

M-H



Execution Copy

December 17, 2003

CONFIRMATION  
FSA INSURED TRANSACTION

Dormitory Authority of the State of New York  
515 Broadway  
Albany, New York 12207

Attn: Chief Financial Officer  
Tel: 518-257-3000  
Fax: 518-257-3100

Ladies and Gentlemen:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between Merrill Lynch Capital Services, Inc. ("Party A") and Dormitory Authority of the State of New York ("Party B") on the Trade Date referred to below. This Transaction constitutes an "Insured Transaction" as defined in the Master Agreement specified below and it is therefore subject to the special provisions of the Master Agreement which apply to Insured Transactions.

The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) (the "Definitions"), are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation shall supplement, form a part of, and be subject to, the Master Agreement, dated as of December 17, 2003 (including the Schedule thereto, the "Agreement"), between Party A and Party B and insured by Financial Security Assurance Inc. All provisions contained in such Agreement will govern this Confirmation except as expressly modified below.

2. The terms of the Transaction to which this Confirmation relates are as follows:

Notional Amount:	\$119,450,000, reducing on the dates and in the amounts set forth in Annex I hereto.
Trade Date:	December 17, 2003
Effective Date:	January 8, 2004
Termination Date:	February 15, 2021
<b>FIXED AMOUNTS:</b>	
Fixed Rate Payer:	Party B

Fixed Rate Payer Payment Dates: Semiannually on each February 15 and August 15, commencing on August 15, 2004 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Fixed Rate Payer Period End Dates: Semiannually on each February 15 and August 15, commencing on August 15, 2004 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Fixed Rate: 3.091%

Fixed Rate Day Count Fraction: 30/360

**FLOATING AMOUNTS:**

Floating Rate Payer: Party A

Floating Rate Payer Payment Dates: Monthly on the fifteenth (15<sup>th</sup>) of each calendar month, commencing on February 15, 2004 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Floating Rate Payer Period End Dates: Monthly on the fifteenth (15<sup>th</sup>) of each calendar month, commencing on February 15, 2004 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Floating Rate Option: 65% of USD-LIBOR-BBA

Designated Maturity: One month

Floating Rate Day Count Fraction: Actual/Actual

Floating Rate Reset Dates: The Effective Date and each Friday thereafter commencing on January 16, 2004. Notwithstanding the definition of USD-LIBOR-BBA set forth in the Definitions, the applicable USD-LIBOR-BBA for each Reset Date shall be the rate published one (1) London Business Day prior to such Reset Date; provided further however, that with respect to the first Reset Date the applicable USD-LIBOR-BBA for such Reset Date shall be the rate published on the Effective Date.

Floating Rate Method of Averaging: Weighted

Business Days: New York

3. **Issuance of Bonds.** Notwithstanding anything contained herein or in the Agreement to the contrary, the parties shall have no rights or obligations with respect to this Transaction, and the representations of the parties contained herein (other than the representation being made in the following sentence) and in the Agreement shall not be deemed to be made until the \$477,800,000 Dormitory Authority of the State of New York – Mental Health Services Facilities Improvement Revenue Bonds, Series 2003F-2 (the “Bonds”) have been duly issued by Party B and in the event that the Bonds are not issued on or prior to the Effective Date, this Transaction shall automatically terminate and shall be of no further force or effect and the parties shall have no further obligations hereunder. Party B represents and warrants that it intends and expects to issue the Bonds and acknowledges that Party A is entering into this Transaction in reliance upon such representation.

4. The Insurer for the Transaction described in this Confirmation is Financial Security Assurance Inc., or any successor thereto, and the address for notices or communications to the Insurer is:

Address: Financial Security Assurance Inc.  
350 Park Avenue  
New York, NY 10022

Attention: Managing Director - Surveillance  
Telephone: (212) 826-0100  
Telecopier: (212) 339-3556

5. ***Account Details.***

Payments to Party A: Deutsche Bank Trust Company Americas  
ABA: 021-001-033  
A/C No.: 00-811-874  
Ref: Merrill Lynch Capital Services, Inc.  
Attn: Muni Swaps

Payments to Party B: Deutsche Bank Trust Company Americas  
ABA No.: 021-001-033  
A/C No.: 01419647  
Attn: Amy Skolnick



Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

MERRILL LYNCH CAPITAL SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:

Accepted and confirmed as of the  
Trade Date:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: \_\_\_\_\_  
Name:  
Title:  
  
**John Basicznyk**  
**Treasurer**

ANNEX I  
to Confirmation, dated December 17, 2003,  
between Merrill Lynch Capital Services, Inc.  
and Dormitory Authority of the State of New York

<u>Reduction Date</u>	<u>Notional Reduction Amount (\$)</u>
2/15/2009	5,175,000
2/15/2010	8,025,000
2/15/2011	8,275,000
2/15/2012	9,700,000
2/15/2013	10,025,000
2/15/2014	10,350,000
2/15/2015	10,725,000
2/15/2016	11,100,000
2/15/2017	11,450,000
2/15/2018	11,825,000
2/15/2019	9,825,000
2/15/2020	7,575,000
2/15/2021	5,400,000