use or control the use of any of the Collateral, or (ii) are subject to a lien identified in Section 9-333 of the LAUCC;
 - (2) with respect to a properly perfected purchase money security interest that may, under Section 9-324 of the LAUCC, have priority over the Trustee's security interest;
 - (3) with respect to Collateral subject to subordination under Sections 9-325, 9-326 and 9-508, to another party's security interest;

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- (4) with respect to Collateral that constitutes a deposit account, a security entitlement or a commodity contract, to the rights or security interest of the depository bank, the securities intermediary or the commodities intermediary, under Sections 9-327, 9-328 and 9-340 of the LAUCC;
- (5) as against a lien creditor that became a lien creditor prior to the earlier of (i) perfection of Trustee's security interest or (ii) Trustee's meeting of one of the conditions specified in Section 9-203(b)(3) and filing of its financing statement;
- (6) as against a secured party whose security interest is perfected by attachment pursuant to Section 9-309 of the LAUCC or by temporary perfection under Section 9-312 of the LAUCC;
- (7) as against rights of a consignee or the creditors of a consignee pursuant to Section 9-319 of the LAUCC;
- (8) as against a perfected agricultural lien if the statute creating the agricultural lien so provides;
- (9) to the extent proceeds of Possessory Collateral or Control Collateral constitute proceeds of Filing Collateral in which another secured party has a security interest with priority as to such other secured party's interest in such Filing Collateral;
- (10) as against the security interest of a collecting bank under Section 4-210 of the LAUCC and of an issuer or nominated person under Section 5-118 of the LAUCC, and of a security interest arising under Section 9-110 of the LAUCC;
- (11) as against goods that become accessions in a whole covered by a security interest perfected by certificate of title statutes under Section 9-335(d) of the LAUCC;
- (12) as to Collateral which Trustee has consensually subordinated its interest to a third party;

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- (13) as against (i) federal tax liens filed against such Collateral pursuant to Internal Revenue Code Section 6321, as amended, (ii) claims of the United States pursuant to the Federal Priority Statute (31 U.S.C. § 3713), (iii) liens filed by the Pension Benefit Guarantee Corporation pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974, as amended, (iv) liens arising under 7 U.S.C. § 196, as amended (the Packers and Stockyards Act, 1921); (v) trust claimants on behalf of vendors of perishable commodities under regulations of the United States Department of Agriculture, (vi) liens for unpaid ad valorem taxes, (vii) other liens, claims or encumbrances in favor of the United States of America or any state, or any agency or instrumentality of either of them or any other governmental entity.
- v) We note that Trustee's rights against account debtors will be subject to the terms of the assigned account, chattel paper or general intangible, to dealings between such account debtor and UFI, and to the other limitations provided in Sections 9-403, 9-404, 9-405 and 9-406 of the LAUCC. Any rights against account debtors will be subject to defenses as provided in Section 9-404 of the LAUCC.
- vi) We express no opinion as to the effect of any prohibitions against assignment that may be contained in any account, lease agreement, promissory note, chattel paper, payment intangible, health-care receivable and letter-of-credit right. We note that prohibitions on assignment contained in any account, lease agreement, promissory note, chattel paper, payment intangible, health-care receivable and letter-of-credit right are subject to the limitations contained in Sections 9-406, 9-407, 9-408 and 9-409 of the LAUCC.
- vii) We express no opinion as to the effectiveness of Trustee's security as to any rights (including rights of payment) under any right, account or other obligation for which the United States government or any other government or any agency, department or subdivision thereof is an obligor.

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- viii) We note that perfection of a security interest in Collateral also perfects a security interest in a supporting obligation for such Collateral and that a security interest in a right to payment or performance also perfects a security interest in a security interest, mortgage or other lien in personal or real property securing that right (a "Supporting Lien"). We render no opinions as to any such supporting obligation or Supporting Lien, including without limitation enforceability and priority, the scope this Opinion being expressly limited to the opinions given in Section 2 of this Opinion with regard to perfection of a security interest in the Collateral.
- ix) We render no opinion with respect to the enforceability of any security entitlement carried in a securities account or any commodity contract carried in a commodities account.
- x) The perfection of any security interest that has been perfected by the filing of a Financing Statement will expire upon the earliest to occur of (i) the expiration of four (4) months after UFI changes its name to the extent that the Financing Statement becomes seriously misleading under Section 9-506 of the LAUCC as to any collateral acquired more than four (4) months after such change unless within that four (4) month period, an amendment is filed in the same office as that where such seriously misleading financing statement was filed, (ii) the expiration of the four (4) month period after a new debtor whose name is seriously misleading under Section 9-506 of the LAUCC becomes bound under Section 9-203(d) of the LAUCC as to any Collateral acquired by the new debtor after the expiration of the four (4) month period, unless an initial financing statement providing the name of the new debtor is filed before the expiration of the four (4) month period; (iii) the expiration of the four (4) month period after a change of UFI's location, unless Trustee becomes perfected within the four (4) month period under the law in UFI's new jurisdiction, (iv) the expiration of one (1) year after transfer of Collateral by UFI to a person that becomes a debtor and is located in another jurisdiction, unless Trustee becomes perfected as to the transferred Collateral within the one (1) year period under the laws of the location of the debtor which became a debtor pursuant to such transfer of Collateral; (v) the expiration of five (5) years after the filing date of the Financing Statement unless within six (6) months prior to the expiration of such

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period, the effectiveness of such Financing Statement is continued by the filing of an appropriate continuation statement in the same filing office in which such Financing Statement was filed, or (vi) the expiration of five (5) years after the last date on which the filing of the Financing Statement (or continuation thereof) which is continued was effective, unless within six (6) months prior to such date, the effectiveness of such Financing Statement is again continued by the filing of an appropriate continuation statement in the same office as that in which the Financing Statement was originally filed.

5. **Limitations.** This Opinion letter is issued subject to the following limitations:
 - a. **Fixtures.** To the extent that the Collateral consists of "fixtures", as such term is defined in La. R.S. 10:9-102(41) of the LAUCC, no opinion is expressed regarding the perfection of a Security Interest in any such fixtures that have become component parts of that part of the Property which is land, buildings, or other construction, such fixtures being subject to the lien created by the filing of the Mortgage in the mortgage records with the Clerk of Court and Recorder of Mortgages for the Parish of Tangipahoa, State of Louisiana.
 - b. **Licensed Only in Louisiana.** We are licensed to practice law only in the State of Louisiana and we express no opinion with respect to the effect of any laws other than the Applicable Laws.
 - d. **Securities Laws.** We express no opinion with respect to any securities laws or Blue Sky laws of any jurisdiction.
 - e. **Subsequent Events.** We undertake no obligation to advise you of facts or changes in law occurring after the date of this Opinion letter which might affect the opinions expressed herein.
 - f. **Captions.** The captions in this Opinion are for convenience of reference only and shall not limit, amplify or otherwise modify the provisions hereof.

The opinions expressed herein are expressed as of the date hereof and are not intended to have any prospective effect. We assume no obligation to advise you or any other Person of any changes concerning the above, whether or not deemed material, which may hereafter come or be

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brought to our attention, including but not limited to, changes which could result from pending or future legislation, law or jurisprudence.

The opinions expressed in this letter are given solely for the benefit of the addressees, their successors and assigns (including any purchaser of the Loan) and any rating agency in connection with the securitization of the Loan and their respective legal counsel, in connection with the transaction referred to herein. The opinions expressed in this letter may not be relied upon, in whole or in part, by the addressees, the Trustee or its successors or assigns and any rating agency in connection with the securitization of the Loan, for any other purpose or relied upon by any other person, firm or corporation for any purpose, without our prior written consent. The opinions expressed in this letter are rendered as of the date hereof and we express no opinion as to circumstances or events that may occur subsequent to such date.

Respectfully submitted,

*Jones, Walker, Waechter,
Poitvent, Carrière + Deniger, L.L.P.*

Unless this Series 2004A Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2004A Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2004A Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA
STATE OF LOUISIANA

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bond
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A**

No. RA- 1

\$180,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
3.500%	August 1, 2007	August 1, 2004	August 13, 2004	546279TD2

REGISTERED OWNER:

CEDE & Co.
TAX ID#13-2555119

PRINCIPAL AMOUNT: ONE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2004A Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2004A Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2004A Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2004A Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a Business Day, the next preceding Business Day (the "Record Date") irrespective of any transfer or exchange of this Series 2004A Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2004A Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2004A Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2004A Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2004A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2004A Bond is one of the duly authorized issue of the Authority's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A (the "Series 2004A Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$60,985,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of: (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities, (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004A Bonds, (vii) funding a deposit to the Replacement Fund, and (viii) paying costs of issuance of the Series 2004A Bonds, including the premium for any bond insurance policy insuring the Series 2004A Bonds. Simultaneously with the issuance of the Series 2004A Bonds the Authority will issue \$15,000,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004B"

(the "Series 2004B Bonds") and \$925,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004C" (the "Series 2004C Bonds" and, together with the Series 2004A Bonds and the Series 2004B Bonds, the "Series 2004 Bonds"), authorized to be issued on behalf of the Corporation for the purpose of: (i) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (ii) funding the costs of marketing the Facilities, (iii) providing working capital for the Facilities, (iv) funding a deposit to the Debt Service Reserve Fund, (v) paying capitalized interest on the Series 2004B Bonds and the Series 2004C Bonds, and (vi) paying the costs of issuance of the Series 2004B Bonds and the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004B Bonds and the Series 2004C Bonds. The proceeds of the Series 2004A Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of August 1, 2004, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of the University, has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") and the Facilities to the Corporation pursuant to a Ground Lease, and will lease the Facilities from the Corporation pursuant to a Facilities Lease.

The Series 2004A Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated August 1, 2004, between the Authority and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2004A Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2004A Bonds. The registered owner of this Series 2004A Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2004A Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2004A Bonds are on a parity with the Series 2004B Bonds and the Series 2004C Bonds under the Indenture.

The Insurance Policy

Simultaneously with the delivery of the Series 2004A Bonds, in order to provide the registered Owners of the Series 2004A Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2004A Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2004A Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2004A Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. 1 upwards. The Series 2004A Bonds are limited and (B0291346.2).

special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2004A Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2004A BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2004A BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2004A BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2004A Bonds remain outstanding, there shall be permitted the exchange of Series 2004A Bonds at the principal corporate trust office of the Trustee. Any Series 2004A Bond or Series 2004A Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2004A Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2004A Bonds during the fifteen (15) day period next preceding the selection of Series 2004A Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004A Bonds selected for redemption, or (b) any Series 2004A Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2004A Bond to be redeemed in part, the portion thereof not so to be redeemed.

REDEMPTION PROVISIONS

Optional Redemption

The Series 2004A Bonds are subject to redemption prior to maturity at the option of the Authority, upon written direction from the Board, on or after August 1, 2014, as a whole or in part at any time, and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium

Mandatory Redemption

(i) If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the Facilities Lease, the Series 2004A Bonds shall be redeemed as a whole and shall be redeemed on the later of (a) August 1, 2014, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2004A Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Series 2004A Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that any insurance proceeds or proceeds received as a result of Expropriation proceedings with respect to the Facilities will not be applied to the restoration, repair or reconstruction of the Facilities at a price equal to the principal amount of the Series 2004A Bonds so redeemed plus accrued and unpaid interest thereon to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds, or Expropriation proceeds not used for restoration, repair or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Series 2004A Bonds is not an Authorized Denomination, the principal amount of Series 2004A Bonds to be redeemed pursuant to this subsection (b) shall be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, the Series 2004A Bonds.

Mandatory Sinking Fund Redemption.

The Series 2004A Bonds maturing on August 1, 2021, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2020	\$2,515,000
2021	2,645,000

The Series 2004A Bonds maturing on August 1, 2024, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

{B0291346.2}

<u>Redemption Date</u>	<u>Principal Amount</u>
2023	\$2,910,000
2024	3,060,000

The Series 2004A Bonds maturing on August 1, 2027, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2026	\$3,375,000
2027	3,545,000

The Series 2004A Bonds maturing on August 1, 2031 shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

<u>Redemption Date</u>	<u>Principal Amount</u>
2029	\$3,900,000
2030	4,095,000
2031	3,350,000

If on any occasion less than all of the Series 2004A Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in the Indenture, then the principal amount of the Series 2004A Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above shall be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

Unless otherwise specified above, if less than all of the Series 2004A Bonds shall be called for redemption, the maturity of the Series 2004A Bonds to be redeemed shall be designated by the Corporation, on behalf of the Board, and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, however, that the portion of any Series 2004A Bond to be redeemed shall be in the principal amount of an Authorized Denomination. If a portion of any Series 2004A Bond shall be called for redemption, a new Series 2004A Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

At least thirty (30) days before the redemption date of any Series 2004A Bonds redeemed other than by mandatory sinking fund redemption, the Trustee shall cause a notice of any such redemption, signed by an authorized officer of the Trustee to be mailed, postage prepaid, to all Bondholders of record owning Series 2004A Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register, but any defect in such mailing of any such notice shall not affect the validity of the {B0291346.2}

proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004A Bonds then outstanding shall be called for redemption, the numbers of such Series 2004A Bonds to be redeemed and, in the case of Series 2004A Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Series 2004A Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2004A Bond, a new Series 2004A Bond in principal amount equal to the unredeemed portion of such Series 2004A Bond will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2004A Bond, do exist, have happened and have been performed in regular and due form as required by law.

SPECIMEN

SPECIMEN

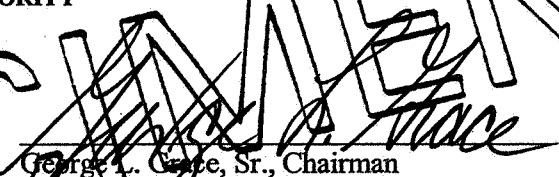
IN WITNESS WHEREOF, the **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** has caused this Series 2004A Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Secretary-Treasurer on August 13, 2004.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT
AUTHORITY**

[SEAL]

Attest:


David C. Butler, II, Secretary - Treasurer

By 
George L. Gage, Sr., Chairman

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This Series 2004A Bond is one of the Series 2004A Bonds described in the within mentioned Indenture.

Date of Authentication:
AUGUST 13, 2004

**THE BANK OF NEW YORK
TRUST COMPANY, N.A.,
as Trustee**

By: 
Authorized Trust Officer

SPECIMEN

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$60,985,000

Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MRIA INSURANCE CORPORATION

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ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification
or Social Security Number of Assignee)

the within Series 2004A Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the Series 2004A within Bond on the books kept for registration
thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by _____

NOTICE: Signature must be guaranteed by a
Participant in the Securities Transfer Agent
Medallion Program.

NOTICE: The signature to this assignment must
correspond with the name as it appears on the
face of the within Series 2004A Bond in every
particular, without alteration, enlargement or any
change whatever.

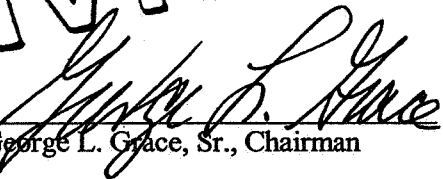
TRANSFER FEE MAY BE REQUIRED

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LEGAL OPINION CERTIFICATE

I, the undersigned Chairman of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2004A Bonds.

SPECIMEN

By: 
George L. Grace, Sr., Chairman

SPECIMEN



August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

SPECIMEN

\$60,985,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

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JONES, WALKER, WAECHTER, POITEVENT, CARRERE & DENÈGRE L.L.P.

8555 UNITED PLAZA BOULEVARD • BATON ROUGE, LOUISIANA 70809-7000 • 225-248-2000 • FAX 225-248-2010 • E-MAIL info@joneswalker.com • www.joneswalker.com

BATON ROUGE HOUSTON LAFAYETTE MIAMI NEW ORLEANS WASHINGTON, D.C.

{B0289992.2}

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) pay the Prior Debt, (ii) demolish certain existing facilities and renovate, develop and construct the Facilities, (iii) fund the costs of marketing the Facilities; (iv) provide working capital for the Facilities, (v) fund a deposit to the Debt Service Reserve Fund, (vi) pay capitalized interest on the Bonds; (vii) fund a deposit to the Replacement Fund; and (viii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of August 1, 2004 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Facilities will be located from the Board of Supervisors for the

University of Louisiana System pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004 (the "Ground Lease")

The Bonds are also entitled to the benefits of the Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004 (the "Mortgage") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has mortgaged its leasehold interest in and to the Land and the improvements located thereon, granted a security interest in certain movable property and assigned its rights to all leases and rents relating to the Facilities; and an Assignment of Agreements and Documents dated as of August 1, 2004 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board of Supervisors for the University of Louisiana System (the "Board") and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

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2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.

3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.

4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.

5. Interest on the Series 2004A Bonds and the Series 2004B Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Interest on the Series 2004C Bonds is included in the gross income of the owners thereof for federal income tax purposes.

7. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement and the Tax Regulatory Agreement pertaining to those sections of the Code that

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

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specimen
affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board or the Corporation fails to comply with the foregoing covenants, interest on the Series 2004A Bonds and the Series 2004B Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Borrower, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution and delivery by the Corporation of, the Agreement, the Ground Lease and the Mortgage and the valid and binding effect thereof on the Borrower; (iv) the Borrower being exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

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Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

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SPECIMEN

We have also relied on the opinion of McRinchey Stafford, LLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of DeCuir & Clark, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

Jos, Walker, Wachter,

Poitreva, Camire + Derige, L.L.P.

SPECIMEN

Unless this Series 2004B Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2004B Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2004B Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA
STATE OF LOUISIANA

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bond
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B**

No. RB - 1

\$15,000,000

<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
August 1, 2034	August 13, 2004	August 13, 2004	546279UC2

REGISTERED OWNER:

CEDE & CO.
TAX ID#13-2555119

PRINCIPAL AMOUNT: FIFTEEN MILLION AND NO/100 DOLLARS

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the rate of interest described herein and on the dates set forth herein. The principal of and interest on this Series 2004B Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2004B Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2004B Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2004B Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on the Business Day next preceding such Interest Payment Date (the "Record Date") irrespective of any transfer or exchange of this Series 2004B Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2004B Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2004B Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2004B Bond not fewer than fifteen (15) days preceding such special record date.

Interest on this Series 2004B Bond is payable on the Business Day following each Auction Date (as defined in the hereinafter defined Indenture) until maturity or earlier redemption or acceleration or conversion of the interest rate payable on this Series 2004B Bond to a Fixed Rate or a Variable Rate as provided in the Indenture (as defined herein) (each an "Interest Payment Date"). Initially, until any such conversion, this Series 2004B Bond shall bear interest at an Auction Rate. The interest rate payable on this Series 2004B Bond while this Series 2004B Bond bears interest at the Auction Rate for any period from and including the later of the Dated Date or the most recent Interest Payment Date to but excluding the next succeeding Interest Payment Date shall, subject to certain exceptions specified in the Indenture, be equal to the aggregate of the interest accrued at the Auction Rate that the Auction Agent appointed pursuant to the Indenture advises has resulted from implementation of the Auction Procedures set forth in the Indenture. The term "Business Day" means any day other than a Saturday, Sunday, or any other day on which banking institutions located in the State of New York, or the state in which the principal corporate trust office of the Trustee is located, are authorized or required not to be open for the transaction of regular banking business or on which the New York Stock Exchange is closed. Interest payable on this Series 2004B Bond shall not exceed the Maximum Auction Rate as determined pursuant to the Indenture. In no event shall the Maximum Auction Rate exceed the least of (i) the Applicable Percentage multiplied by The Bond Market Association Municipal Swap Index, (ii) 12% per annum; or (iii) the maximum rate permitted by applicable law. The interest rate payable on this Series 2004B Bond may be converted from an Auction Rate to a Variable Rate upon satisfaction of certain conditions set

forth in the Indenture. If a proposed Conversion shall have failed then the rate of interest for the Series 2004B Bond Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

This Series 2004B Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2004B Bond is one of the duly authorized issue of the Authority's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B (the "Series 2004B Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$15,000,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of: (i) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (ii) funding the costs of marketing the Facilities, (iii) providing working capital for the Facilities, (iv) funding a deposit to the Debt Service Reserve Fund, (v) paying capitalized interest on the Series 2004B Bonds, and (vi) paying costs of issuance of the Series 2004B Bonds, including the premium for any bond insurance policy insuring the Series 2004B Bonds. Simultaneously with the issuance of the Series 2004B Bonds, the Authority will issue \$60,985,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004A" (the "Series 2004A Bonds") and \$925,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004C" (the "Series 2004C Bonds" and, together with the Series 2004A Bonds and the Series 2004B Bonds, the "Series 2004 Bonds"), authorized to be issued on behalf of the Corporation for the purpose of: (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities, (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004A Bonds and the Series 2004C Bonds (vii) funding a deposit to the Replacement Fund and (viii) paying the costs of issuance of the Series 2004A Bonds and the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004A Bonds and the Series 2004C Bonds. The proceeds of the Series 2004B Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of August 1, 2004, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of the University, has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") and the Facilities to the Corporation pursuant to a Ground Lease, and will lease the Facilities from the Corporation pursuant to a Facilities Lease.

The Series 2004B Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548:16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated August 1, 2004, between the Authority and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2004B Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2004B Bonds. The registered owner of this Series 2004B Bond shall have no rights to

enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2004B Bond, the owner hereof assents to all of the provisions of the Indenture. The Series 2004B Bonds are on a parity with the Series 2004A Bonds and the Series 2004C Bonds under the Indenture. All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Insurance Policy

Simultaneously with the delivery of the Series 2004B Bonds, in order to provide the registered Owners of the Series 2004B Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2004B Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2004B Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2004B Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. R-1 upwards. The Series 2004B Bonds are limited and special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2004B Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2004B BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2004B BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2004B BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2004B Bonds remain outstanding, there shall be permitted the exchange of Series 2004B Bonds at the principal corporate trust office of the Trustee. Any Series 2004B Bond or Series 2004B Bonds upon surrender thereof at the principal corporate trust office of the Trustee

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with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Series 2004B Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2004B Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2004B Bonds during the fifteen (15) day period next preceding the selection of Series 2004B Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004B Bonds selected for redemption, or (b) any Series 2004B Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2004B Bond to be redeemed in part, the portion thereof not so to be redeemed.

REDEMPTION PROVISIONS

Optional Redemption

The Series 2004B Bonds shall be subject to redemption at the option of the Issuer upon the written direction of the Board, as a whole or in part on the first day of any Auction Period if there are sufficient moneys to make such redemption on such date, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2004B Bonds are subject to redemption in part at the option of the Issuer, upon written direction from the Board, on any Interest Payment Date from amounts transferred by the Trustee from the Project Fund to the Principal Account of the Debt Service Fund upon completion of construction of the Facilities in accordance with the Indenture hereof, the Series 2004B Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal of the Series 2004B Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

Mandatory Redemption

(i) If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the Facilities Lease, the Series 2004B Bonds shall be redeemed as a whole on the first Interest Payment Date after such purchase, at a price equal to the principal amount of the Series B Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Series 2004B Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that any insurance proceeds or proceeds received as a result of Expropriation proceedings with respect to the Facilities will not be applied to the restoration, repair or reconstruction of the Facilities at a price equal to the principal amount of the Series 2004B Bonds so redeemed plus accrued and unpaid interest thereon to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds, or Expropriation proceeds not used for restoration, repair or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Series 2004B Bonds is not an Authorized Denomination, the principal amount of Series 2004B Bonds to be

redeemed pursuant to this subsection shall be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds, third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, the Series 2004A Bonds.

Mandatory Sinking Fund Redemption.

The Series 2004B Bonds maturing on August 1, 2034, shall be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on August 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium:

Redemption Date	Principal Amount
2031	\$950,000
2032	\$4,500,000
2033	\$4,675,000
2034	\$4,875,000

If on any occasion less than all of the Series 2004B Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in the Indenture, then the principal amount of the Series 2004B Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above shall be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

Unless otherwise specified above, if less than all of the Series 2004B Bonds shall be called for redemption, the maturity of the Series 2004B Bonds to be redeemed shall be designated by the Corporation, on behalf of the Board, and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, however, that the portion of any Series 2004B Bond to be redeemed shall be in the principal amount of an Authorized Denomination. If a portion of any Series 2004B Bond shall be called for redemption, a new Series 2004B Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

At least thirty (30) days before the redemption date of any Series 2004B Bonds redeemed other than by mandatory sinking fund redemption, the Trustee shall cause a notice of any such redemption, signed by an authorized officer of the Trustee to be mailed, postage prepaid, to all Bondholders of record owning Series 2004B Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register, but any defect in such mailing of any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004B Bonds then outstanding shall be called for redemption, the numbers of such Series 2004B Bonds to be redeemed and, in the case of Series 2004B Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Series 2004B Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2004B Bond, a new Series 2004B Bond in principal amount equal to the unredeemed portion of such Series 2004B Bond will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance {B0291643.2}

under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2004B Bond, do exist, have happened and have been performed in regular and due form as required by law.

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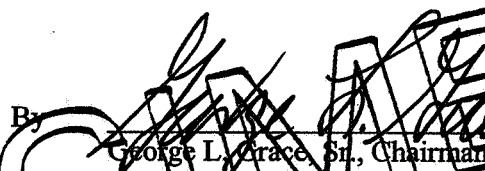
IN WITNESS WHEREOF, the LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY has caused this Series 2004B Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Secretary-Treasurer on August 13, 2004.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT
AUTHORITY**

[SEAL]

Attest:


David C. Butler, II, Secretary - Treasurer

By: 
George L. Grace, Sr., Chairman

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This Series 2004B Bond is one of the Series 2004B Bonds described in the within mentioned Indenture.

Date of Authentication:
AUGUST 13, 2004

**THE BANK OF NEW YORK
TRUST COMPANY, N.A.,**
as Trustee

By: 
Cynthia M. Moore
Authorized Trust Officer

SPECIMEN

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$15,000,000
Louisiana Local Government Environmental
Facilities and Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Insurer against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

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ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification
or Social Security Number of Assignee)

the within Series 2004B Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Series 2004B Bond on the books kept for registration
thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by: _____

NOTICE: Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program.

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NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Series 2004B Bond in every particular, without alteration, enlargement or any change whatever.

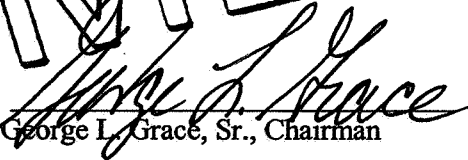
TRANSFER FEE MAY BE REQUIRED

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LEGAL OPINION CERTIFICATE

I, the undersigned Chairman of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Wächter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2004B Bonds.

By: 
George L. Grace, Sr., Chairman

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August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

SPECIMEN

~~\$60,985,000~~
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-B of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

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JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

8555 UNITED PLAZA BOULEVARD • BATON ROUGE, LOUISIANA 70809-7000 • 225-248-2000 • FAX 225-248-2010 • E-MAIL info@joneswalker.com • www.joneswalker.com

BATON ROUGE HOUSTON LAFAYETTE MIAMI NEW ORLEANS WASHINGTON, D.C.

{B0289992.2}

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

Page 2

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) pay the Prior Debt, (ii) demolish certain existing facilities and renovate, develop and construct the Facilities, (iii) fund the costs of marketing the Facilities; (iv) provide working capital for the Facilities, (v) fund a deposit to the Debt Service Reserve Fund, (vi) pay capitalized interest on the Bonds; (vii) fund a deposit to the Replacement Fund; and (viii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of August 1, 2004 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Facilities will be located from the Board of Supervisors for the

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

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University of Louisiana System pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004 (the "Ground Lease")

The Bonds are also entitled to the benefits of the Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004 (the "Mortgage") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has mortgaged its leasehold interest in and to the Land and the improvements located thereon, granted a security interest in certain movable property and assigned its rights to all leases and rents relating to the Facilities; and an Assignment of Agreements and Documents dated as of August 1, 2004 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board of Supervisors for the University of Louisiana System (the "Board") and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

Page 4

2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.

3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.

4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.

5. Interest on the Series 2004A Bonds and the Series 2004B Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Interest on the Series 2004C Bonds is included in the gross income of the owners thereof for federal income tax purposes.

7. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement and the Tax Regulatory Agreement pertaining to those sections of the Code that

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

Page 5

affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board or the Corporation fails to comply with the foregoing covenants, interest on the Series 2004A Bonds and the Series 2004B Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Borrower, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution and delivery by the Corporation of, the Agreement, the Ground Lease and the Mortgage and the valid and binding effect thereof on the Borrower; (iv) the Borrower being exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

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We have also relied on the opinion of McGrinchey Stafford, LLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir & Clark, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

Jos, Walker, Wachter,

Porter, Carver + Derige, L.L.P.

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Unless this Series 2004C Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2004C Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2004C Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA
STATE OF LOUISIANA

**Louisiana Local Government Environmental
Facilities and Community Development Authority
Taxable Revenue Bond
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C**

No. RC - 1

\$225,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
3.00%	August 1, 2006	August 1, 2004	August 13, 2004	546279UA6

REGISTERED OWNER:

CEDE & Co.
TAX ID#13-2555119

PRINCIPAL AMOUNT: TWO HUNDRED TWENTY FIVE THOUSAND AND NO/100 DOLLARS

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2004C Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2004C Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2004C Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2004C Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a business Day, the next preceding Business Day (the "Record Date") irrespective of any transfer or exchange of this Series 2004C Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2004C Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2004C Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2004C Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2004C Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2004C Bond is one of the duly authorized issue of the Authority's Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C (the "Series 2004C Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$925,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of: (i) paying capitalized interest on the Series 2004C Bonds; (ii) funding a deposit to the Replacement Fund; and (iii) paying costs of issuance of the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004C Bonds. Simultaneously with the issuance of the Series 2004C Bonds, the Authority will issue \$60,985,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004A" (the "Series 2004A Bonds") and \$15,000,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) Series 2004B" (the "Series

{B0291380.2}

2004B Bonds" and, together with the Series 2004A Bonds and the Series 2004C Bonds, the "Series 2004 Bonds"), authorized on behalf of the Corporation for the purpose of: (i) paying the Prior Debt, currently outstanding in the amount of \$14,590,000, (ii) demolishing certain existing facilities and renovating, developing and constructing the Facilities, (iii) funding the costs of marketing the Facilities, (iv) providing working capital for the Facilities, (v) funding a deposit to the Debt Service Reserve Fund, (vi) paying capitalized interest on the Series 2004A Bonds and Series 2004B Bonds, (vii) funding a deposit to the Replacement Fund, and (viii) paying costs of issuance of the Series 2004A Bonds and the Series 2004C Bonds, including the premium for any bond insurance policy insuring the Series 2004A Bonds and the Series 2004C Bonds. The proceeds of the Series 2004C Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of August 1, 2004, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of the University, has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") to the Corporation pursuant to a Ground Lease, and will lease the Facilities from the Corporation pursuant to a Facilities Lease.

The Series 2004C Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act") and pursuant to a Trust Indenture dated August 1, 2004, between the Authority and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2004C Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2004C Bonds. The registered owner of this Series 2004C Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2004C Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2004C Bonds are on a parity with the Series 2004A Bonds and the Series 2004B Bonds under the indenture.

The Insurance Policy

Simultaneously with the delivery of the Series 2004C Bonds, in order to provide the registered Owners of the Series 2004C Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2004C Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2004C Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2004C Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. R-1 upwards. The Series 2004C Bonds are limited and special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to

exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2004C Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2004C BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2004C BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2004C BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2004C Bonds remain outstanding, there shall be permitted the exchange of Series 2004C Bonds at the principal corporate trust office of the Trustee. Any Series 2004C Bond or Series 2004C Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2004C Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2004C Bonds during the fifteen (15) day period next preceding the selection of Series 2004C Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2004C Bonds selected for redemption, or (b) any Series 2004C Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2004C Bond to be redeemed in part, the portion thereof not so to be redeemed.

REDEMPTION PROVISIONS

Mandatory Redemption

- (i) If the Board shall purchase the Corporation's leasehold interest in the Facilities pursuant to the Facilities Lease, the Series 2004C Bonds shall be redeemed as a whole and shall

{B0291380.2}

be redeemed on the later of (a) August 1, 2014, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2004C Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(ii) The Series 2004C Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Interest Payment Date at least thirty (30) days after the Trustee receives notice that any insurance proceeds or proceeds received as a result of Expropriation proceedings with respect to the Facilities will not be applied to the restoration, repair or reconstruction of the Facilities at a price equal to the principal amount of the Series 2004C Bonds so redeemed plus accrued and unpaid interest thereon to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds, or Expropriation proceeds not used for restoration, repair or reconstruction. If the amount of any insurance proceeds or Expropriation proceeds to be applied in redemption of the Series 2004C Bonds is not an Authorized Denomination, the principal amount of Series 2004C Bonds to be redeemed pursuant to this subsection (b) shall be decreased to the next lower Authorized Denomination. The Series 2004 Bonds will be so redeemed in the following order: first, Auction Rate Bonds; second, Variable Rate Bonds; third, Series 2004C Bonds; fourth, Series 2004B Bonds that bear interest at a Fixed Rate; and fifth, the Series 2004A Bonds.

Unless otherwise specified above, if less than all of the Series 2004C Bonds shall be called for redemption, the maturity of the Series 2004C Bonds to be redeemed shall be designated by the Corporation, on behalf of the Board, and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, however, that the portion of any Series 2004C Bond to be redeemed shall be in the principal amount of an Authorized Denomination. If a portion of any Series 2004C Bond shall be called for redemption, a new Series 2004C Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

At least thirty (30) days before the redemption date of any Series 2004C Bonds redeemed other than by mandatory sinking fund redemption, the Trustee shall cause a notice of any such redemption, signed by an authorized officer of the Trustee to be mailed, postage prepaid, to all Bondholders of record owning Series 2004C Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register, but any defect in such mailing of any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2004C Bonds then outstanding shall be called for redemption, the numbers of such Series 2004C Bonds to be redeemed and, in the case of Series 2004C Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Series 2004C Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2004C Bond, a new Series 2004C Bond in principal amount equal to the unredeemed portion of such Series 2004C Bond will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to

and in the execution and delivery of the Indenture and the issuance of this Series 2004C Bond, do exist, have happened and have been performed in regular and due form as required by law.

SPECIMEN

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IN WITNESS WHEREOF, the **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** has caused this Series 2004C Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Secretary-Treasurer on August 13, 2004.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT
AUTHORITY**

[SEAL]

Attest:


David C. Butler, II Secretary - Treasurer

By


George L. Grace, Sr., Chairman

CERTIFICATE OF AUTHENTICATION

This Series 2004C Bond is one of the Series 2004C Bonds described in the within mentioned Indenture.

Date of Authentication:
AUGUST 13, 2004

**THE BANK OF NEW YORK
TRUST COMPANY, N.A.,**
as Trustee

By: 
Authorized Trust Officer

SPECIMEN

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$925,000

Louisiana Local Government Environmental
Facilities and Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

SPECIMEN

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ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification
or Social Security Number of Assignee)

the within Series 2004C Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Series 2004C Bond on the books kept for registration
thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by _____

NOTICE: Signature must be guaranteed by a
Participant in the Securities Transfer Agent
Medallion Program.

NOTICE: The signature to this assignment must
correspond with the name as it appears on the
face of the within Series 2004C Bond in every
particular, without alteration, enlargement or any
change whatever.


TRANSFER FEE MAY BE REQUIRED

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LEGAL OPINION CERTIFICATE

I, the undersigned Chairman of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2004C Bonds.

SPECIMEN

By: 
George L. Grace, Sr., Chairman

SPECIMEN



August 13, 2004

Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

SPECIMEN

\$60,985,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004A

\$15,000,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004B

\$925,000
Louisiana Local Government Environmental Facilities and
Community Development Authority
Taxable Revenue Bonds
(Southeastern Louisiana University Student Housing/
University Facilities, Inc. Project)
Series 2004C

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

SPECIMEN

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

8555 UNITED PLAZA BOULEVARD • BATON ROUGE, LOUISIANA 70809-7000 • 225-248-2000 • FAX 225-248-2010 • E-MAIL info@joneswalker.com • www.joneswalker.com

BATON ROUGE HOUSTON LAFAYETTE MIAMI NEW ORLEANS WASHINGTON, D.C.

{B0289992.2}

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

Page 2

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) pay the Prior Debt, (ii) demolish certain existing facilities and renovate, develop and construct the Facilities, (iii) fund the costs of marketing the Facilities; (iv) provide working capital for the Facilities, (v) fund a deposit to the Debt Service Reserve Fund, (vi) pay capitalized interest on the Bonds; (vii) fund a deposit to the Replacement Fund; and (viii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of August 1, 2004 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Facilities will be located from the Board of Supervisors for the

Louisiana Local Government Environmental Facilities
and Community Development Authority
August 13, 2004
Page 3

University of Louisiana System pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004 (the "Ground Lease").

The Bonds are also entitled to the benefits of the Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004 (the "Mortgage") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has mortgaged its leasehold interest in and to the Land and the improvements located thereon, granted a security interest in certain movable property and assigned its rights to all leases and rents relating to the Facilities; and an Assignment of Agreements and Documents dated as of August 1, 2004 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board of Supervisors for the University of Louisiana System (the "Board") and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.

2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.

3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.

4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.

5. Interest on the Series 2004A Bonds and the Series 2004B Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Interest on the Series 2004C Bonds is included in the gross income of the owners thereof for federal income tax purposes.

7. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement and the Tax Regulatory Agreement pertaining to those sections of the Code that

affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board or the Corporation fails to comply with the foregoing covenants, interest on the Series 2004A Bonds and the Series 2004B Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Borrower, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution and delivery by the Corporation of, the Agreement, the Ground Lease and the Mortgage and the valid and binding effect thereof on the Borrower; (iv) the Borrower being exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

Louisiana Local Government Environmental Facilities
and Community Development Authority

August 13, 2004

Page 6

SPECIMEN

We have also relied on the opinion of McGlinchey Stafford, LLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir & Clark, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

Jos. Walker, Waechter,

Poitrevaat, Camère + Derégo, L.L.P.

SPECIMEN



Blanket Issuer Letter of Representations

(To be Completed by Issuer)

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY**

(Name of Issuer)

November 17, 1998

(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT
AUTHORITY**

By: John A. Berchelec
(Authorized Officer's Signature)

John A. Berchelec, Chairman
(Typewritten Name & Title)

700 North Tenth Street, 4th Floor
(Street Address)

Baton Rouge, Louisiana 70802
(City) (State) (Zip)

(225) 344-5001
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY
By: [Signature]

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are 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 Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

3. 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.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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 Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.



FINANCIAL GUARANTY INSURANCE POLICY
MBIA Insurance Corporation
Armonk, New York 10504

Policy No. 44754

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to **The Bank of New York Trust Company, N.A., Jacksonville Florida**

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$60,985,000

Louisiana Local Government Environmental Facilities
and Community Development Authority, Revenue Bonds

(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 13th day of August, 2004.

COUNTERSIGNED:
[Signature]
Resident Licensed Agent

New Orleans, LA

City, State
STD-RCS-6
495

MBIA Insurance Corporation
[Signature]
President

Attest: [Signature]
Assistant Secretary



FINANCIAL GUARANTY INSURANCE POLICY
MBIA Insurance Corporation
Armonk, New York 10504

Policy No. 44755

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to **The Bank of New York Trust Company, N.A., Jacksonville, Florida**

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$15,000,000

Louisiana Local Government Environmental Facilities
and Community Development Authority, Revenue Bonds

(Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)
Series 2004B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 13th day of August, 2004.

COUNTERSIGNED:

[Signature]
Resident Licensed Agent

New Orleans, LA
City, State
STD-RCS-6
4/95

MBIA Insurance Corporation

[Signature]
President

Attest:

[Signature]
Assistant Secretary



FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation

Armonk, New York 10504

Policy No. 44756

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to ~~The~~ Bank of New York Trust Company, N.A., Jacksonville,

Florida

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$925,000

Louisiana Local Government Environmental Facilities
and Community Development Authority, Taxable Revenue Bonds

(Southeastern Louisiana University Student Housing/University Facilities Inc. Project)
Series 2004C

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 13th day of August, 2004.

COUNTERSIGNED:

Resident Licensed Agent

City, State
STD-RCS-6
4/95

MBIA Insurance Corporation

President

Attest:
Assistant Secretary

CERTIFICATE OF MBIA INSURANCE CORPORATION

I, Adam M. Carta, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and its policies as set forth in the Official Statement, dated August 10, 2004 under the caption "MUNICIPAL BOND INSURANCE", regarding \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds, (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004A, \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004B and \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority, Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004C, is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 13th day of August, 2004.



Assistant Secretary

**RECEIPT FOR MUNICIPAL BOND INSURANCE POLICY
BY BANK OF NEW YORK TRUST COMPANY, N.A., AS TRUSTEE**

\$60,985,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004B**

\$925,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY
TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT)
SERIES 2004C**

The undersigned, for and on behalf of Bank of New York Trust Company, N.A., acting as Trustee (the "Trustee") pursuant the terms of an Indenture dated as of August 1, 2003 between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and the Trustee and resolutions adopted by the Issuer on February 12, 2004 and May 13, 2004 (collectively, the "Bond Resolutions") authorizing the above-captioned bonds, hereby acknowledges receipt of a Bond Insurance Policy Numbers 44754, 44755 and 44756 issued by MBIA Insurance Corporation issued pursuant to the Indenture and the Bond Resolutions in the aggregate principal amount of \$76,910,000.

IN WITNESS WHEREOF, the undersigned has caused this receipt to be executed by its duly authorized officer and its corporate seal to be hereunder affixed as to the 13th day of August, 2004.

BANK OF NEW YORK TRUST COMPANY, N.A.

By: Cynthia M. Moore
Agent

[SEAL]

Moody's Investors Services

Global Credit Research
New Issue
 29 JUL 2004

New Issue: Southeastern Louisiana University

MOODY'S ASSIGNS Baa1 RATING TO SOUTHEASTERN LOUISIANA UNIVERSITY'S \$75 MILLION STUDENT HOUSING REVENUE BONDS, SERIES 2004; OUTLOOK IS STABLE

INITIAL PUBLIC RATING FOR UNIVERSITY WITH TOTAL DEBT OF \$84 MILLION

Louisiana Loc. Govt. Env. Fac.& Comm.Dev.Auth
 Higher Education
 LA

Moody's Rating

ISSUE	UNDERLYING RATING	RATING
Student Housing/University Facilities, Inc. Project Revenue Bonds, Series 2004	Baa1	Aaa
Sale Amount \$75,000,000		
Expected Sale Date 08/03/04		
Rating Description Public University Revenue Bonds		

Opinion

NEW YORK, Jul 29, 2004 -- Moody's has assigned a Baa1 rating to the Southeastern Louisiana University's \$75 million Student Housing Revenue Bonds, Series 2004. Bond proceeds will be used to finance the development of new housing facilities on the Southeastern Louisiana University (SLU) campus and to refund the Series 2000 housing debt for facilities developed by University Facilities, Inc. Security on the bonds is provided by lease revenues to be paid by the Board of Supervisors for the University of Louisiana System on behalf of SLU. The University's rating outlook is stable.

The Series 2004A bonds are expected to carry municipal bond insurance from MBIA. Subject to Moody's review of the insurance policy and other relevant documentation, the bonds are expected to carry the insurer's current financial strength rating of Aaa. Moody's will nonetheless maintain its Baa1 underlying rating on the Series 2004A bonds.

The Baa1 rating is based on SLU's:

- Increasing student demand and stable enrollment, despite new admissions standards;
- Strategic importance of and demand for improved housing facilities;
- Sound financial operations and satisfactory debt service coverage; and
- Adequate resource base and limited borrowing plans.

STABLE STUDENT DEMAND AND STEADY ENROLLMENT:

Moody's anticipates that student demand will remain stable at Southeastern Louisiana University, which is located in an area of state of Louisiana (General Obligation debt rated A1) which has enjoyed population growth over recent years. With its campus in Hammond in the North Shore region of the state, the University offers 50 bachelor and 18 graduate programs, and is noted for well established programs in education and nursing. In the fall of 2003 SLU had a full-time equivalent enrollment of 17,265 and serves a predominately commuter population, with 96% of the student body coming from in state. Total full-time equivalent (FTE) enrollment has grown 7% over the past two years. Applications to SLU continue to grow allowing the University to increase its selectivity, in line with new admissions standards for the entire public higher education system in the state. In fall 2003, SLU accepted 65.3% of freshmen applicants, compared to its 90.4% selectivity rate in fall 1998. A strong yield of 83.5% on admitted students indicates a high degree of self selection within SLU's applicant pool. Heightened admissions standards which will begin next fall will likely dampen demand at SLU; however, Moody's expects that the University's sound marketing and student retention plans will allow it to maintain stable enrollment.

STRATEGIC IMPORTANCE OF ENHANCED ON-CAMPUS HOUSING FACILITIES:

SLU's campus has benefited from roughly \$95 million in capital improvements in recent years, with the majority of the funding coming from the state. With improved academic, recreation and meeting facilities, the University is focusing on improving its student housing stock with the current issue. Approximately 11% of students live on campus currently and SLU hopes to house 15% of students in the coming years. The current project plans include renovation of an existing residence hall and the construction of new facilities with a capacity of 1,514 beds. The Baa1 rating incorporates construction risk inherent in the transaction. Concerns over possible renovation and construction delays are offset by the funding of seven months of capitalized interest beyond the projected completion date and the performance contract for the experienced developer. Transaction documents also provide for the creation of a debt service reserve fund.

BALANCED OPERATIONS AND AMPLE DEBT SERVICE COVERAGE:

Moody's expects SLU to benefit from prudent financial management and maintain positive operating performance in the coming years. Over the last two fiscal years, the University has averaged 0.6% positive operating performance. SLU relies on annual state appropriations for a significant proportion of its operating budget, with state funding comprising 42% of its operating revenue in FY 2003. During the recent economic downturn, Louisiana has not instituted budget cuts for its public universities and we expect this trend to continue. Undergraduate tuition at SLU is set by the

Board of Supervisors and remains relatively affordable as evidenced by the resident undergraduate charge of \$2,762 for last academic year. In fiscal year 2003, SLU's operations covered actual debt service 3.0 times.

FINANCIAL RESOURCE BASE PROVIDES SUFFICIENT SUPPORT FOR COMPREHENSIVE DEBT AND OPERATIONS:

Moody's believes that SLU's financial resource base currently provides an adequate cushion for SLU's \$84.1 million of pro forma debt. Expendable financial resources provide 0.3 times coverage of total debt and 0.23 times coverage of annual operating expenses. SLU's \$37 million total financial resource base in FY 2003 includes roughly \$18 million of resources provided by the University's Development Foundation. The Foundation does the bulk of fundraising for the University which had just over \$2 million in combined gift revenue in FY 2003. Future borrowing plans are manageable and include an additional phase of student housing estimated to cost roughly \$11 million.

Outlook

The stable outlook on SLU's rating reflects our expectations that student demand will remain steady, operations will continue to be balanced, and that future borrowing will remain manageable.

KEY DATA AND RATIOS (Fall 2003 enrollment date; Fiscal 2003 financial data):

Total Enrollment: 17,265 full-time equivalent students

Selectivity: 65.3%

Matriculation: 83.5%

Total pro forma debt: \$84.1 million

Expendable Financial Resources-to-Debt: 0.3 times

Expendable Financial Resources-to-Operations: 0.23 times

Annual Operating Margin: 0.8%

CONTACTS:

University: Stephen Smith, Vice President for Administration and Finance, 985-549-2282.

Underwriter: Hugh C. Tanner, Managing Director, Morgan Keegan & Company, Inc., 615-687-2626.

Analysts

Dennis M. Gephardt
Analyst
Public Finance Group
Moody's Investors Service

Diane F. Viacava
Backup Analyst
Public Finance Group
Moody's Investors Service

Ansel Duvivier
Senior Credit Officer
Public Finance Group
Moody's Investors Service

Contacts

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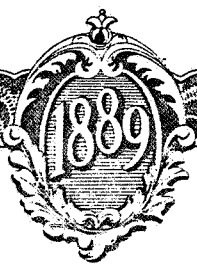


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MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to \$2,300,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

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FATIC 523
ALTA Owner's Policy (10/17/92)

Policy No. **FA-33- 606637**

POLICY OF TITLE INSURANCE



ISSUED BY

First American Title Insurance Company

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

First American Title Insurance Company

BY *Gary L. Keruett* PRESIDENT

ATTEST *Mark R. Arneson* SECRETARY



EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

- (a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.
- (b) "insured claimant": an insured claiming loss or damage.
- (c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (d) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.
- (e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.
- (g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured,

All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

(i) To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

(ii) Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

- (i) the Amount of Insurance stated in Schedule A;

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

- (a) This policy together with all endorsements, if

and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage.

(i) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees, and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees, and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE.

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

16. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department, 1 First American Way, Santa Ana, California 92707, or to the office which issued this policy.

OWNER'S POLICY

Issued by

First American Title Insurance Company

Agent's File No.: 13786/101065-01

SCHEDULE A

PREMIUM \$154,491.45

Owner's	POLICY NUMBER FA-33-606637	DATE AND TIME OF POLICY August 13, 2004 2:08 P.M.	AMOUNT OF INSURANCE \$76,910,000.00
Leasehold Owner's	POLICY NUMBER FA-33-606638	DATE AND TIME OF POLICY August 13, 2004 2:15 P.M.	AMOUNT OF INSURANCE \$76,910,000.00
Leasehold Loan	POLICY NUMBER FA-31-729781	DATE AND TIME OF POLICY August 13, 2004 2:15 P.M.	AMOUNT OF INSURANCE \$76,910,000.00

Note: A loan policy on the encumbrance described in this schedule has been issued naming as the insured:

N/A

1. The estate or interest referred to herein is at Date of Policy vested in:

The Board of Supervisors of the University of Louisiana System

2. The estate or interest in the land described in this Schedule:

Fee simple interest

3. The mortgage, herein referred to as the insured mortgage, and the assignments thereof, if any, are described as follows:

N/A

4. The land referred to in this Policy is in the State of Louisiana, Parish of Tangipahoa, and is described as follows:

See Continuation Sheet for Schedule A, Section 4 attached

Baronne Title Co., Inc.
8555 United Plaza Blvd., 5th Floor
Baton Rouge, Louisiana 70809

Robert W. Scheffy, Jr.
Direct Telephone: (225) 248 2032
Direct Fax: (225) 248 3032

Dated this 17th day of August, 2004

Baronne Title Co., Inc.

By: 
Robert W. Scheffy, Jr., Authorized Signatory

OWNER'S POLICY

Schedule B (Owner's)

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

**Policy Number FA-33-606637
OWNER'S**

This policy does not insure against loss or damage by reason of the following:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Any adverse claim to any portion of said land which has been created by artificial means or has accreted to any such portion so created and riparian rights, if any.
6. Taxes or special assessments which are not shown as existing liens by public records.

NOTE: Exceptions numbered 1, 2, 3, 5 and 6 above are hereby deleted.

7. General and special taxes or assessments for 2004 and subsequent years not yet due and payable.
8. Terms and conditions of that Ground Lease Agreement dated as of August 1, 2004 and executed August 13, 2004 by and between the Board of Supervisors for the University of Louisiana System and University Facilities, Inc., as evidenced by that Memorandum of Ground Lease recorded at COB 994, folio 32, Instrument No. 672169, official records of Tangipahoa Parish, Louisiana.

The following exceptions pertain to Tract 1 (20.615 Acre Tract) only:

9. Mineral Reservation contained in that Donation to an Institution dated September 11, 1985 by Mertie Lou Fourmy Barnes to Southeastern Louisiana University, recorded September 30, 1985 at COB 617, folio 663, Instrument No. 351313, official records of Tangipahoa Parish, Louisiana. Note: The Company affirmatively insures the Insured that surface rights have been waived.
10. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

The following exceptions pertain to Tract 2 (11.28 Acre Tract – Oaks/Village) only:

11. Servitude dated September 30, 1965 by the State Board of Education to the Tangipahoa Parish Police Jury, recorded October 25, 1965 at COB 297, folio 297, Instrument No. 144475, official records of Tangipahoa Parish, Louisiana.
12. Right of Way Permit dated February 18, 1975 by the State Board of Education to Louisiana Power & Light Company, recorded April 1, 1975 at COB 404, folio 444, Instrument No. 217356, official records of Tangipahoa Parish, Louisiana.

OWNER'S POLICY

Schedule B (Owner's)

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

**Policy Number FA-33-606637
OWNER'S**

13. Easement for Drainage Improvements dated July 28, 1981 by Board of Trustees for State Colleges and Universities to Consolidated Gravity Drainage District #1 of Tangipahoa Parish, recorded August 20, 1981 at COB 530, folio 724, Instrument No. 295658, official records of Tangipahoa Parish, Louisiana.
14. Right of Way Deed dated January 5, 1990 by the Board of Trustees for State Colleges and Universities to the Parish of Tangipahoa, recorded January 28, 1990 at COB 694, folio 36, Instrument No. 401974, official records of Tangipahoa Parish, Louisiana.
15. Right of Way Deed dated March 16, 1993 by Southeastern Louisiana University acting through the Board of Trustees for State Colleges and Universities to the Parish of Tangipahoa, recorded March 16, 1993 at COB 751, folio 30, Instrument No. 438743, official records of Tangipahoa Parish, Louisiana.
16. Terms and conditions of that Memorandum of Lease by and between the Board of Trustees for State Colleges and Universities and University Facilities, Inc., recorded at COB 855, folio 708, Instrument No. 522174; as corrected by that Notarial Act of Correction dated October 16, 1998 at COB 900, folio 204, Instrument No. 565403; as refiled on July 27, 2000, recorded July 31, 2000 at COB 902, folio 298, Instrument No. 567631 and at COB 902, folio 303, Instrument No. 567632, official records of Tangipahoa Parish, Louisiana.
17. Assignment of Leases and Rents dated as of July 27, 2000 by and between University Facilities, Inc. and Hibernia National Bank, recorded at COB 902, folio 308, Instrument No. 567633, official records of Tangipahoa Parish, Louisiana.
18. A portion of the right of way for East Tornado Drive located along the westerly boundary of the land and a portion of the right of way for North Oak Street located along the northeasterly boundary of the land as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.
19. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

The following exceptions pertain to Tract 3 (0.46 Acre Tract - Cardinal Newman Hall) only:

20. Contract Between Owner and Contractor dated February 10, 2004 by and between Southeastern Louisiana University and Stevens Dirt Hauling & Concrete, Inc., recorded February 17, 2004 at MOB 1213, folio 76, Instrument No. 657689; acceptance recorded June 8, 2004 at MOB 1250, folio 247, official records of Tangipahoa Parish, Louisiana.
21. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

OWNER'S POLICY

Schedule B (Owner's)

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

Policy Number FA-33-606637
OWNER'S

The following exceptions pertain to Tract 4 (1.70 Acre Tract - Taylor Hall) only:

22. Mineral Reservation contained in that Donation to an Institution dated September 11, 1985 by Mertie Lou Fourmy Barnes to Southeastern Louisiana University, recorded September 30, 1985 at COB 617, folio 663, Instrument No. 351313, official records of Tangipahoa Parish, Louisiana. Note: The Company affirmatively insures the Insured that surface rights have been waived.

23. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

End of Schedule B

First American Title Insurance Company

SCHEDULE A, SECTION 4 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-33-606637

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

First American Title Insurance Company

SCHEDULE A, SECTION 4 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-33-606637

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

End of Schedule A, Section 4

First American Title Insurance Company

Restrictions, Encroachments & Minerals Endorsement

Attached to Policy No. FA-33-606637

Issued by

First American Title Insurance Company

Agent's File No. 13786/101065-01

The Company insures the owner against loss or damage sustained by reason of:

1. Any incorrectness in the assurance that, at Date of Policy:
 - (a) There are no covenants, conditions or restrictions under which the lien of the mortgage referred to in Schedule A can be divested, subordinated or extinguished, or its validity, priority or enforceability impaired.
 - (b) Unless expressly excepted in Schedule B:
 - (1) There are no present violations on the land of any enforceable covenants, conditions or restrictions, nor do any existing improvements violate any building setback lines shown on a plat of subdivision recorded or filed in the public record.
 - (2) Any instrument referred to in Schedule B as containing covenants, conditions or restrictions on the land does not, in addition, (i) establish an easement on the land; (ii) provide a lien for liquidated damages; (iii) provide for a private charge of assessment; (iv) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.
 - (3) There is no encroachment of existing improvements located on the land onto adjoining land, nor any encroachment onto the land of existing improvements located on adjoining land.
 - (4) There is no encroachment of existing improvements located on the land onto that portion of the land subject to any easement excepted in Schedule B.
 - (5) There are no notices of violation of covenants, conditions and restrictions relating to environmental protection recorded or filed in the public records.
2. Any future violation on the land of any existing covenants, conditions or restrictions occurring prior to the acquisition of title to the estate or interest in the land by the insured, provided the violation results in:
 - (a) Invalidity, loss of priority, or unenforceability of the lien of the insured mortgage; or
 - (b) loss of title to the estate or interest in the land if the insured shall acquire title in satisfaction of the indebtedness secured by the insured mortgage.
3. Damage to existing improvements, including lawns, shrubbery or trees:
 - (a) which are located on or encroach upon that portion of the land subject to any easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved, except such encroachments as are shown on the Survey;
 - (b) resulting from the future exercise of any right to use the surface of the land for the extraction or development of minerals excepted from the description of the land or excepted in Schedule B.

First American Title Insurance Company

Restrictions, Encroachments & Minerals Endorsement

(Continued)

Attached to Policy No. FA-33-606637

4. Any final court order or judgment requiring the removal from any land adjoining the land of any encroachment excepted in Schedule B.
5. Any final court order or judgment denying the right to maintain any existing improvements on the land because of any violation of covenants, conditions or restrictions or building setback lines shown on a plat of subdivision recorded or filed in the public records.

Wherever in this endorsement the words "covenants, conditions or restrictions" appear, they shall not be deemed to refer to or include the terms, covenants, conditions or limitations contained in an instrument creating a lease.

As used in paragraphs 1(b)(1) and 5, the words "covenants, conditions or restrictions" shall not be deemed to refer to or include any covenants, conditions or restrictions relating to environmental protection.

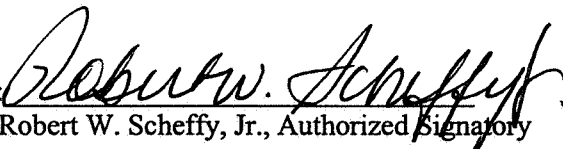
The endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

IN WITNESS WHEREOF, First American Title Insurance Company has caused its corporate seal to be hereunto affixed and these presents to be signed in facsimile under authority of its By-Laws.

Dated this 17th day of August, 2004

First American Title Insurance Company

Baronne Title Co., Inc.

By: 
Robert W. Scheffy, Jr., Authorized Signatory



By:  *Parker S. Kennedy* President

Attest:  *William C. Ziegler* Secretary

**RECEIPT FOR TITLE INSURANCE POLICY BY
THE BOARD OF SUPERVISORS OF THE UNIVERSITY OF LOUISIANA SYSTEM**

**\$60,985,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004A**

**\$15,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004B**

**\$925,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004C**

The undersigned, for and on behalf of The Board of Supervisors of the University of Louisiana System, acting as Board (the "Board") regarding the above-captioned bonds, hereby acknowledges receipt of Title Insurance Policy Number FA-33-606637 issued by First American Title Insurance Company relating to the above referenced bonds.

IN WITNESS WHEREOF, the undersigned has caused this receipt to be executed by its duly authorized officer the 2nd day of September, 2004.

**THE BOARD OF SUPERVISORS OF THE
UNIVERSITY OF LOUISIANA SYSTEM**

By: 

Name: J. Douglas Lee

Title: Assistant Vice President For
Facilities Planning

Faulty



FATIC 523
ALTA Owner's Policy (10/17/92)

Policy No. **FA-33-606638**

POLICY OF TITLE INSURANCE



First American Title Insurance Company

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

First American Title Insurance Company

BY *Gary L. Keruett* PRESIDENT

WITNESSED BY *Mark R. Arneson* SECRETARY

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured,

All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

(i) To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

(ii) Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if

and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage.

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees, and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees, and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE.

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

16. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department, 1 First American Way, Santa Ana, California 92707, or to the office which issued this policy.

OWNER'S POLICY

Issued by

First American Title Insurance Company

Agent's File No.: 13786/101065-01

SCHEDULE A

PREMIUM \$154,491.45

	POLICY NUMBER	DATE AND TIME OF POLICY	AMOUNT OF INSURANCE
Owner's	FA-33-606637	August 13, 2004 2:08 P.M.	\$76,910,000.00
Leasehold Owner's	FA-33-606638	August 13, 2004 2:15 P.M.	\$76,910,000.00
Leasehold Loan	FA-31-729781	August 13, 2004 2:15 P.M.	\$76,910,000.00

Note: A loan policy on the encumbrance described in this schedule has been issued naming as the insured:

The Bank of New York Trust Company, N.A., as Trustee, its successors and/or assigns

1. The estate or interest referred to herein is at Date of Policy vested in:

University Facilities, Inc., a Louisiana corporation

2. The estate or interest in the land described in this Schedule:

See Continuation Sheet for Schedule A, Section 2 attached

3. The mortgage, herein referred to as the insured mortgage, and the assignments thereof, if any, are described as follows:

Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004, by University Facilities, Inc., in favor of The Bank of New York Trust Company, N.A., as Trustee, recorded August 13, 2004, in MOB 1269, folio 116, Instrument No. 672170, and on August 18, 2004 in COB 994, folio 345, Instrument No. 672511, official records of Tangipahoa Parish, Louisiana.

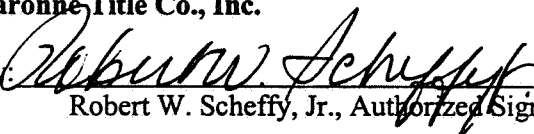
4. The land referred to in this Policy is in the State of Louisiana, Parish of Tangipahoa, and is described as follows:

See Continuation Sheet for Schedule A, Section 4 attached

Baronne Title Co., Inc.
8555 United Plaza Blvd., 5th Floor
Baton Rouge, Louisiana 70809

Dated this 17th day of August, 2004

Robert W. Scheffy, Jr.
Direct Telephone: (225) 248 2032
Direct Fax: (225) 248 3032

Baronne Title Co., Inc.
By: 
Robert W. Scheffy, Jr., Authorized Signatory

First American Title Insurance Company

SCHEDULE A, SECTION 2 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-33-606638

Fee Simple interest is vested in **The Board of Supervisors for the University of Louisiana System**; a Leasehold interest as to all Tracts is vested in **University Facilities, Inc.**, pursuant to that Ground Lease Agreement dated as of August 1, 2004 and executed August 13, 2004 by and between the Board of Supervisors for the University of Louisiana System and University Facilities, Inc., as evidenced by that Memorandum of Ground Lease recorded at COB 994, folio 32, Instrument No. 672169, official records of Tangipahoa Parish, Louisiana; and a Leasehold interest as to Tract 2 (11.28 Acre Tract – Oaks/Village) is vested in **University Facilities, Inc.**, pursuant to that Ground Lease Agreement dated May 6, 1998 by and between the Board of Trustees for State Colleges and Universities and University Facilities, Inc., as evidenced by that Memorandum of Lease recorded at COB 855, folio 708, Instrument No. 522174; as corrected by that Notarial Act of Correction dated October 16, 1998 at COB 900, folio 204, Instrument No. 565403; as refiled on July 27, 2000, recorded July 31, 2000 at COB 902, folio 298, Instrument No. 567631 and at COB 902, folio 303, Instrument No. 567632, official records of Tangipahoa Parish, Louisiana.

End of Schedule A, Section 2

OWNER'S POLICY

Schedule B (Owner's)

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

**Policy Number FA-33-606638
OWNER'S**

This policy does not insure against loss or damage by reason of the following:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Any adverse claim to any portion of said land which has been created by artificial means or has accreted to any such portion so created and riparian rights, if any.
6. Taxes or special assessments which are not shown as existing liens by public records.

NOTE: Exceptions numbered 1, 2, 3, 5 and 6 above are hereby deleted.

7. The mortgage, if any, referred to in Schedule A.
8. General and special taxes or assessments for 2004 and subsequent years not yet due and payable.
9. Terms and conditions of that Ground Lease Agreement dated as of August 1, 2004 and executed August 13, 2004 by and between the Board of Supervisors for the University of Louisiana System and University Facilities, Inc., as evidenced by that Memorandum of Ground Lease recorded at COB 994, folio 32, Instrument No. 672169, official records of Tangipahoa Parish, Louisiana.

The following exceptions pertain to Tract 1 (20.615 acre tract) only:

10. Mineral Reservation contained in that Donation to an Institution dated September 11, 1985 by Mertie Lou Fourmy Barnes to Southeastern Louisiana University, recorded September 30, 1985 at COB 617, folio 663, Instrument No. 351313, official records of Tangipahoa Parish, Louisiana. Note: The Company affirmatively insures the Insured that surface rights have been waived.
11. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

The following exceptions pertain to Tract 2 (11.28 acre tract – Oaks/Village) only:

12. Servitude dated September 30, 1965 by the State Board of Education to the Tangipahoa Parish Police Jury, recorded October 25, 1965 at COB 297, folio 297, Instrument No. 144475, official records of Tangipahoa Parish, Louisiana.

OWNER'S POLICY

Schedule B (Owner's)

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

**Policy Number FA-33-606638
OWNER'S**

13. Right of Way Permit dated February 18, 1975 by the State Board of Education to Louisiana Power & Light Company, recorded April 1, 1975 at COB 404, folio 444, Instrument No. 217356, official records of Tangipahoa Parish, Louisiana.
14. Easement for Drainage Improvements dated July 28, 1981 by Board of Trustees for State Colleges and Universities to Consolidated Gravity Drainage District #1 of Tangipahoa Parish, recorded August 20, 1981 at COB 530, folio 724, Instrument No. 295658, official records of Tangipahoa Parish, Louisiana.
15. Right of Way Deed dated January 5, 1990 by the Board of Trustees for State Colleges and Universities to the Parish of Tangipahoa, recorded January 28, 1990 at COB 694, folio 36, Instrument No. 401974, official records of Tangipahoa Parish, Louisiana.
16. Right of Way Deed dated March 16, 1993 by Southeastern Louisiana University acting through the Board of Trustees for State Colleges and Universities to the Parish of Tangipahoa, recorded March 16, 1993 at COB 751, folio 30, Instrument No. 438743, official records of Tangipahoa Parish, Louisiana.
17. Terms and conditions of that Memorandum of Lease by and between the Board of Trustees for State Colleges and Universities and University Facilities, Inc., recorded at COB 855, folio 708, Instrument No. 522174; as corrected by that Notarial Act of Correction dated October 16, 1998 at COB 900, folio 204, Instrument No. 565403; as refiled on July 27, 2000, recorded July 31, 2000 at COB 902, folio 298, Instrument No. 567631 and at COB 902, folio 303, Instrument No. 567632, official records of Tangipahoa Parish, Louisiana.
18. Assignment of Leases and Rents dated as of July 27, 2000 by and between University Facilities, Inc. and Hibernia National Bank, recorded at COB 902, folio 308, Instrument No. 567633, official records of Tangipahoa Parish, Louisiana.
19. A portion of the right of way for East Tornado Drive located along the westerly boundary of the land and a portion of the right of way for North Oak Street located along the northeasterly boundary of the land as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.
20. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

The following exceptions pertain to Tract 3 (0.46 acre tract - Cardinal Newman Hall) only:

21. Contract Between Owner and Contractor dated February 10, 2004 by and between Southeastern Louisiana University and Stevens Dirt Hauling & Concrete, Inc., recorded February 17, 2004 at MOB 1213, folio 76, Instrument No. 657689; acceptance recorded June 8, 2004 at MOB 1250, folio 247, official records of Tangipahoa Parish, Louisiana.

OWNER'S POLICY

Schedule B (Owner's)

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

**Policy Number FA-33-606638
OWNER'S**

22. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

The following exceptions pertain to Tract 4 (1.70 acre tract - Taylor Hall) only:

23. Mineral Reservation contained in that Donation to an Institution dated September 11, 1985 by Mertie Lou Fourmy Barnes to Southeastern Louisiana University, recorded September 30, 1985 at COB 617, folio 663, Instrument No. 351313, official records of Tangipahoa Parish, Louisiana. Note: The Company affirmatively insures the Insured that surface rights have been waived.

24. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

End of Schedule B

First American Title Insurance Company

SCHEDULE A, SECTION 4 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-33-606638

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

First American Title Insurance Company

SCHEDULE A, SECTION 4 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-33-606638

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

End of Schedule A, Section 4

First American Title Insurance Company

*Leasehold Owner's Policy Endorsement
Attached to Policy No. FA-33-606638
Issued by
First American Title Insurance Company*

Agent's File No. 13786/101065-01

The policy is amended in the following particulars:

A. Paragraph 1 of the conditions and stipulations is amended by adding a subparagraph (h) as follows:

(h) "Leasehold Estate": The right of possession for the term or terms described in Schedule A hereof subject to any provisions contained in the Lease which limit the right of possession.

B. Paragraphs 14, 15, 16 and 17 of the conditions and stipulations are renumbered as paragraphs 16, 17, 18 and 19.

C. The conditions and stipulations are amended by adding paragraphs 14 and 15, as follows:

14. Valuation of estate or interest insured

If, in computing loss or damage incurred by the insured, it becomes necessary to determine the value of the estate or interest insured by this policy, the value shall consist of the then present worth of the excess, if any, of the fair market rental value of the estate or interest, undiminished by any matters for which claim is made, for that part of the term stated in Schedule A herein then remaining plus any renewal or extended term for which a valid option to renew or extend is contained in the lease, over the value of the rent and other consideration required to be paid under the lease for the same period.

15. Miscellaneous items of loss

In the event the insured is evicted from possession of all or part of the land by reason of any matters insured against by this policy, the following, if applicable, shall be included in computing loss or damage incurred by the insured, but not to the extent that the same are included in the valuation of the estate or interest insured by this policy.

(a) The reasonable cost of removing and relocating any personal property which the insured has the right to remove and relocate, situated on the land at the time of eviction, the cost of transportation of that personal property for the initial twenty-five miles incurred in connection with the relocation, and the reasonable cost of repairing the personal property damaged by reason of the removal and relocation. The costs referred to above shall not exceed in the aggregate the value of the personal property prior to its removal and relocation.

"Personal property", above referred to, shall mean chattels and property which, because of its character and manner of affixation to the land, can be severed therefrom without causing appreciable damage to the property severed or to the land to which the property is affixed.

(b) Rent or damages for use and occupancy of the land prior to the eviction which the insured as owner of the leasehold estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.

(c) The amount of rent which, by the terms of the Lease, the insured must continue to pay to the lessor after eviction for the land, or part thereof, from which the insured has been evicted.

First American Title Insurance Company

Leasehold Owner's Policy Endorsement

(Continued)

Attached to Policy No. FA-33-606638

Agent's File No. 13786/101065-01

- (d) The fair market value, at the time of the eviction, of the estate or interest of the insured in any sublease of all or part of the land existing at the date of eviction.
- (e) Damages which the insured may be obligated to pay to any sublessee on account of the breach of any sublease of all or part of the land caused by the eviction.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

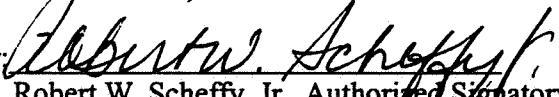
This Endorsement shall not be valid or binding unless countersigned by either a duly authorized agent or representative of the Company.

IN WITNESS WHEREOF, First American Title Insurance Company has caused its corporate seal to be hereunto affixed and these presents to be signed in facsimile under authority of its By-Laws.

Dated this 17th day of August, 2004

First American Title Insurance Company

Baronne Title Co., Inc.

By: 
Robert W. Scheffy, Jr., Authorized Signatory

First American Title Insurance Company

Restrictions, Encroachments & Minerals Endorsement

Attached to Policy No. FA-33-606638

Issued by

First American Title Insurance Company

Agent's File No. 13786/101065-01

The Company insures the owner against loss or damage sustained by reason of:

1. Any incorrectness in the assurance that, at Date of Policy:
 - (a) There are no covenants, conditions or restrictions under which the lien of the mortgage referred to in Schedule A can be divested, subordinated or extinguished, or its validity, priority or enforceability impaired.
 - (b) Unless expressly excepted in Schedule B:
 - (1) There are no present violations on the land of any enforceable covenants, conditions or restrictions, nor do any existing improvements violate any building setback lines shown on a plat of subdivision recorded or filed in the public record.
 - (2) Any instrument referred to in Schedule B as containing covenants, conditions or restrictions on the land does not, in addition, (i) establish an easement on the land; (ii) provide a lien for liquidated damages; (iii) provide for a private charge of assessment; (iv) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.
 - (3) There is no encroachment of existing improvements located on the land onto adjoining land, nor any encroachment onto the land of existing improvements located on adjoining land.
 - (4) There is no encroachment of existing improvements located on the land onto that portion of the land subject to any easement excepted in Schedule B.
 - (5) There are no notices of violation of covenants, conditions and restrictions relating to environmental protection recorded or filed in the public records.
2. Any future violation on the land of any existing covenants, conditions or restrictions occurring prior to the acquisition of title to the estate or interest in the land by the insured, provided the violation results in:
 - (a) Invalidity, loss of priority, or unenforceability of the lien of the insured mortgage; or
 - (b) loss of title to the estate or interest in the land if the insured shall acquire title in satisfaction of the indebtedness secured by the insured mortgage.
3. Damage to existing improvements, including lawns, shrubbery or trees:
 - (a) which are located on or encroach upon that portion of the land subject to any easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved, except such encroachments as are shown on the Survey;
 - (b) resulting from the future exercise of any right to use the surface of the land for the extraction or development of minerals excepted from the description of the land or excepted in Schedule B.

First American Title Insurance Company

Restrictions, Encroachments & Minerals Endorsement

(Continued)

Attached to Policy No. FA-33-606638

4. Any final court order or judgment requiring the removal from any land adjoining the land of any encroachment excepted in Schedule B.
5. Any final court order or judgment denying the right to maintain any existing improvements on the land because of any violation of covenants, conditions or restrictions or building setback lines shown on a plat of subdivision recorded or filed in the public records.

Wherever in this endorsement the words "covenants, conditions or restrictions" appear, they shall not be deemed to refer to or include the terms, covenants, conditions or limitations contained in an instrument creating a lease.

As used in paragraphs 1(b)(1) and 5, the words "covenants, conditions or restrictions" shall not be deemed to refer to or include any covenants, conditions or restrictions relating to environmental protection.

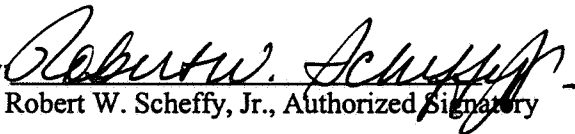
The endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

IN WITNESS WHEREOF, First American Title Insurance Company has caused its corporate seal to be hereunto affixed and these presents to be signed in facsimile under authority of its By-Laws.


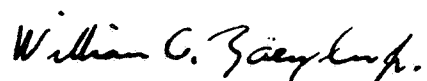
Dated this 17th day of August, 2004

First American Title Insurance Company

Baronne Title Co., Inc.

By: 
Robert W. Scheffy, Jr., Authorized Signatory



By:  *Parker S. Kennedy* President
Attest:  *William C. Zaenker* Secretary

**RECEIPT FOR TITLE INSURANCE POLICY BY
UNIVERSITY FACILITIES, INC., AS CORPORATION**

**\$60,985,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004A**


**\$15,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004B**

**\$925,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004C**

The undersigned, for and on behalf of University Facilities, Inc., acting as Corporation (the "Corporation") regarding the above-captioned bonds, hereby acknowledges receipt of Title Insurance Policy Number FA-33-606638 issued by First American Title Insurance Company relating to the above referenced bonds.

IN WITNESS WHEREOF, the undersigned has caused this receipt to be executed by its duly authorized officer the 2nd day of September, 2004.

UNIVERSITY FACILITIES, INC.

By: 
Name: STEPHEN SMITH
Title: PRESIDENT

FATIC 412
ALTA Loan Policy (10/17/92)

Policy No. **FA-31- 729781**

POLICY OF TITLE INSURANCE



ISSUED BY

First American Title Insurance Company

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;
5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage;
7. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material:
 - (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or
 - (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;
8. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

First American Title Insurance Company

BY *Gary L. Keruett* PRESIDENT

ATTEST *Mark R. Arneson* SECRETARY

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
- Defects, liens, encumbrances, adverse claims or other matters:
 - created, suffered, assumed or agreed to by the insured claimant;
 - not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - resulting in no loss or damage to the insured claimant;
 - attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or

(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.

- Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
- Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
- Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - to timely record the instrument of transfer; or
 - of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A. The term "insured" also includes

(i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);

(ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;

(iii) the parties designated in Section 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule (A), and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A), nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE.

(a) After Acquisition of Title. The coverage of this policy shall continue in force as of Date of Policy in favor of (i) an insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their

obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and

9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

(a) All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the amount of the insurance pro tanto. However, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of the insurance afforded under this policy except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the amount of insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in Section 2(a) of these Conditions and Stipulations.

10. LIABILITY NONCUMULATIVE.

If the insured acquires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.

11. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

12. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation

corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

(c) **Amount of Insurance.** The amount of insurance after the acquisition or after the conveyance shall in neither event exceed the least of:

- (i) the amount of insurance stated in Schedule A;
- (ii) the amount of principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or
- (iii) the amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence,

which the Company is obligated to pay; or

(ii) to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of either of the options provided for in paragraphs a (i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) **To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.**

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION AND EXTENT OF LIABILITY.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2 (c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The Company will pay only those costs, attorneys' fees, and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable for:

(i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or

(ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.

involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection.

(b) **The Insured's Rights and Limitations.**

Notwithstanding the foregoing, the owner of the indebtedness secured by the insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(c) **The Company's Rights Against Non-Insured Obligors.**

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of the insured mortgage by an obligor (except an obligor described in Section 1(a) (ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a) (i) of these Conditions and Stipulations.

13. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

15. SEVERABILITY.

In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

16. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department, 1 First American Way, Santa Ana, California 92707, or to the office which issued this policy.

LOAN POLICY

Issued by

First American Title Insurance Company

Agent's File No.: 13786/101065-01

SCHEDULE A

PREMIUM \$154,491.45

Owner's	POLICY NUMBER	DATE AND TIME OF POLICY	AMOUNT OF INSURANCE
	FA-33-606637	August 13, 2004 2:08 P.M.	\$76,910,000.00
Leasehold Owner's	POLICY NUMBER	DATE AND TIME OF POLICY	AMOUNT OF INSURANCE
	FA-33-606638	August 13, 2004 2:15 P.M.	\$76,910,000.00
Leasehold Loan	POLICY NUMBER	DATE AND TIME OF POLICY	AMOUNT OF INSURANCE
	FA-31-729781	August 13, 2004 2:15 P.M.	\$76,910,000.00

1. Name of Insured:

The Bank of New York Trust Company, N.A., as Trustee, its successors and/or assigns

2. The estate or interest referred to herein is at Date of Policy vested in:

University Facilities, Inc., a Louisiana corporation

3. The estate or interest in the land described in this Schedule:

See Continuation Sheet for Schedule A, Section 3 attached

4. The mortgage, herein referred to as the insured mortgage, and the assignments thereof, if any, are described as follows:

Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004, by University Facilities, Inc., in favor of The Bank of New York Trust Company, N.A., as Trustee, recorded August 13, 2004, in MOB 1269, folio 116, Instrument No. 672170, and on August 18, 2004 in COB 994, folio 345, Instrument No. 672511, official records of Tangipahoa Parish, Louisiana.

5. The land referred to in this Policy is in the State of Louisiana, Parish of Tangipahoa, and is described as follows:

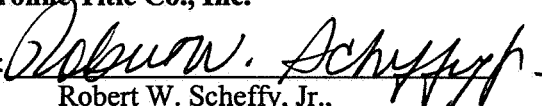
See Continuation Sheet for Schedule A, Section 5 attached

Baronne Title Co., Inc.
8555 United Plaza Blvd., 5th Floor
Baton Rouge, Louisiana 70809

Robert W. Scheffy, Jr.
Direct Telephone: (225) 248 2032
Direct Fax: (225) 248 3032

Dated this 17th day of August, 2004

Baronne Title Co., Inc.

By: 
Robert W. Scheffy, Jr.,
Authorized Signatory

First American Title Insurance Company

SCHEDULE A, SECTION 3 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-31-729781

Fee Simple interest is vested in **The Board of Supervisors for the University of Louisiana System**; a Leasehold interest as to all Tracts is vested in **University Facilities, Inc.**, pursuant to that Ground Lease Agreement dated as of August 1, 2004 and executed August 13, 2004 by and between the Board of Supervisors for the University of Louisiana System and University Facilities, Inc., as evidenced by that Memorandum of Ground Lease recorded at COB 994, folio 32, Instrument No. 672169, official records of Tangipahoa Parish, Louisiana; and a Leasehold interest as to Tract 2 (11.28 Acre Tract – Oaks/Village) is vested in **University Facilities, Inc.**, pursuant to that Ground Lease Agreement dated May 6, 1998 by and between the Board of Trustees for State Colleges and Universities and University Facilities, Inc., as evidenced by that Memorandum of Lease recorded at COB 855, folio 708, Instrument No. 522174; as corrected by that Notarial Act of Correction dated October 16, 1998 at COB 900, folio 204, Instrument No. 565403; as refiled on July 27, 2000, recorded July 31, 2000 at COB 902, folio 298, Instrument No. 567631 and at COB 902, folio 303, Instrument No. 567632, official records of Tangipahoa Parish, Louisiana.

End of Schedule A, Section 3

LOAN POLICY

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

**Policy Number FA-31-729781
LOAN**

This policy does not insure against loss or damage by reason of the following:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Any adverse claim to any portion of said land which has been created by artificial means or has accreted to any such portion so created and riparian rights, if any.
6. Taxes or special assessments which are not shown as existing liens by public records.

NOTE: Exceptions numbered 1, 2, 3, 5 and 6 above are hereby deleted.

7. General and special taxes or assessments for 2004 and subsequent years not yet due and payable.
8. Terms and conditions of that Ground Lease Agreement dated as of August 1, 2004 and executed August 13, 2004 by and between the Board of Supervisors for the University of Louisiana System and University Facilities, Inc., as evidenced by that Memorandum of Ground Lease recorded at COB 994, folio 32, Instrument No. 672169, official records of Tangipahoa Parish, Louisiana.

The following exceptions pertain to Tract 1 (20.615 acre tract) only:

9. Mineral Reservation contained in that Donation to an Institution dated September 11, 1985 by Mertie Lou Fourmy Barnes to Southeastern Louisiana University, recorded September 30, 1985 at COB 617, folio 663, Instrument No. 351313, official records of Tangipahoa Parish, Louisiana. Note: The Company affirmatively insures the Insured that surface rights have been waived.
10. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

The following exceptions pertain to Tract 2 (11.28 acre tract – Oaks/Village) only:

11. Servitude dated September 30, 1965 by the State Board of Education to the Tangipahoa Parish Police Jury, recorded October 25, 1965 at COB 297, folio 297, Instrument No. 144475, official records of Tangipahoa Parish, Louisiana.

LOAN POLICY

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

Policy Number FA-31-729781

LOAN

12. Right of Way Permit dated February 18, 1975 by the State Board of Education to Louisiana Power & Light Company, recorded April 1, 1975 at COB 404, folio 444, Instrument No. 217356, official records of Tangipahoa Parish, Louisiana.
13. Easement for Drainage Improvements dated July 28, 1981 by Board of Trustees for State Colleges and Universities to Consolidated Gravity Drainage District #1 of Tangipahoa Parish, recorded August 20, 1981 at COB 530, folio 724, Instrument No. 295658, official records of Tangipahoa Parish, Louisiana.
14. Right of Way Deed dated January 5, 1990 by the Board of Trustees for State Colleges and Universities to the Parish of Tangipahoa, recorded January 28, 1990 at COB 694, folio 36, Instrument No. 401974, official records of Tangipahoa Parish, Louisiana.
15. Right of Way Deed dated March 16, 1993 by Southeastern Louisiana University acting through the Board of Trustees for State Colleges and Universities to the Parish of Tangipahoa, recorded March 16, 1993 at COB 751, folio 30, Instrument No. 438743, official records of Tangipahoa Parish, Louisiana.
16. Terms and conditions of that Memorandum of Lease by and between the Board of Trustees for State Colleges and Universities and University Facilities, Inc., recorded at COB 855, folio 708, Instrument No. 522174; as corrected by that Notarial Act of Correction dated October 16, 1998 at COB 900, folio 204, Instrument No. 565403; as refiled on July 27, 2000, recorded July 31, 2000 at COB 902, folio 298, Instrument No. 567631 and at COB 902, folio 303, Instrument No. 567632, official records of Tangipahoa Parish, Louisiana.
17. Assignment of Leases and Rents dated as of July 27, 2000 by and between University Facilities, Inc. and Hibernia National Bank, recorded at COB 902, folio 308, Instrument No. 567633, official records of Tangipahoa Parish, Louisiana.
18. A portion of the right of way for East Tornado Drive located along the westerly boundary of the land and a portion of the right of way for North Oak Street located along the northeasterly boundary of the land as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.
19. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

The following exceptions pertain to Tract 3 (0.46 acre tract - Cardinal Newman Hall) only:

20. Contract Between Owner and Contractor dated February 10, 2004 by and between Southeastern Louisiana University and Stevens Dirt Hauling & Concrete, Inc., recorded February 17, 2004 at MOB 1213, folio 76, Instrument No. 657689; acceptance recorded June 8, 2004 at MOB 1250, folio 247, official records of Tangipahoa Parish, Louisiana.

LOAN POLICY

Issued by

First American Title Insurance Company

SCHEDULE B

Agent's File No.: 13786/101065-01

Policy Number FA-31-729781

LOAN

21. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

The following exceptions pertain to Tract 4 (1.70 acre tract - Taylor Hall) only:

22. Mineral Reservation contained in that Donation to an Institution dated September 11, 1985 by Mertie Lou Fourmy Barnes to Southeastern Louisiana University, recorded September 30, 1985 at COB 617, folio 663, Instrument No. 351313, official records of Tangipahoa Parish, Louisiana. Note: The Company affirmatively insures the Insured that surface rights have been waived.
23. Any rights, interests or claims of parties in or to the property, including without limitation, any and all servitudes, set back lines, rights of use, and restrictions that may be created by being shown on that certain survey more particularly described as "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" dated June 22, 2004, prepared by Randall E. Ward, P.L.S.

End of Schedule B

First American Title Insurance Company

SCHEDULE A, SECTION 5 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-31-729781

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

First American Title Insurance Company

SCHEDULE A, SECTION 5 (Continued)

Agent's File No.: 13786/101065-01

Policy No. FA-31-729781

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

End of Schedule A, Section 5

First American Title Insurance Company

*Leasehold Lender's Policy Endorsement
Attached to Policy No. FA-31-729781
Issued by
First American Title Insurance Company*

Agent's File No. 13786/101065-01

The policy is amended in the following particulars:

A. Paragraph 1 of the conditions and stipulations is amended by adding a subparagraph (h) as follows:

(h) "Leasehold Estate": The right of possession for the term or terms described in Schedule A hereof subject to any provisions contained in the Lease which limit the right of possession.

B. Paragraphs 13, 14, 15 and 16 of the conditions and stipulations are renumbered as paragraphs 15, 16, 17 and 18.

C. The conditions and stipulations are amended by adding paragraphs 13 and 14, as follows:

13. Valuation of estate or interest insured

If, in computing loss or damage incurred by the insured, it becomes necessary to determine the value of the estate or interest insured by this policy, the value shall consist of the then present worth of the excess, if any, of the fair market rental value of the estate or interest, undiminished by any matters for which claim is made, for that part of the term stated in Schedule A herein then remaining plus any renewal or extended term for which a valid option to renew or extend is contained in the lease, over the value of the rent and other consideration required to be paid under the lease for the same period.

14. Miscellaneous items of loss

In the event the insured is evicted from possession of all or part of the land by reason of any matters insured against by this policy, the following, if applicable, shall be included in computing loss or damage incurred by the insured, but not to the extent that the same are included in the valuation of the estate or interest insured by this policy.

(a) The reasonable cost of removing and relocating any personal property which the insured has the right to remove and relocate, situated on the land at the time of eviction, the cost of transportation of that personal property for the initial twenty-five miles incurred in connection with the relocation, and the reasonable cost of repairing the personal property damaged by reason of the removal and relocation. The costs referred to above shall not exceed in the aggregate the value of the personal property prior to its removal and relocation.

"Personal property", above referred to, shall mean chattels and property which, because of its character and manner of affixation to the land, can be severed therefrom without causing appreciable damage to the property severed or to the land to which the property is affixed.

(b) Rent or damages for use and occupancy of the land prior to the eviction which the insured as owner of the leasehold estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.

(c) The amount of rent which, by the terms of the Lease, the insured must continue to pay to the lessor after eviction for the land, or part thereof, from which the insured has been evicted.

First American Title Insurance Company

Leasehold Lender's Policy Endorsement

Continued

Attached to Policy No. FA-31-729781

Agent's File No. 13789/101065-01

- (d) The fair market value, at the time of the eviction, of the estate or interest of the insured in any sublease of all or part of the land existing at the date of eviction.
- (e) Damages which the insured may be obligated to pay to any sublessee on account of the breach of any sublease of all or part of the land caused by the eviction.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

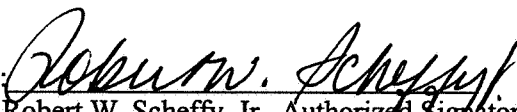
This Endorsement shall not be valid or binding unless countersigned by either a duly authorized agent or representative of the Company.

IN WITNESS WHEREOF, First American Title Insurance Company has caused its corporate seal to be hereunto affixed and these presents to be signed in facsimile under authority of its By-Laws.

Dated this 17th day of August, 2004

First American Title Insurance Company

Baronne Title Co., Inc.

By: 
Robert W. Scheffy, Jr., Authorized Signatory



By:  *Parker S. Kennedy* President

Attest:  *William C. Ziegenfuss* Secretary

First American Title Insurance Company

Restrictions, Encroachments & Minerals Endorsement

Attached to Policy No. FA-31-729781

Issued by

First American Title Insurance Company

Agent's File No. 13786/101065-01

The Company insures the owner against loss or damage sustained by reason of:

1. Any incorrectness in the assurance that, at Date of Policy:
 - (a) There are no covenants, conditions or restrictions under which the lien of the mortgage referred to in Schedule A can be divested, subordinated or extinguished, or its validity, priority or enforceability impaired.
 - (b) Unless expressly excepted in Schedule B:
 - (1) There are no present violations on the land of any enforceable covenants, conditions or restrictions, nor do any existing improvements violate any building setback lines shown on a plat of subdivision recorded or filed in the public record.
 - (2) Any instrument referred to in Schedule B as containing covenants, conditions or restrictions on the land does not, in addition, (i) establish an easement on the land; (ii) provide a lien for liquidated damages; (iii) provide for a private charge of assessment; (iv) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.
 - (3) There is no encroachment of existing improvements located on the land onto adjoining land, nor any encroachment onto the land of existing improvements located on adjoining land.
 - (4) There is no encroachment of existing improvements located on the land onto that portion of the land subject to any easement excepted in Schedule B.
 - (5) There are no notices of violation of covenants, conditions and restrictions relating to environmental protection recorded or filed in the public records.
2. Any future violation on the land of any existing covenants, conditions or restrictions occurring prior to the acquisition of title to the estate or interest in the land by the insured, provided the violation results in:
 - (a) Invalidity, loss of priority, or unenforceability of the lien of the insured mortgage; or
 - (b) loss of title to the estate or interest in the land if the insured shall acquire title in satisfaction of the indebtedness secured by the insured mortgage.
3. Damage to existing improvements, including lawns, shrubbery or trees:
 - (a) which are located on or encroach upon that portion of the land subject to any easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved, except such encroachments as are shown on the Survey;
 - (b) resulting from the future exercise of any right to use the surface of the land for the extraction or development of minerals excepted from the description of the land or excepted in Schedule B.

First American Title Insurance Company

Restrictions, Encroachments & Minerals Endorsement

(Continued)

Attached to Policy No. FA-31-729781

4. Any final court order or judgment requiring the removal from any land adjoining the land of any encroachment excepted in Schedule B.
5. Any final court order or judgment denying the right to maintain any existing improvements on the land because of any violation of covenants, conditions or restrictions or building setback lines shown on a plat of subdivision recorded or filed in the public records.

Wherever in this endorsement the words "covenants, conditions or restrictions" appear, they shall not be deemed to refer to or include the terms, covenants, conditions or limitations contained in an instrument creating a lease.

As used in paragraphs 1(b)(1) and 5, the words "covenants, conditions or restrictions" shall not be deemed to refer to or include any covenants, conditions or restrictions relating to environmental protection.

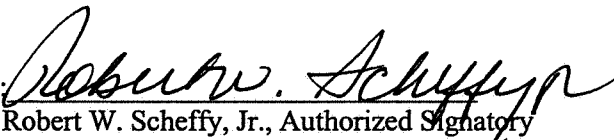
The endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

IN WITNESS WHEREOF, First American Title Insurance Company has caused its corporate seal to be hereunto affixed and these presents to be signed in facsimile under authority of its By-Laws.

Dated this 17th day of August, 2004

First American Title Insurance Company

Baronne Title Co., Inc.

By: 
Robert W. Scheffy, Jr., Authorized Signatory



By:  *Parker S. Kennedy* President

Attest:  *William C. Ziegler* Secretary

**RECEIPT FOR TITLE INSURANCE POLICY BY
THE BANK OF NEW YORK TRUST COMPANY, N.A., AS TRUSTEE**

**\$60,985,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004A**

**\$15,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004B**

**\$925,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY
FACILITIES, INC. PROJECT) SERIES 2004C**

The undersigned, for and on behalf of The Bank of New York Trust Company, N.A., acting as Trustee (the "Trustee") regarding the above-captioned bonds, hereby acknowledges receipt of Title Insurance Policy Number FA-31-729781 issued by First American Title Insurance Company relating to the above referenced bonds.

IN WITNESS WHEREOF, the undersigned has caused this receipt to be executed by its duly authorized officer the 9th day of September, 2004.

**THE BANK OF NEW YORK TRUST
COMPANY, N.A.**

By: Elizabeth Dean
Name: Elizabeth Dean
Title: Vice President

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STATE OF LOUISIANA
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT
UCC-1

Important - Read Instructions before filing out form.

Follow instructions carefully.

1. Debtor's exact full legal name - insert only one debtor name (1a or 1b) - do not abbreviate or combine names.

1a Organization's Name University Facilities, Inc.				
OR				
1b Individual's Last Name (and Title of Lineage (e.g. Jr. Sr., III, if applicable))		First Name	Middle Name	
1c Mailing Address SLU Box 10709		City Hammond	State LA	Postal Code 70402
Country USA				
1d Tax ID #: SSN or EIN 72-1417328	Add'l info re Organization Debtor:	1e Type of Organization Non-Profit	1f Jurisdiction of Organization LA	1g Organizational ID # if any <input type="checkbox"/> None

2. Additional debtor's exact full legal name - insert only one debtor name (2a or 2b) - do not abbreviate or combine names.

2a Organization's Name				
OR				
2b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr. III), if applicable)		First Name	Middle Name	
2c Mailing Address		City	State	Postal Code
Country				
2d Tax ID #: SSN or EIN	Add'l info re Organization Debtor:	2e Type of Organization	2f Jurisdiction of Organization	2g Organizational ID #, if any <input type="checkbox"/> None

3. Secured Party's Name (or Name of Total Assignee of Assignor S/P) - insert only one secured party name (3a or 3b)

3a Organization's Name The Bank of New York Trust Company, N.A.				
OR				
3b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr., III), if applicable)		First Name	Middle Name	
3c Mailing Address 10161 Centurion Parkway		City Jacksonville	State FL	Postal Code 32256
Country USA				

4. This FINANCING STATEMENT covers the following collateral:
SEE ATTACHED EXHIBIT A FOR COLLATERAL DESCRIPTION
SEE ATTACHED EXHIBIT B FOR LEGAL DESCRIPTION OF PROPERTY

5a Check if applicable and attach legal description of real property: Fixture filing As-extracted collateral Standing timber constituting goods
 The debtor(s) do not have an interest of record in the real property (Enter name of an owner of record in 5b)

5b Owner of real property (if other than named debtor) Board of Supervisors for the University of Louisiana System

6a Check only if applicable and check only one box
 Debtor is a Transmitting Utility. Filing is Effective Until Terminated
 Filed in connection with a public finance transaction. Filing is effective for 30 years
6b Check only if applicable and check only one box
Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

7. ALTERNATIVE DESIGNATION (if applicable):
 CONSIGNEE/CONSIGNOR LESSEE/LESSOR
 SELLER/BUYER AG. LIEN BAILEE/BAILOR
 NON-UCC-FILING

8. Name and Phone Number to contact filer
Michael C. Herbert (225) 248-2042

9. Send Acknowledgment To: (Name and Address)
Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P.
8555 United Plaza Blvd., 5th Floor
Baton Rouge, Louisiana 70809
ATTN: Michael C. Herbert

10. The space below is for Filing Office Use Only

53-35579
JULIANE J. FRECH
CLERK OF COURT
TAMM, 1001 EASTMILL, LA
2004 AUG 13 PM 2:29
D. Clerk of Court

11. CHECK TO REQUEST SEARCH REPORT(S) ON DEBTORS (ADDITIONAL FEE REQUIRED) ALL DEBTORS DEBTOR1 DEBTOR2

EXHIBIT A

Certain defined words and terms shall have the meaning given them in the Act of Mortgage, Assignment of Leases and Security Agreement dated August 13, 2004 and the Assignment of Agreements and Documents dated as of August 1, 2004, by University Facilities, Inc. (the "Mortgagor"). The UCC-1 Financing Statement attached hereto covers the following collateral:

I.

- (i) All Accounts and all purchase orders for goods, services or other property and other documents, and all returned, rejected or repossessed goods, the sale or lease of which gave rise to an Account;
- (ii) all Inventory;
- (iii) all Equipment;
- (iv) all General Intangibles;
- (v) other moneys and property of any kind of the Mortgagor in the possession or under the control of the Mortgagee derived from the operation of the Facilities;
- (vi) all rights of the Mortgagor now or hereafter existing in and to all security agreements, guaranties, leases and other contracts securing or otherwise relating to the Collateral;
- (vii) all agreements, including vendor warranties, running to Mortgagor or assigned to Mortgagor, to which Mortgagor may be or become a party to relating to the renovation, construction or operation of the Facilities or any part thereof, or relating to the maintenance, improvement, operation or acquisition of the Facilities or any part thereof, or transport of material, equipment and other parts of the Facilities or any part thereof or any other lease or sublease agreements or easement agreements relating to the Facilities or any part thereof or any ancillary facilities to which Mortgagor is or becomes a party, and all amendments, supplements, substitutions and renewals to any of the foregoing (each an "Assigned Agreement" and collectively, the "Assigned Agreements");
- (viii) all permits relating to the Facilities, but excluding any permits which by their terms or by operation of law prohibit or do not allow assignment or which would become void solely by virtue of a security interest being granted therein;

- (ix) all other personal property and fixtures of Mortgagor relating to the Facilities, whether now owned or existing or hereafter acquired or arising, or in which Mortgagor may have an interest, and wheresoever located, whether or not of a type which may be subject to a security interest under the Commercial Laws, including without limitation all machinery, tools, generators, transformers, pumps, filters, membranes, water storage tanks, control equipment, appliances, mechanical and electrical systems, elevators, lighting, alarm systems, fire control systems, furnishings, furniture, as-extracted collateral, equipment, service equipment, motor vehicles, building or maintenance equipment, building or maintenance materials, pipes, pipelines and pipeline supplies (including valves and fittings), goods and property covered by any warehouse receipts or bills of lading or other such documents, spare parts, maps, plans, specifications, architectural, engineering, construction or shop drawings, manuals or similar documents, copyrights, trademarks and trade names, and any replacements, renewals or substitutions for any of the foregoing or additional tangible or intangible personal property hereafter acquired by Mortgagor;
- (x) all goods, investment securities, investment property, contracts (including the Loan Documents), commercial tort claims, letters of credit, letter of credit rights, payment intangibles, software, intellectual property rights supporting obligations, documents, deposit accounts, chattel paper (including tangible and electronic chattel paper) and as-extracted Collateral relating to the Facilities;
- (xi) all books and records (including, without limitation, customer lists, credit files, computer programs, tapes, disks, punch cards, data processing software, transaction files, master files, printouts and other computer materials and records) of the Mortgagor pertaining to any of the foregoing; and
- (xii) all Proceeds and products of all or any of the Collateral described in clauses (i) through (xi) hereof.

II.

- (i) that certain Development Agreement dated as of August 1, 2004, between the Corporation, as owner, and Capstone Development Corporation, as developer, pursuant to which the Developer has agreed to design and build the Facilities, and any amendments thereof and/or supplements thereto;
- (ii) that certain Collateral Assignment of even date herewith from the Developer to the Corporation;

(iii) all those other contracts and/or agreements between the Corporation and any person or firm rendering services or supplying material in connection with the construction of the Facilities, including, without limitation, all construction, architectural, engineering, and landscaping or landscape improvement contracts or agreements and all plans, specifications, and drawings prepared by pursuant to such contracts or agreements, and any amendments thereof and/or supplements thereto;

(iv) all surveys, building permits, fill permits, sewer connection or tap-in permits, water connection or tap-in permits, curb-cut permits, certificates of occupancy, concurrency certificates, entitlements, development rights, zoning and variance approvals, utility service bonds and/or cash deposits, site improvement bonds and/or cash deposits, utility service agreements, site work agreements with any governmental authority or public utility, and all other agreements, contracts, contract rights, documents of title, choses in action, intangible property, permits, licenses, approvals, consents, authorizations, plans, franchises, trademarks, project logos, building names, insurance policies, bonds, escrow funds, easements, and exclusive agency licenses or leases of any kind now existing or hereafter arising or created or entered in to relating to the acquisition, construction, renovation, or development of the Land and the Facilities or any portion thereof;

(v) all warranties and guaranties covering any appliances and fixtures now or hereafter located on or placed upon the Land and the Facilities, including without limitation, air conditioning, heating, and other appliances and equipment;

(vi) the Management Agreement;

(vii) all accounts, books, records, and other property relating or referring to any of the foregoing; and

(viii) all proceeds of any and all of the foregoing and, to the extent not otherwise included, all payments under insurance (whether or not the Trustee is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of damage to, loss with respect to, or otherwise with respect to, any of the foregoing.

EXHIBIT "B"

LEGAL DESCRIPTIONS

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land containing 0.46 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey

Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana” prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

STATE OF LOUISIANA AMITE, LOUISIANA 8-13-04
PARISH OF TANGIPAHOA
I, Melba Macton DATE
do hereby certify
that this document is a true and correct copy
of the original thereof, consisting of 2 page(s)
being a reproduction thereof from the records on
file with the undersigned, in accordance with
Louisiana Revised Statutes, Title 13, Section 3733.
Melba Macton
DEPUTY CLERK

United States District Court
FOR THE
MIDDLE DISTRICT OF LOUISIANA

August 26, 2004

I, Lawrence Talamo, Clerk of the United States District Court for the Middle District of Louisiana, do hereby certify that after diligent search of the records of this court, I find no pending civil actions, closed civil actions, pending criminal actions, or closed criminal actions against the following-named persons, from the 1st day of January, 2003 up to and including the 12th day of August, A. D. 2004, namely,

**Louisiana Local Government Environmental Facilities
and Community Development Authority**

Witness my official signature and seal of said
Court, at Baton Rouge in said district, this
26th day of August, A.D. 2004.

LAWRENCE TALAMO
Clerk, United States District Court

Fee: \$26.00

By: 
Deputy Clerk

United States District Court
FOR THE
MIDDLE DISTRICT OF LOUISIANA

August 26, 2004

I, Lawrence Talamo, Clerk of the United States District Court for the Middle District of Louisiana, do hereby certify that after diligent search of the records of this court, I find no pending civil actions, closed civil actions, pending criminal actions, or closed criminal actions against the following-named persons, from the 1st day of January, 2003 up to and including the 12th day of August, A. D. 2004, namely,

Board of Supervisors for the University of Louisiana System

**except the following civil actions: CV 03-97; 03-183; 03-489; 04-562 & 04-568
(docket sheets attached)**

Witness my official signature and seal of said
Court, at Baton Rouge in said district, this
26th day of August, A.D. 2004.

LAWRENCE TALAMO
Clerk, United States District Court

Fee: \$26.00

By: Janie LeBlond
Deputy Clerk

CLOSED

U.S. District Court
Middle District of Louisiana (Baton Rouge)

CIVIL DOCKET FOR CASE #: 03-CV-97

Jennings v. Board of Supervisors, et al
Assigned to: Judge Ralph E. Tyson
Demand: \$0,000
Lead Docket: None
Dkt# in other court: None

Filed: 02/06/03
Jury demand: Both
Nature of Suit: 440
Jurisdiction: Federal Question

Cause: 42:1983 Civil Rights Act

MARY JENNINGS
plaintiff

Aidan C. Reynolds
225-389-0021 FAX
[COR LD NTC]
Whitting & Reynolds
835 Louisiana Avenue
Baton Rouge, LA 70802
22033
225-383-5080
FTS 389-0021

Jill Leininger Craft
225-924-7480 FAX
[COR]
8702 Jefferson Hwy.
Suite B
Baton Rouge, LA 70802
225-928-5353
FTS 924-7480

v.

BOARD OF SUPERVISORS OF
LOUISIANA STATE UNIVERSITY AND
AGRICULTURAL AND MECHANICAL
COLLEGE
defendant

Vicki M. Crochet
225-214-0462 FAX
[COR LD NTC]
David J. Shelby, II
[COR]
Taylor, Porter, Brooks &
Phillips
P. O. Box 2471
Baton Rouge, LA 70821
22033
225-387-3221
FTS 346-8049

ABHIJIT BISWAS
defendant

Floyd J. Falcon, Jr.
225-387-4547 FAX

Proceedings include all events.

3:03cv97 Jennings v. Board of Supervisors, et al

CLOSED

[COR LD NTC]
Avant & Falcon
P.O. Box 2667
429 Government Street
Baton Rouge, LA 70821-2667
22033
225-387-4462
FTS 387-4547

ROBERT JONES
defendant

Robert Jones

[NTC] [PRO SE]
Tensas Parish Detention Center
HC-62
Box 500
Waterproof, LA 71375

Proceedings include all events.

3:03cv97 Jennings v. Board of Supervisors, et al

CLOSED

2/6/03 1 COMPLAINT Filing Fee \$ 150.00 Receipt # 78539 (els)

2/11/03 2 ORDER set Scheduling Conference for 9:30 6/12/03, set Status Report deadline to 6/2/03 (signed by Mag. Judge Stephen C. Riedlinger), issued notices. (els)

3/25/03 3 ANSWER to Complaint by Abhijit Biswas (Attorney Floyd J. Falcon Jr.), (els)

4/14/03 4 ANSWER to Complaint by Board of Supervisors (Attorney David J. Shelby II, Vicki M. Crochet),; jury demand (els)

4/14/03 -- CASE reassigned to Judge Ralph E. Tyson (els)

6/3/03 5 STATUS REPORT by Mary Jennings (els)

6/9/03 6 SCHEDULING ORDER set Discovery deadline to 3/30/04, set Amended Pleadings deadline to 6/20/03, set Expert Witness List deadline to 12/30/03 for pla and 1/30/04 for dfts, set Expert reports deadline due by 1/15/04 for Mary Jennings, set Expert reports deadline due by 2/16/04 for Robert Jones, for Abhijit Biswas, for Board of Supervisors, set Experts deposed deadline for 3/30/04 for Robert Jones, for Abhijit Biswas, for Board of Supervisors, for Mary Jennings, set Dispositive Motion Filing deadline to 4/30/04...the cnf set for 6/12/03 is cancelled... (signed by Mag. Judge Stephen C. Riedlinger), issued notices. (els)

6/13/03 7 SUMMONS Returned Executed as to Robert Jones 6/13/03 Answer due on 7/3/03 for Robert Jones (els)

6/16/03 -- SUMMONS(ES) issued for Robert Jones . Service deadline set for 6/30/03 (els)

6/16/03 8 SUMMONS Returned Executed as to Robert Jones 6/16/03 Answer due on 7/7/03 for Robert Jones (els)

6/17/03 9 LETTER dated 6/16/03 TO: SCR FROM: Aidan C. Reynolds RE: Service of dft Robert Jones (els)

6/23/03 10 ANSWER to Complaint by Robert Jones (els)
[Entry date 06/24/03]

9/22/03 11 LETTER dated 9/9/03 TO: SCR FROM: Floyd Falcon RE: status of discovery (els) [Entry date 09/23/03]

9/22/03 12 LETTER dated 9/12/03 TO: SCR FROM: Vicki M. Crochet RE: status of discovery (els) [Entry date 09/23/03]

1/20/04 13 LETTER dated 1/8/04 TO: SCR FROM: Floyd Falcon RE: status of discovery (elp)

Proceedings include all events.

3:03cv97 Jennings v. Board of Supervisors, et al

CLOSED

1/20/04 14 LETTER dated 1/9/04 TO: SCR FROM: Vicki M. Crochet RE:
status of discovery (elp)

1/20/04 15 LETTER dated 1/15/04 TO: SCR FROM: Jill Craft RE: status
of discovery (elp)

1/30/04 16 LETTER dated 1/29/04 TO: RET FROM: Vicki M. Crochet RE:
request for 60 day dismissal (elp)

1/30/04 17 This action is dismissed without prejudice to the right to
reopen w/in 60 days if settlement is not consummated (
signed by Judge Ralph E. Tyson) (elp)

2/11/04 -- Returned mail on Robert Jones on [17-1] order
dismiss/dismissal ITEM UNDELIVERABLE (elp)

CLOSED

U.S. District Court
Middle District of Louisiana (Baton Rouge)

CIVIL DOCKET FOR CASE #: 03-CV-183

Hopkins v. Board of Supervisors
Assigned to: Judge Ralph E. Tyson
Demand: \$0,000
Lead Docket: None
Dkt # in 19th JDC : is 505045

Filed: 03/10/03

Nature of Suit: 440
Jurisdiction: Federal Question

Cause: 29:0794 Job Discrimination (Handicap)

KENNETH HOPKINS
plaintiff

Karl J. Koch
225-344-3666 FAX
[COR]
McGlynn, Glisson & Koch
P.O. Box 1909
340 Florida Street
Baton Rouge, LA 70821-1909
22033
225-344-3555
FTS 344-3666

Jill Leininger Craft
225-924-7480 FAX
[COR LD NTC]
8702 Jefferson Hwy.
Suite B
Baton Rouge, LA 70802
225-928-5353
FTS 924-7480

v.

BOARD OF SUPERVISORS OF
LOUISIANA STATE UNIVERSITY
defendant

Vicki M. Crochet
225-214-0462 FAX
[COR LD NTC]
David J. Shelby, II
[COR]
Jennifer M. Sigler
[COR]
Taylor, Porter, Brooks &
Phillips
P. O. Box 2471
Baton Rouge, LA 70821
22033
225-387-3221
FTS 346-8049

Proceedings include all events.

3:03cv183 Hopkins v. Board of Supervisors

CLOSED

3/10/03 1 NOTICE OF REMOVAL; FILING FEE \$ 150.00 RECEIPT # 78792
(nlt)

3/13/03 2 ORDER set Scheduling Conference for 9:00 7/17/03, set
Status Report deadline to 7/7/03 (signed by Mag. Judge
Stephen C. Riedlinger), issued notices. (nlt)

3/19/03 3 MOTION by Kenneth Hopkins to Extend Temporary Order and
Maintain Injunctive Relief (nlt) [Entry date 03/20/03]

3/24/03 4 RESPONSE by Board of Supervisors to [3-1] motion to Extend
Temporary Order and Maintain Injunctive Relief by Kenneth
Hopkins (nlt)

4/9/03 5 ORDER granting [3-1] motion to Extend Temporary Order and
Maintain Injunctive Relief by Kenneth Hopkins (signed by
Judge Ralph E. Tyson), issued notices. (nlt)

4/24/03 6 ANSWER to Complaint by Board of Supervisors (nlt)

7/16/03 7 NOTICE of CONFERENCE: reset Scheduling Conference for
2:00 8/12/03 before SCR, issued notices. (nlt)

8/14/03 8 NOTICE of Hearing: set Scheduling Conference for 9:00
10/17/03 before SCR , issued notices. (nlt)

8/14/03 9 LETTER dated 8/13/03 TO: SCR FROM: Vicki M Crochet RE:
postpone conf (nlt)

10/17/03 10 ORDER ... the conference set for 10/17/03 is cancelled ...
terminated deadlines (signed by Mag. Judge Stephen C.
Riedlinger), issued notices. (nlt)

11/19/03 11 LETTER dated 11/17/03 TO: SCR FROM: Vicki M Crochet RE:
settlement (nlt)

1/26/04 12 LETTER dated 1/13/04 TO: SCR FROM: Vicki M Crochet RE:
settlement (nlt)

1/27/04 13 This action is dismissed without prejudice to the right to
reopen w/in 60 days if settlement is not consummated (
signed by Judge Ralph E. Tyson) (nlt)

5/3/04 14 ORDER ... set Settlement Conference for 1:30 5/17/04 (
signed by Mag. Judge Stephen C. Riedlinger), issued
notices. (nlt)

5/17/04 15 STATUS CONFERENCE REPORT ... status conf held 5/17/04 ... (
signed by Mag. Judge Stephen C. Riedlinger), issued
notices. (nlt)

6/17/04 16 MOTION by Kenneth Hopkins to Dismiss (dcap)

Proceedings include all events.

3:03cv183 Hopkins v. Board of Supervisors

CLOSED

6/17/04 17

ORDER granting [16-1] motion to Dismiss by Kenneth Hopkins
(signed by Judge Ralph E. Tyson), issued notices. (dcap)
[Entry date 06/18/04]

CLOSED

U.S. District Court
Middle District of Louisiana (Baton Rouge)

CIVIL DOCKET FOR CASE #: 03-CV-489

Chin v. Board of Supervisors
Assigned to: Judge James J. Brady
Demand: \$0,000
Lead Docket: None
Dkt# in other court: None

Filed: 06/20/03

Nature of Suit: 442
Jurisdiction: Federal Question

Cause: 42:1981 Civil Rights

KIT L CHIN
plaintiff

Dan Michael Scheuermann
225-344-9384 FAX
[COR LD NTC]
Keith Harding Grant
[term 11/20/03]
225-344-9384 FAX
[COR]
Troy D. Jackson
225-344-9384 FAX
[COR]
600 America Street
Baton Rouge, LA 70802
22033
225-344-9381
FTS 344-9384

v.

THE BOARD OF SUPERVISORS OF
SOUTHERN UNIVERSITY
defendant

Wendell C. Woods
225-326-6495 FAX
[COR LD NTC]
Louisiana Department of Justice
P.O. Box 94005
1885 North 3rd Street
Baton Rouge, LA 70804-9005
22033
225-326-6300
FTS 326-6495

Proceedings include all events.

3:03cv489 Chin v. Board of Supervisors

CLOSED

6/20/03 1 COMPLAINT Filing Fee \$ 150.00 Receipt # 80114 (nlt)
[Entry date 06/23/03] [Edit date 06/30/03]

7/1/03 2 ORDER set Scheduling Conference for 10:45 10/23/03,
set Status Report deadline to 10/13/03 (signed by Mag.
Judge Christine Noland), issued notices. (els)

8/7/03 3 MOTION by Kit L Chin for Leave to File Amendment to
Complaint (els)

8/7/03 -- Motion(s) referred to Mag. Judge Christine Noland : [3-1]
motion for Leave to File Amendment to Complaint (els)

8/7/03 -- Holding Amendment to Complaint (els)

8/11/03 4 ORDER granting [3-1] motion for Leave to File Amendment to
Complaint by Kit L Chin (signed by Mag. Judge Christine
Noland), issued notices. (els)

8/18/03 5 MOTION by Board of Supervisors to enroll Wendell C.
Woods as counsel (els) [Entry date 08/19/03]

8/18/03 -- Motion(s) referred to Mag. Judge Christine Noland : [5-1]
motion to enroll Wendell C. Woods as counsel (els)
[Entry date 08/19/03]

8/18/03 6 MOTION by Board of Supervisors to Stay Litigation, and
to Transfer and Consolidate Case (els) [Entry date 08/19/03]

8/18/03 7 MEMORANDUM by Board of Supervisors in support of [6-1]
motion to Stay Litigation by Board of Supervisors, [6-2]
motion to Transfer and Consolidate Case by Board of
Supervisors (els) [Entry date 08/19/03]

8/19/03 8 ORDER granting [5-1] motion to enroll Wendell C. Woods as
counsel by Board of Supervisors enrolling additional
attorney Wendell C. Woods (signed by Mag. Judge Christine
Noland), issued notices. (els)

9/16/03 9 ORDER granting [6-1] motion to Stay Litigation by Board of
Supervisors... terminating [6-2] motion to Transfer and
Consolidate Case by Board of Supervisors...the Clerk shall
administratively terminate this action in his records,
without prejudice to the right of the parties to reopen the
proceedings... (signed by Judge James J. Brady), issued
notices. (els)

9/16/03 -- Case closed (els)

11/19/03 10 MOTION by Kit L Chin to Substitute Troy D. Jackson in
place of Keith Grant as co-counsel (els)
[Entry date 11/20/03]

Proceedings include all events.
3:03cv489 Chin v. Board of Supervisors

CLOSED

11/19/03 -- Motion(s) referred to Mag. Judge Christine Noland : [10-1]
motion to Substitute Troy D. Jackson in place of Keith
Grant as co-counsel (els) [Entry date 11/20/03]

11/20/03 11 ORDER granting [10-1] motion to Substitute Troy D. Jackson
in place of Keith Grant as co-counsel by Kit L Chin
terminated attorney Keith Harding Grant for Kit L Chin
Added Troy D Jackson (signed by Mag. Judge Christine
Noland), issued notices. (els)

CN

U.S. District Court
Middle District of Louisiana (Baton Rouge)

CIVIL DOCKET FOR CASE #: 04-CV-562

Wells v. Board of Supervisors
Assigned to: Chief Judge Frank J. Polozola
Demand: \$0,000
Lead Docket: None
Dkt # in 19th JDC : is 519165

Filed: 08/10/04
Jury demand: Defendant
Nature of Suit: 442
Jurisdiction: Federal Question

Cause: 42:1981 Civil Rights

EMMA WELLS
plaintiff

Jill Leininger Craft
225-924-7480 FAX
[COR LD NTC]
8702 Jefferson Hwy.
Suite B
Baton Rouge, LA 70802
225-928-5353
FTS 924-7480

v.

BOARD OF SUPERVISORS OF
COMMUNITY AND TECHNICAL
COLLEGES, BATON ROUGE
COMMUNITY COLLEGE
defendant

David Alexander Young
225-326-6495 FAX
[COR LD NTC]
La. Dept. of Justice
P.O. Box 94005
1885 N. 3rd Street, Third Floor
Baton Rouge, LA 70804-9005
22033
225-326-6300
FTS 326-6490

Proceedings include all events.

3:04cv562 Wells v. Board of Supervisors

CN

8/10/04 1 NOTICE OF REMOVAL; FILING FEE \$ 150.00 RECEIPT # 84138
(nlt) [Entry date 08/11/04]

8/20/04 2 ORDER set Scheduling Conference for 9:15 12/16/04, set
Status Report deadline to 12/6/04 (signed by Mag. Judge
Christine Noland), issued notices. (dcb)

CN

U.S. District Court
Middle District of Louisiana (Baton Rouge)

CIVIL DOCKET FOR CASE #: 04-CV-568

Edwards-Myles v. Southern Univ System, et al
Assigned to: Judge James J. Brady
Demand: \$0,000
Lead Docket: None
Dkt# in other court: None

Filed: 08/12/04

Nature of Suit: 442
Jurisdiction: Federal Question

Cause: 42:2000 Job Discrimination (Race)

DIONDREA EDWARDS-MYLES
plaintiff

Thomas Joseph Hogan, Jr.
985-542-7756 FAX
[COR LD NTC]
Hogan & Hogan
P. O. Box 1274
301 E. Church St.
Hammond, LA 70404
22105
985-542-7730
FTS 542-7756

v.

SOUTHERN UNIVERSITY SYSTEM
defendant

THE BOARD OF SUPERVISORS OF
SOUTHERN UNIVERSITY
defendant

SOUTHERN UNIVERSITY AND
AGRICULTURAL & MECHANICAL
COLLEGE
defendant

RAY L BELTON
defendant

RUBY SCERE
defendant

THERON JACKSON

Proceedings include all events.

3:04cv568 Edwards-Myles v. Southern Univ System, et al

CN

defendant

Proceedings include all events.

3:04cv568 Edwards-Myles v. Southern Univ System, et al

CN

8/12/04 1 COMPLAINT Filing Fee \$ 150.00 Receipt # 84169 (nlt)
[Entry date 08/13/04]

8/20/04 2 ORDER set Scheduling Conference for 9:30 12/16/04, set
Status Report deadline to 12/6/04 (signed by Mag. Judge
Christine Noland), issued notices. (elp)

60(c)

UNITED STATES OF AMERICA
DISTRICT COURT OF THE UNITED STATES
EASTERN DISTRICT OF LOUISIANA

CERTIFICATE

I hereby certify that I have examined the Records of the United States District Court for the Eastern District of Louisiana (New Orleans, Louisiana) and find no litigation pending against:

University Facilities Inc.

Witness my hand and the seal of said Court, this 12 day of August, 2004 at New Orleans,
Louisiana.

LORETTA G. WHYTE, CLERK

Donie Hertjansen
Deputy Clerk

**STATE OF LOUISIANA - PARISH OF EAST BATON ROUGE
CERTIFICATE OF SEARCH**

I, DOUG WELBORN, CLERK OF COURT FOR THE PARISH OF EAST BATON ROUGE, CERTIFY THAT THIS CERTIFICATE HAS BEEN RUN EXCLUSIVELY IN THE EXACT NAME OR NAMES HEREUNDER SET FORTH AND NOT IN ANY VARIATIONS OF SAID NAME OR NAMES.

WHERE NO MIDDLE INITIALS HAVE BEEN FURNISHED, IDENTICAL NAMES WITH MIDDLE INITIALS HAVE NOT BEEN RUN AND WILL NOT BE UNLESS SPECIFICALLY REQUESTED.

THIS CERTIFICATE DOES NOT WARRANT TITLE, NOR CERTIFY OWNERSHIP TO THE PROPERTY.

I HEREBY CERTIFY THAT THERE ARE NO TRANSACTIONS OF RECORD IN THE CIVIL RECORDS OF THIS OFFICE FROM JANUARY 1, 2003 IN THE EXACT NAME OR NAMES OF:

AS DEFENDANTS: LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY and the BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM

RE: \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/ University Facilities, Inc. Project) Series 2004A

\$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/ University Facilities, Inc. Project) Series 2004B

\$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C

Given under my hand and seal office, this 13TH day of AUGUST 20 04 at 7:30 a.m.

DOUG WELBORN, CLERK OF COURT

By *Terri Ste*
Deputy Clerk and Recorder

61(b)



Tangipahoa Parish Clerk of Court

JULIAN E. DUFRECHE, CLERK OF COURT

P. O. BOX 667 • AMITE, LOUISIANA 70422

GARY STANGA
CHIEF DEPUTY

AMITE (985) 748-4146
(985) 748-8015
FAX (985) 748-6503
WWW.TANGICLERK.ORG

CIVIL RECORD SEARCH FORMS

DATE: Aug 9th 2004

TO WHOM IT MAY CONCERN:

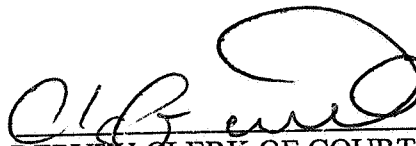
THIS IS TO CERTIFY THAT A CIVIL RECORD SEARCH WAS DONE ON THE FOLLOWING INDIVIDUALS:

University Facilities
INC

RECORDED: _____

NONE RECORDED:

THIS RECORD SEARCH IS INCLUSIVE OF THE YEARS 1974 TO 2004.


DEPUTY CLERK OF COURT
TANGIPAHOA PARISH
STATE OF LOUISIANA

OUR COMMITMENT TO EXCELLENCE AND CONTINUED IMPROVEMENT
IS THE FOUNDATION UPON WHICH WE SERVE THE PUBLIC AND
WORK IN PARTNERSHIP WITH THE COMMUNITY

Tangipahoa Parish Recording Page

62

Julian E. Dufreche
Clerk of Court
P. O. Box 667
110 North Bay Street, Suite 100
Amite, LA 70422
(985) 748-4146

Received From :
JONES WALKER

First VENDOR

BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM

First VENDEE

UNIVERSITY FACILITIES INC

Index Type : Conveyances

Instrument # : 672169

Type of Document : Lease - Conveyance Book

Book : 994 Page : 32

Recording Pages : 6

Recorded Information

I hereby certify that the attached document was filed for registry and recorded in the Clerk of Court's office for Tangipahoa Parish, Louisiana

MODI DAIGLE
Deputy Clerk

On (Recorded Date) : 08/13/2004

At (Recorded Time) : 2:07:33 PM



Doc ID - 007577150006

Clerk Of Court
Julian E. Dufreche
Parish of Tangipahoa
I certify that this is a true copy of the attached
document that was filed for registry and
Recorded 08/13/2004 at 2:07:33
File Number 672169
Recorded in Book 994 Page 32



Modi Daigle
Deputy Clerk

Return To :

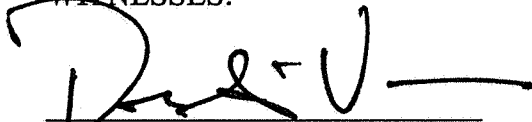
Lessor: Board of Supervisors for the University of Louisiana System
1201 North 3rd Street, Suite 7300
Baton Rouge, Louisiana 70802
Attention: Assistant Vice President for Facilities Planning


Lessee: University Facilities, Inc.
SLU Box 10709
Hammond, Louisiana 70402
Attention: Executive Director

This Memorandum is executed for the purpose of recordation in the public records of Tangipahoa Parish, Louisiana in order to give notice of all the terms and provisions of the Lease and is not intended and shall not be construed to define, limit, or modify the Lease. All of the terms, conditions, provisions and covenants of the Lease are incorporated into this Memorandum by reference as though fully set forth herein, and both the Lease and this Memorandum shall be deemed to constitute a single instrument or document.

THUS DONE AND PASSED on the 12th day of August, 2004, in New Orleans, Louisiana, in the presence of the undersigned, both competent witnesses, who herewith sign their names with Phil K. Livingston, Vice Chairperson, of University Facilities, Inc, and me, Notary.

WITNESSES:





UNIVERSITY FACILITIES, INC.


By: _____
Phil K. Livingston, Vice Chairperson



NOTARY PUBLIC

EXHIBIT "A"

LEGAL DESCRIPTIONS

Tract 1 (20.615 Acre Tract):

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

Tract 2 (11.28 Acre Tract – Oaks/Village):

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 3 (0.46 Acre Tract - Cardinal Newman Hall):

A certain tract or parcel of land containing 0.46 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Beginning at the Southwest corner of the intersection of the sidewalks adjacent to the southernmost intersection of Pine Street & Dakota Street; thence South 14°46'47" West 144.30 feet; thence South 75°18'43" West 138.12 feet; thence North 14°44'13" West 144.28 feet; thence North 75°18'13" West 138.02 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 0.46 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

Tract 4 (1.70 Acre Tract - Taylor Hall):

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey

Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana” prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

EVIDENCE OF PROPERTY INSURANCE

NR

ISSUE DATE: August 5, 2004

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER Office of Risk Management - DOA Post Office Box 91106 Baton Rouge, Louisiana 70821-9106		COMPANY Louisiana Self Insurance Fund		
INSURED : State of Louisiana Board of Supervisors for the University of Louisiana System Southeastern Louisiana University Post Office Box 10891, SLU Hammond, LA 70402 ORM AGENCY LOCATION CODE: 5220		LOAN NUMBER:		
		EFFECTIVE DATE (MM-DD-YYYY)	EXPIRATION DATE (MM-DD-YYYY)	<input checked="" type="checkbox"/> CONTINUOUS UNTIL TERMINATED IF CHECKED
		07-01-2004	07-01-2005	

PROPERTY INFORMATION

LOCATION - DESCRIPTION

COVERAGE INFORMATION

POLICY NUMBER	COVERAGES - PERILS - FORMS	AMOUNT OF INSURANCE		DEDUCTIBLE
		Building:	Contents/Movable Property:	
BP20042005	All Risk Broad Form Blanket Property Coverage, including flood and earthquake, subject to Policy Exclusions (including but not limited to terrorism) and limit of \$25,000,000 combined single limit per occurrence with sub-limit applicable as indicated below: Sub-Limit: \$7,500,000 combined single limit per occurrence for all perils except flood & earthquake	Not Applicable	Actual Cash Value	\$1,000 Per Occurrence
BM20042005	Comprehensive Boiler and Machinery coverage, including Business Interruption and Extra Expense coverage subject to policy exclusions (including but not limited to terrorism) and limit of \$50,000 per accident.	Repair/Replacement Cost		\$1,000 Per Accident First Party Property Damage Only

REMARKS (INCLUDING SPECIAL CONDITIONS)

Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004.

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

The Bank of New York, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Corporate Trust Department

NATURE OF INTEREST

MORTGAGEE TRUSTEE LOSS PAYEE
 (OTHER)

SIGNATURE OF AUTHORIZED REPRESENTATIVE

Tommy Arbour

TOMMY ARBOUR,
STATE RISK UNDERWRITING MANAGER

CERTIFICATE OF INSURANCE

Issue Date **August 5, 2004**

PRODUCER Office of Risk Management – DOA Post Office Box 91106 Baton Rouge, Louisiana 70821-9106	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. COMPANY AFFORDING COVERAGE
INSURED State of Louisiana Board of Supervisors for the University of Louisiana System Southeastern Louisiana University Post Office Box 10891, SLU Hammond, LA 70402	Louisiana Self-Insurance Fund

CORP. NO: 5220

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE	POLICY EXPIRATION	LIABILITY LIMITS	
					EACH OCCURRENCE	AGGREGATE
	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PERSONAL & ADVERTISING INJURY <input checked="" type="checkbox"/> POLLUTION (Sudden & Accidental Only) <input checked="" type="checkbox"/> PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input checked="" type="checkbox"/> FIRE DAMAGE (Any one fire) <input type="checkbox"/> MEDICAL EXPENSES	CGL20042005	07-01-2004	07-01-2005	BODILY INJURY PROPERTY DAMAGE BI & PD COMBINED	\$ 5,000,000
	AUTOMOBILE LIABILITY; <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED <input type="checkbox"/> NON-OWNED <input type="checkbox"/> HIRED AUTOMOBILE PHYSICAL DAMAGE <input type="checkbox"/> OWNED <input type="checkbox"/> SPECIFICALLY DESCRIBED <input type="checkbox"/> HIRED	ALPD20042005	07-01-2004	07-01-2005	BODILY INJURY PROPERTY DAMAGE BI & PD COMBINED	\$ 5,000,000
	<input checked="" type="checkbox"/> WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY	WC20042005	07-01-2004	07-01-2005	STATUTORY \$ 1,000,000 (EACH ACCIDENT) \$ 1,000,000 (DISEASE-POLICY LIMIT) \$ 1,000,000 (DISEASE-EACH EMPLOYEE)	
	<input type="checkbox"/> OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
 University Facilities, Inc. and The Bank of New York Trust Company, N.A. are added as additional insureds regarding the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004.

CANCELLATION
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICES SHALL IMPOSE NO OBLIGATIONS OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

CERTIFICATE HOLDER **AUTHORIZED REPRESENTATIVE**

The Bank of New York, N.A.
 10161 Centurion Parkway
 Jacksonville, FL 32256
 Attention: Corporate Trust Department

Tommy Arbour
TOMMY ARBOUR, UNDERWRITING MANAGER

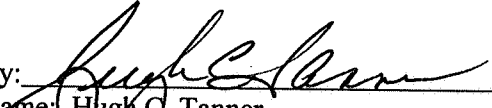
CROSS RECEIPT

RECEIPT FOR BONDS

The undersigned hereby acknowledges receipt from the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") of its \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004A, \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004B and \$925,000 Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004C (collectively, the "Bonds") each being in the form of fully registered bonds without coupons, bearing the numbers and interest rates and maturing in the principal amounts in the years as set forth in the Trust Indenture dated as of August 1, 2004 and entered into between the Issuer and Bank of New York Trust Company, N.A., as trustee, all as authorized by the resolutions adopted by the Issuer on February 12, 2004 and May 13, 2004 (collectively, the "Resolution"). The Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). The Bonds are delivered this date to The Bank of New York Trust Company, N.A. as an agent of DTC under its Fast Automated Securities Transfer procedures.

Dated: August 13, 2004

MORGAN KEEGAN & COMPANY, INC.

By: 
Name: Hugh C. Tanner
Title: Managing Director

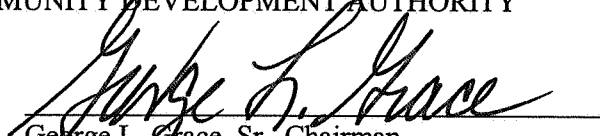
RECEIPT OF THE ISSUER

The undersigned acknowledges receipt from Morgan Keegan & Company, Inc., (the "Underwriter") of payment of an aggregate of \$74,566,448.10, representing the \$76,910,000 aggregate principal amount of the Bonds, less an original issue discount of \$964.25, plus reoffering premium of \$514,377.35, plus accrued interest of \$95,975.00, less an Underwriter's discount of \$670,940, less bond insurance premium of \$2,282,000. Proceeds of the Bonds are to be deposited in accordance with the provisions of the Indenture.

Dated: August 13, 2004

LOUISIANA LOCAL GOVERNMENT
ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY

BY:


George L. Grace, Sr., Chairman

RECEIPT OF THE TRUSTEE

The undersigned acknowledges receipt from Morgan Keegan & Company, Inc., (the "Underwriter") of payment of an aggregate of \$74,566,448.10, representing the \$76,910,000 aggregate principal amount of the Bonds, less an original issue discount of \$964.25, plus reoffering premium of \$514,377.35, plus accrued interest of \$95,975.00, less an Underwriter's discount of \$670,940, less bond insurance premium of \$2,282,000. Proceeds of the Bonds are to be deposited in accordance with the provisions of the Indenture.

Dated: August 13, 2004

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By: Cynthia M. Moore
Name: Cynthia M. Moore
Title: Assistant Vice President

\$60,985,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A

\$15,000,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B

and

\$925,000
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C

FINAL BLUE SKY MEMORANDUM

August 13, 2004

Morgan Keegan & Company, Inc.
Nashville, Tennessee

This memorandum confirms and finalizes our Preliminary Blue Sky Memorandum dated July 30, 2004 (the "*Preliminary Memorandum*"), furnished to you with respect to the above-mentioned Bonds (the "*Bonds*").

Based upon the materials and understandings described in the Preliminary Memorandum, the information in the Official Statement relating to the Bonds, and an examination of the applicable statutes, rules and regulations reported in standard compilations referred in the Preliminary Memorandum, the information contained in the Preliminary Memorandum is hereby confirmed and incorporated by reference into this memorandum, except as modified by the next sentence. We have taken such action as we have deemed necessary to permit the Bonds to be offered and sold to the public in the State of New York by dealers or brokers registered therein. The Bonds may not be offered or sold in the States of Minnesota and Nevada.

\$61,495,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B**

and

\$1,295,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C**

PRELIMINARY BLUE SKY MEMORANDUM

July 30, 2004

Morgan Keegan & Company, Inc.
Nashville, Tennessee

In connection with the proposed offering and sale by you of the above-captioned bonds (the "**Bonds**"), we submit herewith this Memorandum which, in summary form, sets forth information relating to the notice or other filings and fees required by the "Blue Sky" or securities laws of the fifty states of the United States, the District of Columbia, Puerto Rico, and Guam.

This Memorandum is based upon an examination of the regularly accepted unofficial compilations of the securities law and regulations, if any, of the various above-listed jurisdictions, on interpretative advice obtained, as deemed necessary, from representatives of the securities commissions of certain of these jurisdictions; and on the information contained in the Preliminary Official Statement relating to the Bonds, the accuracy of which information has been assumed. We have prepared this Memorandum as attorneys licensed to practice in the State of South Carolina. While certain members of this firm are admitted to practice in jurisdictions other than South Carolina, we have not examined the laws of any jurisdiction other than in the manner described above, and have not obtained either opinions of local counsel or formal rulings by administrative authorities in any jurisdiction with respect to this proposed offering. Accordingly, we are refraining from expressing opinions regarding the law of other jurisdictions.

This Memorandum is furnished only for your general information and is not to be relied upon as an opinion of counsel. The statements made or conclusions expressed in the memorandum are subject to the broad discretionary powers of the authorities administering the securities laws to withdraw or deny the exempt status accorded by statute to *particular classes of securities, to require additional information or actions, to refuse registration, to issue stop orders and to revoke or suspend permits where such have been granted and to legislation and administrative regulations and*

*Preliminary, Subject to Change

Morgan Keegan & Company, Inc.
Page 2

rulings, information concerning that is not currently available through the standard compilations upon which this Memorandum is based.

This Memorandum does not deal with the requirements or restrictions, if any, with respect to the publication or use of offering or advertising material in any jurisdiction, other than as expressly stated herein. In addition, this Memorandum does not purport to cover the requirements or restrictions, if any, with respect to the offer or sale of the Bonds by a salesman of a registered dealer or broker, who is himself not registered or licensed under the laws of the jurisdiction in which the offer or sale is made. Prior to such an offer or sale, further inquiry should be made. Finally, this Memorandum does not purport to cover the question as to whether the Bonds will be legal investments by the purchasers of the Bonds.

We will furnish you with a supplemental memorandum indicating the action taken, if any, by the appropriate authorities of the jurisdictions in which applications for qualification of the Bonds or other filings are being or have been made.

CHARLESTON

COLUMBIA

FLORENCE

GREENVILLE

Haynsworth
Sinkler Boyd, P.A.

ATTORNEYS AND COUNSELORS AT LAW

134 MEETING STREET THIRD FLOOR (29401)
POST OFFICE BOX 340 (29402-0340)
CHARLESTON, SOUTH CAROLINA
TELEPHONE 843.722.3366
FACSIMILE 843.722.2266
WEBSITE www.hsblawfirm.com

\$61,495,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004A**

\$15,000,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004B**

and

\$1,295,000*

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND
COMMUNITY DEVELOPMENT AUTHORITY TAXABLE REVENUE BONDS
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)
SERIES 2004C**

PRELIMINARY BLUE SKY MEMORANDUM

PART I

OFFERS AND SALES TO THE PUBLIC

A. Jurisdictions Where Offers and Sales May be Made to the Public by Registered or Licensed Brokers or Dealers.

Our survey indicates that the Bonds may be offered and sold to the public in the following jurisdictions by brokers or dealers registered or licensed therein without registration or other filings related to the Bonds by reason of applicable exemptions or otherwise.

*Preliminary, Subject to Change

Morgan Keegan & Company, Inc.
Page 2

Alabama			
Alaska	Hawaii	Michigan	Rhode Island
Arkansas	Idaho	Montana	South Carolina
Arizona	Illinois	Nebraska	South Dakota
California	Indiana	New Hampshire	Tennessee
Colorado	Iowa	New Jersey	Texas
Connecticut	Kansas	New Mexico	Utah
Delaware	Kentucky	North Carolina	Vermont
District of Columbia	Louisiana	North Dakota	Virginia
Florida	Massachusetts	Ohio	Washington
Georgia	Mississippi	Oklahoma	West Virginia
Guam	Missouri	Oregon	Wisconsin
	Maine	Pennsylvania	Wyoming
	Maryland	Puerto Rico	

B. Jurisdiction in which Further Action is Required

Offers and sales of the Bonds may be made in the following jurisdiction by brokers or dealers registered or licensed in such jurisdiction only upon the provision of certain information or certain filings or the payment of certain fees:

Minnesota Nevada New York

PART II

Exempt Transactions

A. Sales to Dealers or Brokers

Our survey indicates that offers and sales of the Bonds to dealers or brokers maybe made in the following jurisdictions without registration of the Bonds or any filings being made, and that persons making such offers or sales need not be registered or licensed as dealers or brokers in the respective jurisdictions, except as indicated by footnote.

Alabama(1)	Idaho(3)	Montana(1)	Rhode Island(14)
Alaska(2)	Illinois (1)	Nebraska(9)	South Carolina(15)
Arizona(1)	Indiana(1)	Nevada(10)	South Dakota(16)
Arkansas(3)	Iowa(7)	New Hampshire(1)	Tennessee(17)
California(4)	Kansas(1)	New Jersey(1)	Texas(18)
Colorado(5)	Kentucky(3)	New Mexico(11)	Utah(3)
Connecticut(1)	Louisiana(1)	New York(1)	Vermont(19)
Delaware(1)	Maine(8)	North Carolina(12)	Virginia(1)
District of Columbia(1)	Maryland(3)	North Dakota(1)	Washington(20)
Florida(1)	Massachusetts(3)	Ohio(13)	West Virginia(3)
Georgia(1)	Michigan(3)	Oklahoma(3)	Wisconsin(1)
Guam(3)	Minnesota(1)	Oregon(1)	Wyoming(3)
Hawaii(6)	Mississippi(3)	Pennsylvania(1)	
	Missouri(1)	Puerto Rico(3)	

-
- (1) Provided offeror or seller is a registered or licensed broker or dealer in this jurisdiction, or has no place of business in this jurisdiction and effects transactions in is jurisdiction exclusively with or through registered or licensed brokers or dealers or the institutions specified in the next section of this memorandum.
 - (2) Provided offeror or seller is (i) a registered or licensed as broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not effect more than 15 transactions at the initiation and direction of the customer and on behalf of residents of this jurisdictions regardless of whether the residents are then present in this jurisdictions and does not direct any offers initiated by the offeror or seller to sell or buy into this jurisdictions in any manner to persons other than other broker dealers or the institutions specified in the next section of this memorandum whether or not the offeror or any of the offerees are then present in this jurisdiction.
 - (3) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not direct more than 15 offers to sell or buy into this jurisdiction in any manner to persons other than other broker dealers or the institutions specified in the next section of this memorandum whether or not the offeror or any of the offerees are then present in this jurisdiction.
 - (4) Provided offeror or seller is (i) a licensed broker-dealer in California, or (ii) has no place of business in California and is registered as a broker-dealer under the Securities Exchange Act of 1934 and has not had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, and (a) effects transactions in California exclusively with licensed broker-dealers or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not direct offers to sell or buy into this state in any manner to persons other than other broker-dealers or the institutions specified in the next section of this memorandum or not more than 15 other customers having an existing account with such broker-dealer prior to any offer made to them in California, whether or not the offeror or any of the offerees is then present in California.
 - (5) Provided offeror or seller is (i) a registered or licensed broker or dealer in Colorado, or (ii) is registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Colorado and its business transacted in Colorado as a broker-dealer is exclusively with (a) issuers in transactions involving their own securities, (b) other broker-dealers licensed or exempt from licensing in Colorado (except when acting as a clearing broker-dealer for such other broker-dealers), (c) the institutional investors specified in the next section of this memorandum, (d) individuals who are existing customers and whose principal places of residence are not in Colorado, or (e) during any twelve consecutive months, not more than five persons in Colorado, excluding the persons described in (a) through (d) above.
 - (6) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not direct more than 15 offers to sell or buy into this jurisdiction in any manner to persons other than other broker dealers or the institutions specified in the next section of this memorandum whether or not the offeror or any of the offerees are then present in this jurisdiction.

- (7) Provided offeror or seller is (i) a registered or licensed broker or dealer in Iowa, or (ii) has no place of business in Iowa and effects transactions in Iowa exclusively with or through registered or licensed brokers or dealers or the institutions specified in the next section of this memorandum.
- (8) Provided offeror or seller is (i) a registered or licensed broker or dealer in Maine, or (ii) has no place of business in Maine, is registered as a broker-dealer under the United States Securities Exchange Act of 1934, and effects transactions in Maine exclusively with or through broker-dealers licensed or exempt from licensing in Maine or the institutions specified in the next section of this memorandum.
- (9) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not direct more than 5 offers to sell or buy into this jurisdiction in any manner to persons other than other broker dealers or the institutions specified in the next section of this memorandum whether or not the offeror or any of the offerees are then present in this jurisdiction.
- (10) Provided the offeror or seller is a registered or licensed broker or dealer in this jurisdiction or is registered, or not required to be registered, under the Securities Exchange Act of 1934 and has no place of business in this state if: (i) the transactions effected by the broker-dealer in this state are exclusively with the Issuer of the securities involved in the transactions, other broker-dealers licensed or exempt from licensing in this state, and financial or institutional investors; (ii) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and he offers and sells in this state to a person who is an existing customer of the broker-dealer and whose principal place of residence is not in this state; or (iii) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and during any 12 consecutive months he does not effect transactions with more than five persons in this state in addition to the transaction with the Issuers of the securities involved in the transactions, financial or institutional investors, or broker-dealers, whether or not the offeror or an offeree is then present in this state.
- (11) Provided offeror or seller is (i) registered or licensed as a broker-dealer in New Mexico, or (ii) is registered under the Securities Exchange Act of 1934, has no place of business in New Mexico and either (a) the transactions effected by the broker-dealer in New Mexico are exclusively with the Issuer of the Securities involved in the transactions, other broker-dealers licensed or exempt under the New Mexico Securities Act of 1986 or financial or institutional investors; or (b) the broker-dealer is licensed under the Securities Act of a state in which the broker-dealer maintains a place of business and the broker-dealer offers and sells in this state to persons who are existing customers of the broker-dealer and whose principal place of residence is not in this state.
- (12) Provided the offeror or seller (i) is registered as a dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction, and (a) effects transactions in this jurisdiction exclusively with or through registered dealers or with banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers, or (b) is registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and in one or more states, and during any 12 consecutive months he does not effect more than 15 purchases or sales in this jurisdiction in any manner with persons other than those specified in (a), whether or not the dealer or any of the purchasers or sellers is then present in this jurisdiction.
- (13) Provided offeree or purchaser is a registered or licensed broker or dealer in this jurisdiction.
- (14) Provided the offeror or seller is a registered or licensed broker or dealer in this state or is registered, or (except by reason of dealing exclusively in government securities) not required to be registered, under the Securities Exchange Act of 1934 and has no place of business in this state if: (i) the transactions effected

by the broker-dealer in this state are exclusively with the Issuer of the securities involved in the transactions, other broker-dealers licensed or exempt from licensing in this state, and financial or institutional investors; or (ii) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and he offers and sells in this state to a person who is an existing customer of the broker-dealer and whose principal place of residence is not in this state.

- (15) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) is licensed as a broker-dealer under the securities laws of a state in which the offeror or seller maintains a place of business and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not effect transactions with more than 5 persons in this jurisdiction other than other broker dealers or the institutions specified in the next section of this memorandum whether or not the offeror or any of the offerees are then present in this jurisdiction.
- (16) Provided the offeror or seller is (i) a registered or licensed broker or dealer in this state, or (ii) has no place of business in this state, and (a) effects transactions in this state exclusively with the Issuer of the securities involved in the transactions, other broker-dealers, and financial or institutional investors; or (b) is licensed under the securities laws of a state in which he maintains a place of business and he offers and sells in this state to a person who is an existing customer of the broker-dealer and whose principal place of residence is not in this state.
- (17) Provided offeror or seller (i) is a registered broker-dealer in Tennessee, or (ii) has no place of business in Tennessee, is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. and (a) effects transactions in Tennessee exclusively with or through issuers of securities involved in the transactions, other broker-dealers or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not effect more than 15 transactions in securities from, in or into Tennessee (other than to persons specified in (a) above).
- (18) Provided offeree or purchaser is a registered dealer in Texas actually engaged in buying and selling securities.
- (19) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with broker-dealers registered or exempt from registration in this jurisdiction.
- (20) Provided the offeror or seller is (i) a registered or licensed broker or dealer in this state, or (ii) has no place of business in this state, and (a) effects transactions in this state exclusively with the Issuer of the securities involved in the transactions, other broker-dealers, or the institutions specified in the next section of this memorandum, or (b) during any period of 12 consecutive months does not direct more than 15 offers to sell or buy into this state or make more than 5 sales in this state in any manner to persons other than those specified in (a) above.

B. Sales to Specified Institutions

Our survey indicates that offers and sales of the Bonds to the institutions specified may be made in the following jurisdictions without registration of the Bonds or any filings being made, and that persons making such offers or sales need not be registered or licensed as dealers or brokers in the respective jurisdictions, except as indicated by footnote. Attention is called to the fact that this memorandum does not cover the eligibility of the Bonds for investment by such institutions.

Alabama(1) Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

- Alaska(2) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Arizona(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Arkansas(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- California(4) (1) Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, or pension or profit-sharing trust (other than a pension or profit-sharing trust of the Issuer, self-employed individual retirement plans or individual retirement accounts); (2) any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended, which has total assets (including endowment, annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement; (3) any corporation which has a net worth on a consolidated basis of not less than \$14,000,000; any wholly owned subsidiary of any of the foregoing institutional investors; or (5) the federal government, any agency or instrumentality of the Federal government, any corporation wholly-owned by the Federal government, any state, any city, city and county, or county, or any agency or instrumentality of a state, city, city and county, or county, or any state university or state college, and any retirement system for the benefit of employees of any of the foregoing.
- Colorado(5) Any depository institution, insurance company, separate account of an insurance company, investment company registered under the Investment Company Act of 1940, business development company as defined in the Investment Company Act of 1940, private business development company as defined in the Investment Advisers Act of 1940, employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company, entity (but not an individual) a substantial part of whose business activities consist of investing, purchasing, selling, or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year, small business investment company licensed by the federal small business administration under the federal Small Business Investment Act of 1958, or any other institutional buyer.
- Connecticut(1) Any state bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Delaware(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- District of Columbia(1) Any depository institution, insurance company, separate account of an insurance company, separate account of an insurance company, investment company registered under the Investment Company Act of 1940, business development company as defined in the

Investment Company Act of 1940, employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company, qualified institutional buyer as defined in SEC Rule 144A, accredited investor as defined in SEC Rule 501(a), limited liability company with net assets of at least \$500,000; or other financial institution or institutional buyer.

- Florida(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or pension or profit-sharing trust, or qualified institutional buyer as defined in Securities and Exchange Commission Rule 144A; provided that such offer or sale of securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading Florida securities laws.
- Georgia(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution.
- Guam(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Hawaii(6) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Idaho(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, which includes but is not limited to Qualified Institutional Buyers as defined in Rule 144A of the Securities and Exchange Commission.
- Illinois(1) Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, or dealer; to a pension fund, pension trust, or employees' profit sharing trust, other financial institution or institutional investor, any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities; any trust in respect of which a bank or trust company is trustee or co-trustee; any entity in which at least ninety percent of the equity is owned by certain described institutional or sophisticated persons, any employee benefit plan within the meaning of Title I of the Federal ERISA Act if(i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of the Federal ERISA Act and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the Federal 1940 Investment Advisers Act, or (ii) the plan has total assets in excess of \$5,000,000, or (iii) in the case of a self-directed plan, investment decisions are made solely by certain described institutional or sophisticated persons; any plan established and maintained by, and for the benefit of the employees of, any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of \$5,000,000; or to any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust, or partnership has total assets in excess of \$5,000,000.

- Indiana(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Iowa(7) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer.
- Kansas(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Kentucky(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Louisiana(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust or other financial institution.
- Maine(8) Any financial or institutional investor, including any depository institution or depository institution holding company, insurance company or separate account of an insurance company; investment company or business development company as defined by the United States Investment Company Act of 1940; an entity, other than a natural person, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has gross assets in excess of \$1,000,000 at the end of its latest fiscal year; employee pension and profit sharing or benefit plan (other than an employee pension and profit sharing or benefit plan of the Issuer, a self-employed individual retirement plan or individual retirement account) if: (1) the investment decision is made by a plan fiduciary, as defined in the United States Employee Retirement Income Security Act of 1974, Section 3, subsection 21, which is either a depository institution, an insurance company or an investment adviser registered under the Revised Maine Securities Act; or (2) the plan has total assets in excess of \$5,000,000; small business investment company licensed by the United States Small Business Administration under the United States Small Business Investment Act of 1958, Section 30 1(c) or (d); or entity organized and operated not for private profit, as described in the United States Internal Revenue Code, Section 501(cX3) with total assets in excess of \$5,000,000.
- Maryland(3) Any investment company as defined in the Investment Company Act of 1940, an investment adviser with assets under management of not less than \$1,000,000, bank, trust company, savings and loan association, insurance company, employee benefit plan with assets of not less than \$1,000,000, governmental agency or instrumentality, "accredited investor" as defined in paragraphs (1) -- (3), (7) and (8) of Rule 50 1(a) of Regulation D adopted by the Securities and Exchange Commission under the Securities Act of 1933, or "qualified institutional buyer" as defined in Rule 144A adopted by the Securities and Exchange Commission under the Securities Act of 1933.
- Massachusetts(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Michigan(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, the Federal National Mortgage Association,

Federal Home Loan Mortgage Association, Government National Mortgage Association, pension or profit-sharing trust the assets of which are managed by a bank or trust company or other institutional manager, or other financial institution.

- Minnesota(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, including any corporation with a class of equity securities registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, and any person who is an "accredited investor" within the meaning of Rule 50 1(a) of Regulation D adopted by the Securities and Exchange Commission.
- Mississippi(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Missouri(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Montana(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Nebraska(9) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer.
- Nevada(10) A depository institution; an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; or any other institutional buyer.
- New Hampshire(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, venture capital company which operates a small business investment company under the Small Business Investment Act of 1958, as amended, or other financial institution or institutional buyer.
- New Jersey(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- New Mexico(11) A depository institution; an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company, a business development company as defined by the Investment Company

Act of 1940; or a small business development company licensed by the United States small business administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

- New York(1) Any state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof, or any syndicate, corporation or group formed for the specific purpose of acquiring the Bonds for resale to the public directly or through other syndicates or other groups.
- North Carolina(12) Any entity which has a net worth in excess of \$1,000,000 as determined by generally accepted accounting principles, bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- North Dakota(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or similar benefit plan, or other financial institution or qualified institutional buyer.
- Ohio(13) Any corporation, bank, insurance company, pension fund or trust, employees' profit-sharing fund or trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee, a Qualified Institutional Buyer as defined in Rule 144A of the Securities and Exchange Commission, but does not include any entity formed for the primary purpose of evading the Ohio Blue Sky Law.
- Oklahoma(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Oregon(1) Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, mortgage broker, mortgage banker or other financial institution or institutional buyer.
- Pennsylvania(1) Any bank, including any banking and trust company, savings bank, trust company or private bank as defined in the Banking Code of 1965, savings and loan association as defined in the Savings Association Code of 1967, or other banking institution, insurance company, pension or profit-sharing plan or trust, investment company as defined in the Investment Company Act of 1940, other financial institution or any person, other than an individual, which controls any of the foregoing, the federal government, any state or any agency or political subdivision thereof; or any corporation or business trust which has a net tangible worth on a consolidated basis, as reflected in its most recent audited financial statements, of not less than \$10,000,000, or any wholly-owned subsidiary of such corporation or business trust which has been in existence for 18 months; or any college, university or other public or private institution which has received exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 and which has a total endowment or trust funds, including annuity and life Income funds, of \$5,000,000 or more according to its most recent audited financial statements provided that the aggregate dollar amount of securities being sold to such person shall not exceed 5.0% of such endowment or trust funds; any wholly-owned subsidiary of a bank as defined in the Pennsylvania Securities Act of 1972 and any Small Business Investment Company as defined in Section 103 of the Small Business Investment Act of 1958 which with i) has a total capital of \$1,000,000 or more, or ii) is controlled by institutional investors as defined in the Pennsylvania Securities Act of 1972, any Seed Capital Fund as defined in Section 2 and authorized in Section 6 of the Small Business Investors Act, Pennsylvania Statutes, or any

Business Development Credit Corporation, as authorized by the Business development Credit Corporation Law, Pennsylvania Statutes.

- Puerto Rico(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Rhode Island(14) A depository institution; an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; or any other institutional buyer.
- South Carolina(15) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- South Dakota(16) Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, the State of South Dakota or any agency or political subdivision thereof, or other financial institution or institutional buyer.
- Tennessee(17) Any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has investment discretion, or any other person engaged as a substantial part of its business in investing in securities (unless such other person is a broker-dealer), provided that such institutional purchaser has a net worth in excess of \$1,000,000.
- Texas (1) Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution (including any federal savings bank, or any federally, or state, chartered credit union or savings and loan association), investment company as defined in the Investment Company Act of 1940, small business investment company as defined in the Small Investment Company Act of 1958, provided any such institution purchases for its own account or as a bona fide trustee of a trust organized and existing other than for the purpose of acquiring the Bonds.
- Utah(3) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Vermont(18) Any depository institution, insurance company, separate account of an insurance company, investment company as defined in the Investment Company Act of 1940, employee pension, profit sharing or benefit plan if the plan has total assets in excess of five million dollars or if its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Adviser's Act of 1940, a depository institution or an insurance company, or other financial or institutional buyer which qualifies as an accredited investor under the provision of Regulation D as promulgated by the Securities and Exchange Commission under the Securities Act of 1933.

Virginia(1)	Any corporation, investment company, or pension or profit-sharing trust.
Washington(19)	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
West Virginia(3)	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Wisconsin(1)	Any bank, savings institution, credit union, trust company, insurer, investment advisor, or savings and loan association, if the purchaser or prospective purchaser is acting for itself or as trustee with investment control, any pension or profit-sharing trust administered by any of the foregoing or a broker-dealer, any investment company as defined under the Investment Company Act of 1940, the State of Wisconsin or any agency or political subdivision thereof, the federal government or any agency or instrumentality thereof, or other financial institution or institutional investor designated by rule or order of the Wisconsin Commissioner of Securities, including any endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code, any issuer which has any class of securities registered under Section 12 of the Securities Exchange Act of 1934 and any wholly-owned subsidiary thereof, any venture capital company which i) operates a small business investment company licensed under the Small Business Investment Act of 1958 or ii) is a corporation, partnership or association which has been in existence for five years or whose net assets exceed \$1,000,000 and whose principal purpose as stated in its articles, by-laws or other organizational instrument is investing in securities or whose primary business is investing in development stage companies as defined in the regulations of the Small Business Administration; to a qualified institutional buyer that in the aggregate owns and invests on a discretionary basis at least \$100,000,000 in securities of unaffiliated issuers including in any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, ii) any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, iii) any business development company as defined Section 202(1)(22) of the Investment Advisers Act of 1940 or in Section 2(a)(48) of the Investment Company Act of 1940, iv) any organization described in section 501(c)(3) of the Internal Revenue Code and v) any partnership or Massachusetts or similar business trust, whether acting for its own account or the accounts of other qualified institutional buyers listed in Rule 230.144A under the Securities Act of 1933.
Wyoming(3)	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

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- (1) Provided offeror or seller is a registered or licensed broker or dealer in this jurisdiction, or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or these specified institutions.
 - (2) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or these specified institutions, or (b) during any period of 12 consecutive months does not effect more than 15 transactions at the initiation and direction of the customer and on behalf of residents of this jurisdictions regardless of whether the residents are then

present in this jurisdictions and does not direct any offers initiated by the offeror or seller to sell or buy into this jurisdictions in any manner to persons other than other broker dealers or these specified institutions whether or not the offeror or any of the offerees are then present in this jurisdiction.

- (3) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or these specified institutions, or (b) during any period of 12 consecutive months does not direct more than 15 offers to sell or buy into this jurisdiction in any manner to persons other than other broker dealers or these specified institutions whether or not the offeror or any of the offerees are then present in this jurisdiction.
- (4) Provided offeror or seller is (i) a licensed broker-dealer in California, or (ii) has no place of business in California and is registered as a broker-dealer under the Securities Exchange Act of 1934 and has not had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, and (a) effects transactions in California exclusively with licensed broker-dealers or these specified institutions, or (b) during any period of 12 consecutive months does not direct offers to sell or buy into this state in any manner to persons other than other broker-dealers or these specified or not more than 15 other customers having an existing account with such broker-dealer prior to any offer made to them in California, whether or not the offeror or any of the offerees is then present in California.
- (5) Provided offeror or seller is (i) a registered or licensed broker or dealer in Colorado, or (ii) is registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Colorado and its business transacted in Colorado as a broker-dealer is exclusively with (a) issuers in transactions involving their own securities, (b) other broker-dealers licensed or exempt from licensing in Colorado (except when acting as a clearing broker-dealer for such other broker-dealers), (c) these specified institutions, (d) individuals who are existing customers and whose principal places of residence are not in Colorado, or (e) during any twelve consecutive months, not more than five persons in Colorado, excluding the persons described in (a) through (d) above.
- (6) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or these specified institutions, or (b) during any period of 12 consecutive months does not direct more than 15 offers to sell or buy into this jurisdiction in any manner to persons other than other broker dealers or these specified institutions whether or not the offeror or any of the offerees are then present in this jurisdiction.
- (7) Provided offeror or seller is (i) a registered or licensed broker or dealer in Iowa, or (ii) has no place of business in Iowa and effects transactions in Iowa exclusively with or through registered or licensed brokers or dealers or these specified institutions.
- (8) Provided offeror or seller is (i) a registered or licensed broker or dealer in Maine, or (ii) has no place of business in Maine, is registered as a broker-dealer under the United States Securities Exchange Act of 1934, and effects transactions in Maine exclusively with or through broker-dealers licensed or exempt from licensing in Maine or these specified institutions.
- (9) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or these specified institutions, or (b) during any period of 12 consecutive months does not direct more than 5 offers to sell or buy into this jurisdiction in any manner to persons other than other broker dealers or these specified institutions whether or not the offeror or any of the offerees are then present in this jurisdiction.
- (10) Provided the offeror or seller is a registered or licensed broker or dealer in this jurisdiction or is registered, or not required to be registered, under the Securities Exchange Act of 1934 and has no place of business

in this state if: (i) the transactions effected by the broker-dealer in this state are exclusively with the Issuer of the securities involved in the transactions, other broker-dealers licensed or exempt from licensing in this state, and financial or institutional investors; (ii) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and he offers and sells in this state to a person who is an existing customer of the broker-dealer and whose principal place of residence is not in this state; or (iii) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and during any 12 consecutive months he does not effect transactions with more than five persons in this state in addition to the transaction with the Issuers of the securities involved in the transactions, financial or institutional investors, or broker-dealers, whether or not the offeror or an offeree is then present in this state.

- (11) Provided offeror or seller (i) is registered or licenses as a broker-dealer in New Mexico, or (ii) is registered under the Securities Exchange Act of 1934, has no place of business in New Mexico and either (a) the transactions effected by the broker-dealer in New Mexico are exclusively with the Issuer of the Securities involved in the transactions, other broker-dealers licensed or exempt under the New Mexico Securities Act of 1986 or financial or institutional investors; or (b) the broker-dealer is licensed under the Securities Act of a state in which the broker-dealer maintains a place of business and the broker-dealer offers and sells in this state to persons who are existing customers of the broker-dealer and whose principal place of residence is not in this state.
- (12) Provided the offeror or seller (i) is registered as a dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction, and (a) effects transactions in this jurisdiction exclusively with or through registered dealers or with banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers, or (b) is registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and in one or more states, and during any 12 consecutive months he does not effect more than 15 purchases or sales in this jurisdiction in any manner with persons other than those specified in (a), whether or not the dealer or any of the purchasers or sellers is then present in this jurisdiction.
- (13) Provided offeror or seller is licensed as a dealer in Ohio.
- (14) Provided the offeror or seller is a registered or licensed broker or dealer in this state or is registered, or (except by reason of dealing exclusively in government securities) not required to be registered, under the Securities Exchange Act of 1934 and has no place of business in this state if: (i) the transactions effected by the broker-dealer in this state are exclusively with the Issuer of the securities involved in the transactions, other broker-dealers licensed or exempt from licensing in this state, and financial or institutional investors; or (ii) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and he offers and sells in this state to a person who is an existing customer of the broker-dealer and whose principal place of residence is not in this state.
- (15) Provided offeror or seller is (i) a registered or licensed broker or dealer in this jurisdiction, or (ii) is licensed as a broker-dealer under the securities laws of a state in which the offeror or seller maintains a place of business and (a) effects transactions in this jurisdiction exclusively with or through registered or licensed brokers or dealers or these specified institutions, or (b) during any period of 12 consecutive months does not effect transactions with more than 5 persons in this jurisdiction other than other broker dealers or these specified institutions whether or not the offeror or any of the offerees are then present in this jurisdiction.
- (16) Provided the offeror or seller is (i) a registered or licensed broker or dealer in this state, or (ii) has no place of business in this state, and (a) effects transactions in this state exclusively with the Issuer of the securities involved in the transactions, other broker-dealers, and financial or institutional investors; or (b) is licensed under the securities laws of a state in which he maintains a place of business and he offers and

- sells in this state to a person who is an existing customer of the broker-dealer and whose principal place of residence is not in this state.
- (17) Provided offeror or seller (i) is a registered broker-dealer in Tennessee, or (ii) has no place of business in Tennessee, is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. and (a) effects transactions in Tennessee exclusively with or through issuers of securities involved in the transactions, other broker-dealers or these specified institutions, or (b) during any period of 12 consecutive months does not effect more than 15 transactions in securities from, in or into Tennessee (other than to persons specified in (a) above).
 - (18) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with broker-dealers registered or exempt from registration in this jurisdiction.
 - (19) Provided the offeror or seller is (i) a registered or licensed broker or dealer in this state, or (ii) has no place of business in this state, and (a) effects transactions in this state exclusively with the Issuer of the securities involved in the transactions, other broker-dealers, or these specified institutions, or (b) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into this state or make more than 5 sales in this state in any manner to persons other than those specified in (a) above.

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PSA MASTER REPURCHASE AGREEMENT
SEPTEMBER 1996 VERSION

PSA THE BOND MARKET TRADE ASSOCIATION

DATED AS OF AUGUST 17, 2004

BETWEEN:

THE BANK OF NEW YORK TRUST COMPANY, N.A., AS TRUSTEE
AS BUYER

AND

HYPO REAL ESTATE BANK INTERNATIONAL
AS SELLER

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Section 1. Applicability. From time to time the parties hereto may enter into transactions in which one party (“*Seller*”) agrees to transfer to the other (“*Buyer*”) securities or other assets (“*Securities*”) against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a “*Transaction*” and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

Section 2. Definitions.

(a) “*Act of Insolvency,*” with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party’s inability to pay such party’s debts as they become due.

(b) “*Additional Purchased Securities,*” Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof.

(c) “*Buyer’s Margin Amount,*” with respect to any Transaction as of any date, the amount obtained by application of the Buyer’s Margin Percentage to the Repurchase Price for such Transaction as of such date.

(d) “*Buyer’s Margin Percentage,*” with respect to any Transaction as of any date, a percentage (which may be equal to the Seller’s Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

(e) “*Confirmation,*” the meaning specified in Paragraph 3(b) hereof.

(f) “*Income,*” with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon.

(g) “*Margin Deficit,*” the meaning specified in Paragraph 4(a) hereof.

(h) “*Margin Excess*,” the meaning specified in Paragraph 4(b) hereof.

(i) “*Margin Notice Deadline*,” the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same-day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice).

(j) “*Market Value*,” with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities).

(k) “*Price Differential*,” with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360-day-per-year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction).

(l) “*Pricing Rate*,” the per annum percentage rate for determination of the Price Differential.

(m) “*Prime Rate*,” the prime rate of U.S. commercial banks as published in *The Wall Street Journal* (or, if more than one such rate is published, the average of such rates).

(n) “*Purchase Date*,” the date on which Purchased Securities are to be transferred by Seller to Buyer.

(o) “*Purchase Price*,” (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller’s obligations under clause (ii) of Paragraph 5 hereof.

(p) “*Purchased Securities*,” the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term “Purchased Securities” with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof.

(q) “*Repurchase Date*,” the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof.

(r) “*Repurchase Price*,” the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination.

(s) “*Seller’s Margin Amount*,” with respect to any Transaction as of any date, the amount obtained by application of the Seller’s Margin Percentage to the Repurchase Price for such Transaction as of such date.

(t) “*Seller’s Margin Percentage*,” with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer’s Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

Section 3. Initiation; Confirmation; Termination. (a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.

(b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a “*Confirmation*”). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.

(c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

Section 4. Margin Maintenance. (a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "*Margin Deficit*"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("*Additional Purchased Securities*"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

(b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "*Margin Excess*"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

(c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next business day following such notice.

(d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

(e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or a Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

(f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or a Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

Section 5. Income Payments. Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by

Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

Section 6. Security Interest. Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

Section 7. Payment and Transfer. Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

Section 8. Segregation of Purchased Securities. To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

**REQUIRED DISCLOSURE FOR TRANSACTIONS IN
WHICH THE SELLER RETAINS CUSTODY OF THE PURCHASED SECURITIES**

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they may be subject to liens granted by Seller to third parties and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy any lien or to obtain substitute securities.

Section 9. Substitution. (a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

(b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of other Securities for Purchased Securities; *provided, however*, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

Section 10. Representations. Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

Section 11. Events of Default. In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one business day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated,

or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an “*Event of Default*”):

(a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.

(b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party’s obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party’s possession or control.

(c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.

(d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:

(i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source,

against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and

(ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("*Replacement Securities*") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

(e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.

(f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.

(g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

(h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder

until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

(i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

Section 12. Single Agreement. Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

Section 13. Notices and Other Communications. Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Exhibit A to Annex I hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

Section 14. Entire Agreement; Severability. This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

Section 15. Non-assignability; Termination. (a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

Section 17. No Waivers, Etc. No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

Section 18. Use of Employee Plan Assets. (a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 (“ERISA”) are intended to be used by either party hereto (the “Plan Party”) in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller’s latest such financial statements, there has been no material adverse change in Seller’s financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

Section 19. Intent. (a) The parties recognize that each Transaction is a “repurchase agreement” as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a “securities contract” as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(b) It is understood that either party’s right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to

Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an “insured depository institution,” as such term is defined in the Federal Deposit Insurance Act, as amended (“*FDIA*”), then each Transaction hereunder is a “qualified financial contract,” as that term is defined in *FDIA* and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a “netting contract” as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“*FDICIA*”) and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a “covered contractual payment entitlement” or “covered contractual payment obligation,” respectively, as defined in and subject to *FDICIA* (except insofar as one or both of the parties is not a “financial institution” as that term is defined in *FDICIA*).

(e) It is the intention of the parties that section 12 of this Agreement, in conjunction with the event of default provisions in section 11 of this Agreement, shall constitute a “netting agreement” within paragraph (c)(ii) of the definition of netting agreement contained in the Netting of Financial Contracts Act, 1995 (the “*Netting Act*”) and shall be construed accordingly (provided always that this Agreement secure the obligations of the parties in respect of “financial contracts” (within the meaning of the *Netting Act*)) and shall be legally enforceable against each party notwithstanding anything contained in any rule of Irish law relating to bankruptcy, insolvency or receivership or in the Companies Acts, 1963-2003.

Section 20. Disclosure Relating to Certain Federal Protections. The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission (“*SEC*”) under Section 15 of the Securities Exchange Act of 1934 (“*1934 Act*”), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 (“*SIPA*”) do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, *SIPA* will not provide protection to the other party with respect to any Transaction hereunder; and

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.


THE BANK OF NEW YORK TRUST COMPANY,
N.A., AS TRUSTEE, as Buyer

By

Name: Elizabeth Dean
Title: _____
Date: August 17, 2004

HYPO REAL ESTATE BANK INTERNATIONAL, as
Seller

By


Name: Paul Scuderi
Title: Director
Date: August 17, 2004

By

Name: Robert Jeffery
Title: Director
Date: August 17, 2004

ANNEX I

SUPPLEMENTAL TERMS AND CONDITIONS

This Annex I forms part of the PSA Master Repurchase Agreement, dated as of August 17, 2004 (the "*Agreement*"), between Hypo Real Estate Bank International (the "*Seller*"), and The Bank of New York Trust Company, N.A., as Trustee (the "*Buyer*").

The parties hereto agree to enter into a series of Transactions in accordance with the terms set forth in this Agreement including the Annexes hereto, whereby on the Initial Purchase Date, the Buyer shall purchase from the Seller Permitted Securities for the Initial Purchase Price. Unless otherwise specified, each Transaction shall terminate on the Final Repurchase Date. Subject to the terms and conditions in the Annexes hereto, until and including the Final Repurchase Date, the Seller may, repurchase Purchased Securities from the Buyer and lower the then outstanding aggregate Purchase Price of all Transactions hereunder. After such repurchase, the Market Value of the Purchased Securities subject to all Transactions hereunder shall be equal to the Buyer's aggregate Buyer's Margin Percentage for all outstanding Transactions. On the Final Repurchase Date, the Seller shall repurchase all the Purchased Securities subject to all Transactions hereunder and deliver any accrued but unpaid Price Differential to the Buyer.

Definitions:

Capitalized terms used but not otherwise defined or modified in this Annex I shall have the meanings ascribed to such term in the Agreement.

"*Bond Indenture*" means the Trust Indenture, dated as of August 1, 2004, between the Issuer and the Buyer related to the Issuer's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004A, Series 2004B and Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004C (the "*Bonds*").

"*Business Day*" means any day other than Saturday, Sunday or any other day on which commercial banks in New York or Florida are required or authorized to be closed.

"*Custodial Undertaking*" or "*Custody Agreement*" means the Custodial Undertaking, dated as of August 17, 2004 among the Custodian, the Buyer and the Seller.

"*Custodian*" means U.S. Bank National Association, in its capacity as custodian.

“Issuer” means the Louisiana Local Government Environmental Facilities and Community Development Authority.

“Moody’s” means Moody’s Investors Service, Inc.

“Rating Downgrade” means the Seller’s long-term unsecured credit rating has been withdrawn or suspended or reduced below “A-” by S&P or below “A3” by Moody’s.

“S&P” means Standard and Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

The definition of *“Repurchase Price”* in Paragraph 2(r) of the Agreement is hereby modified by deleting the words “the sum of” and “and the Price Differential as of the date of such determination.”

The definition of *“Price Differential”* in Paragraph 2(k) is hereby modified by deleting the words “the date of determination” on the fifth line thereof, and replaced with the following “the Repurchase Date for such Transaction.”

*Initial Purchase Date
for all Funds:*

August 17, 2004.

*Amount of Initial
Purchase:*

\$45,719,138.45 from the Project Fund and Capitalized Interest Fund under the Indenture (the *“Projects Funds”*) and \$4,064,825 from the Replacement Fund under the Indenture (the *“Replacement Funds”*).

*Maximum Purchase
Price:*

\$45,719,138.45 for the Project Funds and \$4,064,825 for the Replacement Funds.

Confirmations:

The Seller shall prepare and deliver to the Buyer all Confirmations.

Final Repurchase Date:

The earlier of:

(i) October 2, 2006 with respect to the Project Funds and August 13, 2007 with respect to the Replacement Funds;

(ii) the date of any termination pursuant to Paragraph 11;

(iii) the date of any termination pursuant to a Rating Downgrade; or

(iv) such date that all Securities have been repurchased pursuant to the terms hereof.

Pricing Rate: 2.17% per annum.

Price Differential

Payment Dates: Each January 31 and July 31 commencing January 31, 2005 and the Final Repurchase Date.

*Price Differential Day
Count Calculation:*

30/360 day basis.

Repurchases:

Prior to the Final Repurchase Date, Seller shall repurchase all or part of the Purchased Securities in such amounts as the Buyer shall request by notice to Seller at least one (1) Business Day prior to the date of the Repurchase Transaction; *provided, however*, that the Buyer shall not request Seller to enter into a Repurchase Transaction other than in each case as required by the Bond Indenture.

The Buyer shall not request Seller to enter into a Repurchase Transaction earlier than three (3) Business Days prior to the date on which the proceeds of such Repurchase Transaction are to be applied by the Buyer, pursuant to the provisions of the Bond Indenture stated above, or in amounts greater than the amounts to be so applied by the Buyer.

Notwithstanding the foregoing, no Repurchase Transactions shall be made (i) for the purpose of making a competing investment, whether or not in compliance with the Bond Indenture or Applicable Law, or (ii) in an amount greater than required by the Bond Indenture.

Permitted Securities:

"Permitted Securities" means:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the full and timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America ("*Treasuries*");

(b) Senior debt or mortgage pass-through obligations of GNMA (“GNMAs”); and

(c) Senior debt or mortgage pass-through obligations of FNMA or FHLMC (“Agencies”)

Buyer’s Margin Percentage:

104% of the Repurchase Price for Treasuries and GNMAs and 105% of the Repurchase Price for Agencies. Upon a Rating Downgrade and so long as such Rating Downgrade is in effect, the Buyer’s Margin Percentage shall increase to an amount sufficient to maintain the rating on the Bonds.

Substitution Rights of Seller:

Full substitution rights. All costs associated with substitution rights including those of the Buyer, shall be the responsibility of the Seller.

Delivery Method:

Cash shall be delivered to each party as set forth in Exhibit A and Securities shall be delivered as set forth in the Custodial Undertaking.

Valuation and Notice of Margin Excess or Deficit:

At least weekly with written notice to the Buyer and the Seller. Such notice shall include the Market Value of the Purchased Securities and the amount of any Margin Excess or Margin Deficit.

Cure Period for Margin Excess or Deficit:

No later than three (3) Business Days from the date of notification of a Margin Excess or a Margin Deficit.

Rating Downgrade:

Upon the occurrence of a Rating Downgrade, the Buyer may terminate any and all outstanding Transactions upon one (1) Business Day’s prior written notice to the Seller. Within two (2) Business Days of the termination date specified in Buyer’s notice, all securities shall be repurchased by Seller and any Price Differential Payment owing as of the date of such Repurchase Transaction shall be paid by Seller unless Seller shall have transferred its obligations under this Master Repurchase Agreement to a party acceptable to the Buyer and Issuer. If the Buyer does not exercise its right to terminate this Agreement pursuant to this paragraph within 30 days of the commencement of such right to terminate, such right shall be deemed waived.

Security Interest:

Paragraph 6 of the Master Repurchase Agreement is hereby deleted and restated in its entirety as follows:

“Buyer and Seller agree that, if for any reason any Transaction hereunder shall be deemed to be other than a sale or purchase, Seller hereby grants a first-priority security interest in and pledges, assigns and transfers to Buyer any and all right, title, and interest of Seller in and to the Purchased Securities or cash delivered or to be delivered to Buyer pursuant to the terms of the Transactions, to secure the prompt performance of all obligations of Seller under this Agreement, including, without limitation, the payment to Buyer of the liabilities, indebtedness and obligations of Seller and Buyer, and all claims of Buyer against Seller arising out of or by reason of any or all Transactions hereunder.

It is the intention of Seller and Buyer that, if for any reason any Transaction shall be deemed other than a sale and purchase, Buyer’s rights in and to the Purchased Securities and cash shall be those of a secured party holding collateral under the provisions of the Uniform Commercial Code as in effect in the State of New York.”

Setoff: All payments under the Master Repurchase Agreement will be made without setoff or counterclaim.

Rehypothecation: The third sentence of Paragraph 8 of the Master Repurchase Agreement is hereby amended to read in its entirety as follows:

“Title to all Purchased Securities shall pass to Buyer; *provided, however,* that Buyer shall not engage in repurchase transactions with the Purchased Securities or otherwise pledge or hypothecate the Purchased Securities.”

Substitutions: Paragraph 9 of the Master Repurchase Agreement is hereby modified by adding the following at the end of subparagraph (a):

“Seller shall provide notice to Buyer prior to any such substitution, and such notice shall include the value (prior to substitution) of the Purchased Securities to be substituted.”

Representations and Warranties: Paragraph 10 of the Agreement is hereby modified by including the following representations and warranties:

“The Buyer and the Seller each represent and warrant to the other as of the date hereof, on any Purchase Date and on

any Repurchase Date that: (i) its obligations under this Agreement (and, in the case of the Buyer, the Bond Indenture) constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)); and (ii) there is not pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement (and, in the case of the Buyer, the Bond Indenture) or its ability to perform its obligations under this Agreement (and, in the case of the Buyer, the Bond Indenture).”

“In addition, the Buyer represents and warrants to the Seller as of the date hereof, or any Purchase Date and or any Repurchase Date that (i) it understands that neither the Seller nor any person representing the Seller has made any representation to it with respect to the Seller or the offering or sale of this Agreement other than as expressly set forth herein; (ii) the legend set forth in below under the heading “Legend” hereof has been called to its attention; (iii) it has had access to such information concerning the Seller as it has deemed necessary in connection with the decision to make the investment under this Agreement; (iv) it recognizes that the Seller (or its affiliates) may have other business relationships with the Buyer; (v) it acknowledges and agrees that this Agreement is being acquired by it for investment and not with a view to, or for sale in connection with, the public distribution thereof; and (vi) the execution, delivery and performance of this Agreement by it does not and will not result in a breach or violation of, or cause a default under, its charter or enabling legislation or by-laws or any provision of any law, regulation, order, license, decree, judgment or agreement applicable to or binding upon it or its assets.”

Covenants of Buyer:

Buyer agrees that (i) it will, during the term of this Agreement, provide Seller in a timely manner with information related to the Bonds and the project or program related to the Bonds, upon the reasonable request of the Seller, in order to enable the Seller to

effectively manage the funds invested hereunder, (ii) it will deliver to Seller written notice of all proposed amendments and waivers to the Bond Indenture that would affect the Transactions, and such notice shall be accompanied by the proposed amendments and waivers; (iii) no proposed amendment to or waiver of any provision of the Bond Indenture relating to the Transactions shall be adopted which has the effect of reducing Seller's expected benefits or increasing Seller's exposure or obligations pursuant to this Master Repurchase Agreement without the prior written consent of Seller; (iv) no proposed amendment to or waiver of any provision of the Bond Indenture relating to the Transactions shall be adopted which has the effect of making the Transactions contemplated hereunder no longer permissible under the Bond Indenture; (v) all funds used by Buyer to pay for the Purchased Securities are derived from funds and accounts established pursuant to the Bond Indenture; (vi) the Transactions contemplated hereunder constitute a permitted investment in accordance with the Bond Indenture and any laws, rules, regulations, agreements or instruments applicable to the Buyer and to the funds invested hereunder and that it has received all required consents, authorization and direction to enter into the Transactions contemplated herein in accordance with the applicable provisions of the Bond Indenture; (vii) it will not invest or use any funds other than proceeds under the Bond Indenture in connection with any transaction contemplated hereunder; and (viii) **under penalties of perjury, the Buyer hereby certifies that (a) the correct taxpayer identification number of the Buyer is 59-2283428 and (b) the Buyer is exempt from backup withholding under the Internal Revenue Code because the Buyer is a corporation for federal income tax purposes.**

Covenants of Seller:

Seller agrees that so long as it has or may have any obligation under this Master Repurchase Agreement, it will notify Buyer in writing within five (5) Business Days of any Event of Default under the Master Repurchase Agreement or any Rating Downgrade.

Role of the Seller:

It is expressly understood and agreed that in performing the Seller's obligations under this Agreement, neither the Seller nor any of its directors, officers, employees or agents are acting as fiduciary or agent of the Buyer, the Issuer or any other party, and neither the Seller nor any of its directors, officers, employees or agents shall be liable or responsible for (a) the payment of any amounts owing on or with respect to the Bonds; (b) the use or application by the Buyer of any funds payable to the Buyer hereunder; (c) any acts or omissions of the Buyer with respect to

the Bonds or under the Bond Indenture or any other document or agreement relating to the Bonds (collectively, the “*Bond Documents*”); (d) the validity or enforceability of the Bonds or any of the Bond Documents; and (e) the Buyer’s performance of its obligations under this Agreement or any of the Bond Documents. Without limiting the foregoing, the Seller shall have no duty to comply with the terms of any of the Bond Documents or to ascertain whether the Buyer is in compliance therewith. The Buyer recognizes that the Seller may have other business relationships with the Issuer and with other entities or persons who are parties to the Bond Documents.

Events of Default:

(a) Paragraph 11(a) of the Master Repurchase Agreement is hereby deleted and restated in its entirety as follows:

“The non-defaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law; *provided* that for Transactions where the defaulting party is acting as Seller, the non-defaulting party must first exhaust its remedies against the Purchased Securities, as set forth above.”

(b) It is agreed by Buyer and Seller that, in addition to the Events of Default specified in Paragraph 11 of the Master Repurchase Agreement, the following Events of Default are hereby added:

(viii) Seller fails, after one (1) Business Day’s notice from the Buyer, to make any Price Differential Payment when due; or (ix) Seller or Buyer defaults, in each case after five (5) Business Day’s notice to the defaulting party, in the observation or performance of any covenant or obligation under this Agreement (other than those specified in subsections (i), (ii), (iii), (iv) or (vii) above) material to the performance of its obligations hereunder. Upon the occurrence of an Event of Default, the non-defaulting party shall have the right to exercise all remedies available under Paragraph 11 unless otherwise specified herein.

(c) The following subparagraph is added to the end of Paragraph 11:

(j) If this Agreement is terminated due to a Seller’s Event of Default, the Seller agrees to pay the Buyer the present value of the difference between (x) the interest earnings which would have accrued under this Agreement

and (y) the interest earning which will accrue at the rate borne by the new repurchase agreement entered into with another Seller upon termination. The Issuer and Buyer shall have no liability to the Seller if such difference is negative. The selection of the new Seller and rate will be based upon three quotations received by the Seller from replacement repurchase agreement Sellers providing an agreement with terms substantially similar to the terms of this Agreement. The new Seller and rate will be selected after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, the Amount will be determined in good faith together by the Seller and the Buyer. Furthermore, the Seller shall pay the Buyer on demand all amounts reasonably necessary to render the Buyer whole for any net income foregone, and for any of its costs or expenses, including legal and other expenses in connection with the default and subsequent termination.

(d) The following subparagraph is added to the end of Paragraph 11:

(k) The Buyer and the Seller agree that on an Event of Default, on the basis of the provisions contained in this section 11 and for the purposes of any application of proceeds under paragraph 11(d)(i)(A), the giving of any credit to a defaulting party pursuant to paragraph 11(d)(i)(B), the calculation of any liability to the non-defaulting party under paragraph 11(c) or any other settlement of a net amount under such transaction or this Agreement, an account shall be taken (as at the relevant date) of what is due from each party to the other under this Agreement and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing).

Conflict of Terms:

To the extent that the terms and conditions of this Annex I conflict with the terms and conditions of the Master Repurchase Agreement, the terms and conditions of this Annex I shall prevail. Paragraph 3(b) is hereby amended by: (a) deleting in the sixth line (i) the comma after the word "Transaction" and (ii) the words "and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement" and (b) deleting the last sentence in such Paragraph 3(b).

Amendments and Assignability:

Section 15 of the Master Repurchase Agreement is hereby amended by adding "The Master Repurchase Agreement and the Custody Agreement shall only be amended by a writing signed by the parties and agreed and consented to by the Issuer" as a sentence at the end thereof.

Miscellaneous:

(a) This Master Repurchase Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

(b) The headings of the articles and sections hereof are for the convenience of reference only and shall not affect the meaning or construction of any provisions hereof.

(c) All notices, demands or other communications hereunder shall be in writing (which may include a facsimile transmission) and be effective upon receipt thereof. All notices shall be directed to the attention of the persons and to the party intended as the recipient thereof at the address of such party set forth on Exhibit A to the Agreement, the terms of which are incorporated by reference herein, or at such other address or to the attention of such other person as such party shall have designated for such purpose in a written notice.

(d) Paragraph 11(b) of the Agreement is hereby amended by adding the following to third line of said Paragraph after the word "Paragraph":

"(except for the automatic and immediate termination of all Transactions pursuant to the last sentence of subparagraph (a) of this Paragraph)."

(e) Section 18 of the Agreement is hereby deleted in its entirety.

Jurisdiction:

The parties hereto agree that proceedings relating to any dispute arising out of or in connection with this Agreement may only be brought before the Federal or state courts of competent jurisdiction in the State of New York.

Waiver of Jury Trial:

NEITHER THE BUYER NOR THE SELLER SHALL SEEK A JURY TRIAL IN ANY ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED CERTIFICATE, DOCUMENT OR AGREEMENT. THE BUYER AND SELLER FURTHER AGREE NOT TO

SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH TRIAL BY JURY HAS NOT BEEN WAIVED.

Monthly Statements:

During the term of this Agreement the Seller shall prepare and deliver on or before the tenth calendar day of each month to the Buyer, Issuer, MBIA Insurance Corporation (the "*Credit Provider*") and the Custodian a statement setting forth, as to the last day of each month, the outstanding principal amount of the Purchase Price and the accrued but unpaid Price Differential on the Purchase Price. The statement shall also set forth any repayments of principal and payments of Price Differential on the Purchase Price during such month. The Seller shall also prepare and deliver to the Buyer and the Custodian a statement setting forth the value of the principal amount of the Securities as of the last day of each month.

Custody Agreement:

If the Custodian elects to terminate the Custody Agreement and its rights and obligations thereunder, Seller shall select a substitute financial institution qualifying as a "securities intermediary" (as such term is defined in Section 8-102 of the Uniform Commercial Code as codified in the State of New York) to assume the obligations of the Custodian under the Custody Agreement or other custodial agreements having terms and conditions similar to the Custody Agreement and Seller shall pay all service fees of any such substitute financial institution pursuant to the Custody Agreement or any such other custodial agreements. Any substitute custodian or substitute custody agreement shall be subject to the prior written consent of Buyer, which consent shall not be unreasonably withheld.

If a replacement custodian cannot be obtained prior to the effective termination date of the Custodian's obligations under the Custody Agreement, Seller shall thereafter, until a replacement custodian is appointed, deliver all Purchased Securities to an agent designated by Buyer, which agent shall be a financial intermediary located in New York, New York maintaining accounts with the Federal Reserve Bank of New York ("*FRBNY*"). Purchased Securities comprised of physical securities shall be delivered by Seller into the possession of Buyer's agent. Book entry securities shall be transferred by Seller to the account maintained by Buyer's agent at FRBNY. Seller shall pay all reasonable service fees of Buyer's agent for the period in which such financial intermediary holds Collateral hereunder.

Until a replacement custodian is appointed, Seller shall determine the market value of the Purchased Securities on each Tuesday of

each week (or if such day is not a Business Day, the next following Business Day) and shall give prompt notice to Buyer of each determination of market value of the Purchased Securities on each Tuesday of each week (or if such day is not a Business Day) and shall give prompt notice to Buyer of each determination of market value made.

Legend:

This Agreement has not been nor will be registered under the Securities Act of 1933 (the "*Securities Act*"), or the securities laws of any state or territory, and this Agreement may be sold, transferred or assigned only as permitted hereunder and only if registered pursuant to the Securities Act and other applicable securities laws, or if an exemption from such registration is available. By its execution of this Agreement, the Buyer agrees that this Agreement is being acquired for investment and not with a view to, or for sale in connection with, the public distribution thereof.


Agreed to and annexed to the Master Repurchase Agreement dated as the Initial Purchase Date by and between Buyer and Seller.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

THE BANK OF NEW YORK TRUST COMPANY,
N.A., AS TRUSTEE, as Buyer

By
Name: Elizabeth Dean
Title: VP PRESIDENT
Date: August 17, 2004

HYPO REAL ESTATE BANK INTERNATIONAL, as
Seller

By

Name: Paul Scuderi
Title: Director
Date: August 17, 2004

By
Name: Robert Joffowitz
Title: Director
Date: August 17, 2004

**EXHIBIT A
TO
ANNEX I
NOTICES AND DELIVERY INSTRUCTIONS**

FOR BUYER:

NOTICES:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attn: Corporate Trust Department - Elizabeth Dean
Phone: 904-998-4773
Fax: 904-645-1930

DELIVERY INSTRUCTIONS:

For Project Funds:

The Bank of New York
New York, NY
ABA 021000018
GLA 111-565
TAS # 489005
Re: E Dean, SELU
904-998-4773

For Replacement Funds:

The Bank of New York
New York, NY
ABA 021000018
GLA 111-565
TAS # 489007
Re: E Dean, SELU
904-998-4773

FOR ISSUER:

NOTICES:

Louisiana Local Government Environmental Facilities and
Community Development Authority
8712 Jefferson Highway, Suite 12
Baton Rouge, LA 70809-2233
Attn: Executive Director

FOR BOND INSURER: NOTICES:

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attn: Insured Portfolio Manager

FOR SELLER:

NOTICES:

Hypo Real Estate Bank International
International House
3 Harbourmaster Place
IFSC, Dublin 1, Ireland

With Copy to:

Hypo Real Estate Capital Corp.
622 Third Avenue, 30th Floor
New York, NY 10017
Attn: Chris Patronis
Telephone Number: 212-905-4777
Telecopy Number: 212-905-4779

DELIVERY INSTRUCTIONS:

FED: Boston Federal Reserve Bank
ABA# 011-000-028
STATE ST BOS/SPEC/HCU0

FOR CUSTODIAN:

DELIVERY INSTRUCTIONS:

Cash wire instructions:
U.S. Bank N.A.
ABA 091000022
For Credit to Account: 180121167365
Account of U.S. Bank Corporate Trust Services
Attn: Amanda Picha (615) 495-3734
For further credit account 786683000
Ref: Louisiana Custody

For Delivery of Book-Entry Government Obligations:

Federal Reserve Bank, Cleveland, Ohio
for U.S. Bank N.A.
ABA Number: 042 000 013
Routing Symbol: 1050
For Account Number: 786683000

**EXHIBIT B
TO
ANNEX I
ANTICIPATED PROJECT FUNDS REPURCHASES**

<u>DATE</u>	<u>ANTICIPATED REPURCHASE</u>
September 1, 2004	\$3,139,420.34
October 1, 2004	\$4,764,367.35
November 1, 2004	\$5,677,627.76
December 1, 2004	\$5,499,160.76
January 1, 2005	\$3,923,500.55
February 1, 2005	\$3,877,782.29
March 1, 2005	\$2,954,518.10
April 1, 2005	\$2,422,999.52
May 1, 2005	\$2,172,647.14
June 1, 2005	\$1,922,914.16
July 1, 2005	\$1,673,799.43
August 1, 2005	\$1,671,716.28
September 1, 2005	\$2,050,808.49
October 1, 2005	\$93,797.85
November 1, 2005	\$93,681.12
December 1, 2005	\$93,564.52
January 1, 2005	\$93,448.08
February 1, 2005	\$93,331.77
March 1, 2005	\$93,215.62
April 1, 2005	\$93,099.61
May 1, 2005	\$92,983.74
June 1, 2005	\$92,868.01
July 1, 2005	\$92,752.43
August 1, 2005	\$92,637.00
September 1, 2005	\$92,521.70
October 1, 2005	\$92,406.56

666

CERTIFICATE OF
REPURCHASE AGREEMENT PROVIDER

TO: Louisiana Local Government Environmental Facilities
& Community Development Authority
Baton Rouge, LA

Louisiana State Bond Commission
Baton Rouge, LA

RE: PSA Master Repurchase Agreement (the "Master Repurchase Agreement"), dated as of August 17, 2004, between Hypo Real Estate Bank International (the "Provider") and The Bank of New York Trust Company, NA, as trustee (the "Buyer"), and Annex I to the Master Repurchase Agreement dated as of August 17, 2004 (the "Annex") between the Provider and the Buyer (the Master Repurchase Agreement and the Annex referred to collectively as the "Repurchase Agreement").

The undersigned officer of the Provider, in connection with investment of proceeds relating to the "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2004A," "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2004B," and "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2004C" (collectively, the "Bonds"), hereby certifies that:


- (a) The Repurchase Agreement was entered into at fair market value and no brokerage commissions or other fees (excluding any applicable collateral agent's fees or legal fees relating to the provision of a security interest) were paid or are expected to be paid to any person by the Provider in connection with the Repurchase Agreement except as set forth in the Repurchase Agreement or as otherwise listed below:

<u>Recipient</u>	<u>Amount</u>
<u>Sisung Securities Corporation (TIN 72-1156248)</u>	<u>\$38,129.65</u>

- (b) Provider did not consult with any other bidder about its bid in connection with the Repurchase Agreement prior to the submission thereof, the bid submitted in connection with the Repurchase Agreement was determined without regard to any formal or informal arrangement with the Buyer or any other person (whether or not in connection with the Bonds), and the bid submitted in connection with the Repurchase Agreement was not submitted solely as a courtesy to the Buyer or any other person for purposes of satisfying the requirements of the applicable Treasury Regulations.
- (c) Provider did not review other bids that were submitted for the bidding process in which it was awarded the opportunity to provide the Repurchase Agreement.

- (d) Other than as provider of the Repurchase Agreement and to the extent that an affiliate is an insurer of the Bonds, Provider has no material financial interest in the Bonds.
- (e) The Provider has an industry reputation as a competitive provider of investment agreements of a type similar to the Repurchase Agreement.
- (f) The Provider acknowledges that this Certificate is given as a basis for certain legal opinions with regard to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, and law firms rendering such opinions are authorized to rely on this Certificate.
- (g) The interest rate on the Repurchase Agreement is not less than the interest rate available from the Provider at the time of its bid for the Repurchase Agreement on reasonably comparable contracts, if any, offered to the other persons from a source of funds other than gross proceeds of an issue of tax-exempt bonds, assuming equal brokerage commissions and fees.
- (h) I am authorized to execute and deliver this certificate on behalf of the Provider.

Dated: 8/17/2004

By: 
Name: Paul Scuderi
Title: Director

(Signature Page to Investment Contract Provider Certificate)

66c

INVESTMENT AGREEMENT BID FORM

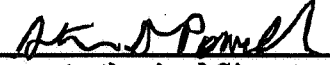
Relative To:

Louisiana Local Government Environmental
 Facilities and Community Development Authority
 (University Facilities, Inc. Project)
 \$61,495,000 Tax-Exempt Revenue Bonds, Series 2004A
 \$15,000,000 Tax-Exempt Auction Rate Bonds, Series 2004B
 \$1,295,000 Taxable Revenue Bonds, Series 2004C

We are submitting the following bid for the investment of certain bond proceeds in connection with the above referenced bonds. We hereby certify that we have read the Request for Bids, that we are making the representations contained in the "Provider Representations" section of the Request for Bids, and that the undersigned is authorized to submit this bid and to bind the Provider.

Bids must be submitted by 11:00 AM (EST) on August 10, 2004 by phone followed by fax to:
Sising Securities Corporation
Attn: Courtney Gupton
Phone: 504-544-7732 or 504-544-7730
Fax: 504-544-7701 or 504-544-7702

(all bids net of placement fee) Bid	
Project / Capitalized Interest Fund Bid:	<u>1.76</u> %
Replacement Fund Bid:	<u>PASS</u> %
Debt Service Reserve Fund Bid:	<u>4.50</u> %

Provider: XL Asset Funding w/an unconditional guaranty from XL Capital Assurance, Inc.
 Phone: 847-517-2308 or 847-517-5211
 Contact Person: Steven D Powell, Senior Vice President 
 Fax: 203-569-5599 **Authorized Signature**
 Provider's Long Term Ratings (Moody's / S&P): Aaa/AAA

Exceptions or conditions (if any):

- Interest Rate(s) subject to confirmation based on changes in market conditions.
- Two (2) Business Days notice for withdrawals.
- Maximum of four (4) withdrawals per month, per fund, minimum withdrawal = \$5,000
- XL Investment Agreement must be withdrawn in its entirety prior to using other available monies for the project.
- Parties to agreement agree to use XL's standard investment agreement contract form, as previously negotiated for other MBIA insured deals without substantial modification/deviation. See downgrade, breakage, default and disclosure language below.
- In the event of a refunding of the bonds, XL has the right to terminate the Investment Agreement or transfer the Investment Agreement to the new bond issue.
- Withdrawals from Debt Service Reserve fund for substitution of a surety bond or other similar instrument for a cash funded reserve fund are subject to breakage fee at market value.
- Withdrawals from Debt Service Reserve fund prior to maturity, for purposes other than paying debt service, are subject to breakage fee at market value.
- Issuer may not enter into any derivative instrument or similar activity which can adversely impact the call or redemption assumption on the underlying bonds without prior notification and written approval from XL.
- Greenberg Traurig will represent XL as outside counsel.
- Signature of Borrower confirming acceptance is requested prior to locking in bid.

Bid acceptance: 
 By: Steven D Powell Title: Senior Vice President Date: 8/17/04

BID FORM ATTACHMENTS

Standard MBIA Downgrade language 2-tier with breakage – Two-Way Make Whole Language:

In the event the Insurer's or the Replacement Insurer's, as the case may be, insurance financial strength rating or equivalent is below AA-by S&P or Aa3 by Moody's, respectively, or is suspended or withdrawn, the Bond Enhancer shall be notified in writing within five (5) Business Days of such event, and the Company will have the right (but not the obligation), within ten (10) Business Days of the publication of such notification, to either (i) transfer this Agreement and its rights and obligations hereunder to an entity approved by the Bond Enhancer, which approval shall not be unreasonably withheld, conditioned or delayed (x) whose long-term, senior unsecured debt obligations are rated or whose insurance financial strength rating or equivalent is at least AA-by S&P and at least Aa3 by Moody's, respectively, (ii) deliver a Replacement Policy of a Replacement Insurer whose insurance financial strength rating or equivalent is at least AA-by S&P and at least Aa3 by Moody's, respectively, and, if such Replacement Insurer is not an affiliate of XL Capital Assurance, which is approved by the Bond Enhancer, which approval shall not be unreasonably withheld, conditioned or delayed or (iii) deliver and grant to the Trustee as custodian, a first priority security interest in and to the collateral free and clear of all liens and claims of any third parties (the "Collateral"), in an amount which shall be at least equal to the "Collateral Requirement" as defined in Schedule A and in accordance with the collateralization terms, if any, set out in Schedule A. For purposes hereof "insurance financial strength rating or equivalent" shall mean both financial strength ratings and financial enhancement ratings.

If within five (5) Business Days of a ratings downgrade the Company receives written notice from the Trustee that, if the Company does not satisfy the requirements of clause (i), (ii), or (iii) above within such ten (10) Business Day period, then the Trustee, at the written direction of the Bond Enhancer, intends to withdraw the entire balance of the Investment then on deposit, together with all the unpaid Earnings thereon, the Company will, if the requirements of clause (i), (ii), or (iii) have not been timely satisfied, pay such balance, and any Breakage Amount due to the Trustee, to the Trustee at the end of such ten (10) Business Day period and, to the extent any Breakage Amount is due to the Company, the Borrower shall pay the same on the day of such withdrawal. Upon any such withdrawal and payment of the Breakage Amount, if any, this Agreement shall terminate.

If any insurance financial strength rating or equivalent rating of the Insurer or any Replacement Insurer as the case may be (i) is suspended, withdrawn or falls below A- by S&P or A3 by Moody's, respectively, the Company shall give written notice of the same to the Trustee, the Bond Enhancer, the Borrower and the Issuer promptly (but in any event within two (2) Business Days of publication of such rating downgrade), and the Company will pay the balance of the Investment to the Trustee within ten (10) Business Days of such publication date together with any accrued Earnings. In addition, to the extent any Breakage Amount is due to the Trustee, the Company shall pay the same upon such withdrawal, and to the extent any Breakage Amount is due to the Company, the Borrower shall pay the same on the day of such withdrawal. Upon any such withdrawal and payment of the Breakage Amount due, if any, this Agreement shall terminate.

Standard Two Way Make Whole Language

"Breakage Amount" means an amount calculated as follows: The <Issuer/Borrower> shall solicit quotations from at least three nationally recognized providers of guaranteed investment contracts reasonably acceptable to the Company and qualified and willing to enter into such a contract with the Trustee with respect to the Investment, with each such quotation to disclose the rate of earnings (the "Replacement Rate") such provider would pay on the Investment from the actual Termination Date on the same terms and conditions as provided herein. If more than three quotations are obtained, the Replacement Rate shall be the arithmetic mean of such quotations, without regard to the quotations having the highest and lowest rates. If exactly three quotations are received, the Replacement Rate shall be the rate remaining after disregarding the quotations having the highest and lowest rates. Alternatively, the Company and the <Issuer/Borrower> can agree to the Replacement Rate. A Breakage Amount shall be payable under this Agreement by the Company to the <Trustee> only when the Replacement Rate is lower than the Interest Rate provided herein; and shall be payable by the <Issuer/Borrower> to the Company only when the Replacement Rate is higher than the Interest Rate as provided herein. In such event, the Breakage Amount shall be the absolute value of the difference between the Interest Rate as provided herein and the Replacement Rate as applied to the Investment for the period beginning on the actual Termination Date and ending on the first (1st) Business Day immediately preceding the Expiration Date, discounted to present value at the Replacement Rate.

Standard Events of Default Language:

1.1 Events of Default. The following events shall constitute events of default under this Agreement (each an "Event of Default"):

- a) A failure by the Company to make any payment of the Investment or Earnings when due pursuant to the provisions of this Agreement, together with a failure of the Insurer to perform its obligations with respect thereto under the Policy, and the continuation of such failure for two (2) Business Days or more after the Company and the Insurer receives written notice thereof from the Trustee.
- b) A failure by the Company to perform or observe any of its material obligations under this Agreement (other than those described in Section 1.1(a) hereof) and the continuation of such failure for thirty (30) days or more after written notice thereof is given by the Trustee to the Company and the Insurer.
- c) The Company or the Insurer commences a case in bankruptcy or an insolvency proceeding relating to it, is adjudicated insolvent or bankrupt, petitions or applies for the appointment of any receiver or trustee for itself or any substantial part of its property or initiates any proceeding relating to it seeking a court order for reorganization, arrangement, conservation, liquidation, or dissolution under applicable bankruptcy or similar applicable laws; or any such proceeding is initiated against the Company or the Insurer; and the Company or the Insurer, as the case may be, indicates in writing its consent thereto or such proceeding is not dismissed within ninety (90) days or such an order is entered against the Company or Insurer and becomes final and non-appealable.
- d) Except as permitted by the terms of Section 3 (Insurance Policy) hereof or the terms of the Policy, the expiration or termination of the Policy in respect of this Agreement, or any other event which causes the Policy to cease to be in full force and effect in respect of this Agreement.

1.2 Rights and Obligations of Parties upon an Event of Default. Upon the occurrence of an Event of Default, the Trustee shall have the right to declare the entire balance of the Investment and all accrued and unpaid Earnings thereon to be due and payable immediately and to withdraw such entire balance and unpaid Earnings. If, as a result of the occurrence of an Event of Default, the entire balance of the Investment and all unpaid Earnings, and any Breakage Amount due, are so withdrawn by the Trustee, this Agreement shall be terminated on the date of such withdrawal.

Standard Disclosure Language:

The Investment Agreement (the "Investment Agreement") is being provided by XL Asset Funding Company I LLC ("XLAF"). XLAF is a Delaware limited liability company that is engaged in the business of issuing financial instruments to municipalities and entering into investment agreements. The obligations of XLAF under the Investment Agreement will be guaranteed by a financial guarantee policy written by XLAF's affiliate, XL Capital Assurance Inc. (XLCA), a monoline financial guaranty insurance company incorporated under the laws of the State of New York, which is an indirect wholly owned subsidiary of XL Capital Ltd, a Cayman Islands corporation ("XL Capital Ltd"). XLCA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by Standard & Poor's and Fitch, Inc. ("Fitch"). In addition, XLCA has obtained a financial enhancement rating of "AAA" from Standard & Poor's.

For further information concerning XLCA, see the financial statements of XLCA which can be accessed at www.xlca.com, and the notes thereto, which are included as exhibits to the periodic reports filed with the Securities and Exchange Commission (the "Commission") by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Commission or at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W. Washington, D.C. 20549. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department at 25 Beaver Street, New York, New York 10004. Term of the Investment Agreement. The term of the Investment Agreement is through the earlier of (a) April 1, 2006, the maturity date of the Notes or (b) the date on which all invested Notes proceeds have been withdrawn from the Investment Agreement.

August 17, 2004

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Louisiana Local Government Environmental
Facilities and Community Development
Authority
8712 Jefferson Highway, Suite 12
Baton Rouge, LA 70809-2233

Re: Louisiana Local Government Environmental
Facilities and Community Development
Authority Revenue Bonds, Series 2004A,
Series 2002B and Taxable Series 2004C

Ladies and Gentlemen:

I am in-house counsel to Hypo Real Estate Bank International (the "*Bank*") and in such capacity I have been requested to render my opinion as to certain legal matters in connection with the execution and delivery of that certain PSA Master Repurchase Agreement dated as of August 17, 2004 (the "*Master Repurchase Agreement*"), between the Bank, in its capacity as Seller, and The Bank of New York Trust Company, N.A., as Trustee, (the "*Buyer*"), and Annex I to the Master Repurchase Agreement dated as of August 17, 2004 (the "*Annex*") between the Bank and the Buyer (the Master Repurchase Agreement and the Annex shall be referred to collectively as the "*Repurchase Agreement*").

Capitalized terms herein which are undefined have the meanings assigned to them in the Repurchase Agreement.

In connection with the opinions hereinafter given, I have examined a copy of the Repurchase Agreement and such other certificates, documents, agreements and instruments as I have deemed necessary as a basis for the opinions expressed below.

In such examination, I have assumed the genuineness of all signatures, the authenticity of all agreements, certificates, instruments and documents submitted to me as originals, and the conformity to the originals of all agreements, certificates, instruments and documents submitted to me as copies. As to questions of fact material to the opinions expressed below, I have, when relevant facts were not independently established by me, examined and relied upon representations of officers of the Bank.

The opinions expressed herein are limited to the current laws of Ireland (meaning Ireland exclusive of Northern Ireland). In addition, in rendering the opinions expressed herein, I have assumed that the Repurchase Agreement constitutes the valid and binding obligation of the Bank under the law of the State of New York by which it is expressed to be governed.

Based upon the foregoing examination and assumptions, and subject to the qualifications set forth below, I am of the opinion that:

1. The Bank is an unlimited liability company and is duly incorporated and validly existing under the laws of Ireland and has the corporate power and authority to execute and deliver the Repurchase Agreement and perform its obligations thereunder.
2. The Repurchase Agreement has been duly authorized by the Bank, and when duly executed and delivered by the Bank, will constitute the legally valid and binding obligations of the Bank, except as limited by bankruptcy, insolvency, reorganization, moratorium of creditor's rights and remedies as the same may be applied in the event of the bankruptcy, insolvency, liquidation, reorganization or similar situation of the Bank or a moratorium applicable to the Bank. Notwithstanding the contractual intentions of the parties as set out in Section 19 (e) of the Master Repurchase Agreement and Paragraph (d) under the heading "Events of Default" of the Annex that the Repurchase Agreement constitute a "netting agreement" within the meaning of paragraph (c)(ii) of the definition of "netting agreement" contained in the Netting of Financial Contracts Act, 1995, and shall be construed accordingly, a court may determine otherwise.
3. No litigation or proceedings are pending or, to the best of my knowledge, threatened, which would in any manner challenge or adversely affect the power of the Bank to carry out the transactions contemplated by the Repurchase Agreement or the validity of, or execution, delivery or performance of the terms and provisions of the Repurchase Agreement.
4. No steps have been taken or are, to the best of my knowledge, being taken to appoint a receiver, examiner or liquidator over the Bank or to wind it up.
5. A final conclusive judgment of any Federal or state court of competent jurisdiction in the State of New York in respect of any suit, action or proceeding arising out of or relating to the Repurchase Agreement, wherein process has been effectively served on the Bank (a "*Foreign Judgment*") would be given conclusive effect by the appropriate courts of Ireland without reexamination of the substantive matters thereby adjudicated, *provided, however*, that Irish courts may refuse to enforce such foreign judgment for one of the following reasons:
 - (A) the Foreign Judgment is not for a definite sum of money;
 - (B) the Foreign Judgment was obtained by fraud;
 - (C) the enforcement of the Foreign Judgment in Ireland would be contrary to public policy or natural justice as understood in Irish law; and

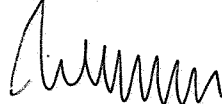
(D) the procedural rules of the court giving the Foreign Judgment have not been observed.

6. No authorizations, approvals or consents from any governmental authority in Ireland are required in connection with the execution, delivery and performance of the Repurchase Agreement. The execution and delivery of the Repurchase Agreement does not conflict with or constitute a breach of or a default under the articles of association of the Bank or any law, rule, regulation or decree to which the Bank is subject or any contract or agreement to which the Bank is a party.

This opinion letter is solely for your benefit, and may not be relied upon or used by, circulated, quoted or otherwise referred to, nor may copies be delivered to, any other person or for any other purpose without my prior written consent. This opinion is given solely in my capacity as in-house counsel of the Bank and without personal liability.

I disclaim any obligation to update this opinion letter for events occurring or coming to my attention after the date hereof.

Very truly yours,



Wilfried Ramm
Legal Counsel

August 10, 2004

Via Facsimile (225) 248-7469 and U.S. Mail

Hancock Bank of Louisiana
2600 CitiPlace Drive, Suite 200
Baton Rouge, Louisiana 70809

Attention: Corporate Trust

Hibernia National Bank
313 Carondelet, 6th Floor
New Orleans, Louisiana 70130
Fax: (504) 533-2060

Attention: Liz St. Paul

KBC Bank N.V.
1349 West Peachtree Street, Suite 1750
Atlanta, Georgia 30309
Fax: (404)584-5465

Attention: Dan Dornblaser, Vice
President

Louisiana Public Facilities Authority
2237 South Acadian Thruway, Suite 650
Baton Rouge, Louisiana 70808

Attention: President

**\$27,085,000 Louisiana Public Facilities Authority
Equipment and Capital Facilities
Pooled Loan Program Revenue Bonds, Series 2000**

**\$7,680,000 University Facilities Inc. Loan
\$8,265,000 University Facilities Inc. Loan**

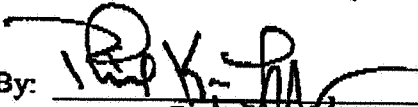
On behalf of the Louisiana Public Facilities Authority, as Trustee and Paying Agent for the above-referenced Bonds, you are hereby directed to publish and/or mail, as appropriate, the Notice of Redemption for the outstanding amounts aggregating \$14,590,000 regarding the University Facilities, Inc. loan agreements referenced above. A form of the Notice of Redemption is attached hereto as **Exhibit A** for your convenience. Such publication and/or mailing must be accomplished on or before August 13, 2004.

Hancock Bank of Louisiana
Hibernia National Bank
KBC Bank N.V.
August 10, 2004
Page 2

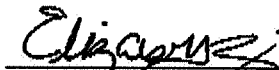
Please execute the original of this letter below to acknowledge your receipt of this Notice and return this letter and the Notice of Call of Redemption by facsimile to University Facilities, Inc. in care of T. Jay Seale of Seale & Ross, P.L.C., (985)542-4111.

Sincerely,

UNIVERSITY FACILITIES, INC.

By: 
Name: Phil P. Ludwig
Title: VICE CHAIRPERSON

ACKNOWLEDGMENT OF RECEIPT:
Hancock Bank of Louisiana

By: 
Name: Elizabeth A. Feiger
Title: Vice President + Trust Officer
Date: 8/13/04

**NOTICE OF PARTIAL REDEMPTION
TO THE HOLDERS OF
LOUISIANA PUBLIC FACILITIES AUTHORITY
EQUIPMENT AND CAPITAL FACILITIES POOLED LOAN PROGRAM
REVENUE BONDS
SERIES 2000
CUSIP # 54840A4J6**

NOTICE IS HEREBY GIVEN that pursuant to Section 4.01(b) of the Indenture of Trust dated as of June 1, 2000 by and between the Louisiana Public Facilities Authority and Hancock Bank of Louisiana, as trustee under which the above described bonds were issued, has called for redemption on September 15, 2004, \$14,590,000.00 principal amount of the above referenced bonds. The bonds listed below are hereby called in part for redemption and payment on September 15, 2004 at par plus accrued interest to said date.

<u>CERTIFICATE NUMBER</u>	<u>UNCERTIFICATE AMOUNT</u>	<u>AMOUNT CALLED</u>
CEDEFEST	\$ 23,530,000	\$ 14,590,000

The Bonds will be paid on September 15, 2004 upon presentation and surrender to the following location:

Hancock Bank
Corporate Trust Services
P.O. Box 4019
Gulfport, MS 39502

Notice is further given that the Bonds to be so redeemed on September 15, 2004 shall cease to bear interest from and after September 15, 2004.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (the "Act"), the Trustee is required to withhold 31.0% of the gross payments made to the holders of the Series 1994 Bonds who fail to provide the Trustee with and certify under penalty of perjury, a correct taxpayer identification number or an exemption certificate. A Form W-9 should be presented to the Trustee with each Bond surrendered.

**HANCOCK BANK OF LOUISIANA
AS TRUSTEE
BATON ROUGE, LOUISIANA
(225) 248-7487**

DATED: August 13, 2004

Final

\$60,985,000

Southeastern Louisiana University
 Student Housing Revenue Bonds
 Series 2004A

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
08/13/2004	-	-	-	-	-	-	-
02/01/2005	-	-	1,424,000.00	1,424,000.00	-	(1,116,589.73)	307,410.27
08/01/2005	-	-	1,424,000.00	1,424,000.00	-	(853,278.38)	570,721.62
02/01/2006	-	-	1,424,000.00	1,424,000.00	-	(585,407.96)	838,592.04
08/01/2006	-	-	1,424,000.00	1,424,000.00	(100,560.09)	-	1,323,439.91
02/01/2007	-	-	1,424,000.00	1,424,000.00	(100,560.09)	-	1,323,439.91
08/01/2007	180,000.00	3.500%	1,424,000.00	1,604,000.00	(100,560.09)	-	1,503,439.91
02/01/2008	-	-	1,420,850.00	1,420,850.00	(100,560.09)	-	1,320,289.91
08/01/2008	1,015,000.00	3.500%	1,420,850.00	2,435,850.00	(100,560.09)	-	2,335,289.91
02/01/2009	-	-	1,403,087.50	1,403,087.50	(100,560.09)	-	1,302,527.41
08/01/2009	1,170,000.00	3.500%	1,403,087.50	2,573,087.50	(100,560.09)	-	2,472,527.41
02/01/2010	-	-	1,382,612.50	1,382,612.50	(100,560.09)	-	1,282,052.41
08/01/2010	1,325,000.00	3.750%	1,382,612.50	2,707,612.50	(100,560.09)	-	2,607,052.41
02/01/2011	-	-	1,357,768.75	1,357,768.75	(100,560.09)	-	1,257,208.66
08/01/2011	1,500,000.00	4.000%	1,357,768.75	2,857,768.75	(100,560.09)	-	2,757,208.66
02/01/2012	-	-	1,327,768.75	1,327,768.75	(100,560.09)	-	1,227,208.66
08/01/2012	1,680,000.00	4.500%	1,327,768.75	3,007,768.75	(100,560.09)	-	2,907,208.66
02/01/2013	-	-	1,289,968.75	1,289,968.75	(100,560.09)	-	1,189,408.66
08/01/2013	1,885,000.00	4.000%	1,289,968.75	3,174,968.75	(100,560.09)	-	3,074,408.66
02/01/2014	-	-	1,252,268.75	1,252,268.75	(100,560.09)	-	1,151,708.66
08/01/2014	1,960,000.00	4.000%	1,252,268.75	3,212,268.75	(100,560.09)	-	3,111,708.66
02/01/2015	-	-	1,213,068.75	1,213,068.75	(100,560.09)	-	1,112,508.66
08/01/2015	2,040,000.00	5.000%	1,213,068.75	3,253,068.75	(100,560.09)	-	3,152,508.66
02/01/2016	-	-	1,162,068.75	1,162,068.75	(100,560.09)	-	1,061,508.66
08/01/2016	2,140,000.00	4.000%	1,162,068.75	3,302,068.75	(100,560.09)	-	3,201,508.66
02/01/2017	-	-	1,119,268.75	1,119,268.75	(100,560.09)	-	1,018,708.66
08/01/2017	2,230,000.00	4.000%	1,119,268.75	3,349,268.75	(100,560.09)	-	3,248,708.66
02/01/2018	-	-	1,074,668.75	1,074,668.75	(100,560.09)	-	974,108.66
08/01/2018	2,320,000.00	4.100%	1,074,668.75	3,394,668.75	(100,560.09)	-	3,294,108.66
02/01/2019	-	-	1,027,108.75	1,027,108.75	(100,560.09)	-	926,548.66
08/01/2019	2,415,000.00	4.200%	1,027,108.75	3,442,108.75	(100,560.09)	-	3,341,548.66
02/01/2020	-	-	976,393.75	976,393.75	(100,560.09)	-	875,833.66
08/01/2020	2,515,000.00	5.250%	976,393.75	3,491,393.75	(100,560.09)	-	3,390,833.66
02/01/2021	-	-	910,375.00	910,375.00	(100,560.09)	-	809,814.91
08/01/2021	2,645,000.00	5.250%	910,375.00	3,555,375.00	(100,560.09)	-	3,454,814.91
02/01/2022	-	-	840,943.75	840,943.75	(100,560.09)	-	740,383.66
08/01/2022	2,785,000.00	4.500%	840,943.75	3,625,943.75	(100,560.09)	-	3,525,383.66
02/01/2023	-	-	778,281.25	778,281.25	(100,560.09)	-	677,721.16
08/01/2023	2,910,000.00	5.250%	778,281.25	3,688,281.25	(100,560.09)	-	3,587,721.16
02/01/2024	-	-	701,893.75	701,893.75	(100,560.09)	-	601,333.66
08/01/2024	3,060,000.00	5.250%	701,893.75	3,761,893.75	(100,560.09)	-	3,661,333.66
02/01/2025	-	-	621,568.75	621,568.75	(100,560.09)	-	521,008.66
08/01/2025	3,225,000.00	4.750%	621,568.75	3,846,568.75	(100,560.09)	-	3,746,008.66
02/01/2026	-	-	544,975.00	544,975.00	(100,560.09)	-	444,414.91
08/01/2026	3,375,000.00	5.000%	544,975.00	3,919,975.00	(100,560.09)	-	3,819,414.91
02/01/2027	-	-	460,600.00	460,600.00	(100,560.09)	-	360,039.91
08/01/2027	3,545,000.00	5.000%	460,600.00	4,005,600.00	(100,560.09)	-	3,905,039.91
02/01/2028	-	-	371,975.00	371,975.00	(100,560.09)	-	271,414.91
08/01/2028	3,720,000.00	4.750%	371,975.00	4,091,975.00	(100,560.09)	-	3,991,414.91
02/01/2029	-	-	283,625.00	283,625.00	(100,560.09)	-	183,064.91
08/01/2029	3,900,000.00	5.000%	283,625.00	4,183,625.00	(100,560.09)	-	4,083,064.91
02/01/2030	-	-	186,125.00	186,125.00	(100,560.09)	-	85,564.91
08/01/2030	4,095,000.00	5.000%	186,125.00	4,281,125.00	(100,560.09)	-	4,180,564.91
02/01/2031	-	-	83,750.00	83,750.00	(100,560.09)	-	(16,810.09)
08/01/2031	3,350,000.00	5.000%	83,750.00	3,433,750.00	(100,560.09)	-	3,333,189.91
02/01/2032	-	-	-	-	(100,560.09)	-	(100,560.09)
08/01/2032	-	-	-	-	(100,560.09)	-	(100,560.09)
02/01/2033	-	-	-	-	(100,560.09)	-	(100,560.09)
08/01/2033	-	-	-	-	(100,560.09)	-	(100,560.09)
02/01/2034	-	-	-	-	(100,560.09)	-	(100,560.09)
08/01/2034	-	-	-	-	(4,569,897.59)	-	(4,569,897.59)
Total	\$60,985,000.00	-	\$52,126,030.00	\$113,111,030.00	(10,201,262.63)	(2,555,276.07)	\$100,354,491.30

Final with Funds rates | Series 2004A (Fixed) | 11/12/2004 | 9:59 AM

Morgan Keegan & Company, Inc.
 Fixed Income Banking

Final

\$925,000

Southeastern Louisiana University
Taxable Student Housing Revenue Bonds
Series 2004C

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S
08/13/2004	-	-	-	-	-	-
02/01/2005	-	-	15,625.00	15,625.00	(15,625.00)	-
08/01/2005	-	-	15,625.00	15,625.00	(15,625.00)	-
02/01/2006	-	-	15,625.00	15,625.00	(14,853.96)	771.04
08/01/2006	225,000.00	3.000%	15,625.00	240,625.00	-	240,625.00
02/01/2007	-	-	12,250.00	12,250.00	-	12,250.00
08/01/2007	700,000.00	3.500%	12,250.00	712,250.00	-	712,250.00
Total	\$925,000.00	-	\$87,000.00	\$1,012,000.00	(46,103.96)	\$965,896.04

Final with Funds rates | Series 2004C (Taxable) | 11/12/2004 | 9:59 AM

Morgan Keegan & Company, Inc.
Fixed Income Banking