

Date:	July 1, 2003		
To:	Dormitory Authority of the State of New York	From:	Morgan Stanley Capital Services Inc.
Attn:		Contact:	Gregory Pacelli
Fax:		Fax:	212-762-8227
Tel:		Tel:	212-762-7415

Re: Interest Rate Swap MSCS Ref. No. AUBT8

The purpose of this letter agreement is to confirm the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below (the "Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement below.

The definitions and provisions contained in the 2000 ISDA Definitions and the 1992 ISDA U.S. Municipal Counterparty Definitions (each as published by the International Swaps and Derivatives Association, Inc.) (the "Definitions") are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of July [1], 2003, as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

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

Party A:	Morgan Stanley Capital Services Inc.
Party B:	Dormitory Authority of the State of New York
Trade Date:	July 1, 2003
Notional Amount:	USD 183,000,000, amortizing according to Schedule I
Effective Date:	July 15, 2003
Termination Date:	February 15, 2031, subject to adjustment in accordance with the Following Business Day Convention.

Fixed Amounts:

Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Dates:	The 15 <sup>th</sup> calendar day of each February and August, commencing on February 15, 2004, up to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Fixed Rate Payer Period End Dates:	The 15 <sup>th</sup> calendar day of each February and August, commencing on February 15, 2004 up to and including the Termination Date, with No Adjustment.

Fixed Rate: 3.044%  
Fixed Rate Day Count Fraction: 30/360

Floating Amounts:

Floating Rate Payer: Party A

Floating Rate Payer Payment Dates: The 15<sup>th</sup> day of each month, commencing on August 15, 2003, up to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Floating Rate Payer Period End Dates: The 15<sup>th</sup> calendar day of each month, commencing on August 15, 2003 up to and including the Termination Date, with No Adjustment.

Floating Rate Option: USD-LIBOR-BBA, provided however, that for purposes of this Transaction, Article 7, Section 7.1 (xvii) and (xx) of the Definitions are hereby amended by deleting all references to "the day that is two London Banking Days preceding that Reset Date" and replacing such clause with "the day that is one London Business Day preceding that Reset Date".

Maturity: One month

Relevant Rate: 65% times the Floating Rate Option

Floating Rate Day Count Fraction: Actual/Actual

Floating Rate Reset Date: The Effective Date and each Thursday thereafter, subject to adjustment in accordance with the Following Business Day Convention.

Compounding: Inapplicable

Method of Averaging: Weighted

Business Days: New York, London

Calculation Agent: Party A

3. Account Details:

Payments to Party A: Citibank, New York  
ABA No. 021 000 089  
For: Morgan Stanley Capital Services Inc.  
Account No. 4072 4601

Payments to Party B: *[Please provide.]*

Party A Operations Contact: Jean Barnum  
Tel: 212-761-4662

Fax: 212-537-1864

4. 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 any representations or agreements of the parties contained herein (other than the representation and agreement by Party B in the following sentence) and in the Agreement shall not be deemed to be made until Dormitory Authority of the State of New York - Mental Health Services Facilities Improvement Revenue Bonds, Series 2003C-2 and Series 2003D-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, agrees to use its best efforts to issue the Bonds on or before the Effective Date and acknowledges that Party A is entering into this Transaction in reliance upon the foregoing.



Municipal Capital Markets

Please confirm that the foregoing correctly sets forth the terms of our agreement MSCS Ref. No. AUBT8 by executing this Confirmation and returning it to us promptly.

We are delighted to have entered into this Transaction with you and look forward to serving you further in the future.

Best Regards,

**MORGAN STANLEY CAPITAL SERVICES INC.**

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

ACKNOWLEDGED AND AGREED as of the date first written:

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**

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

**SCHEDULE 1**  
to Confirmation, dated July 1, 2003  
between Morgan Stanley Capital Services Inc.  
and Dormitory Authority of the State of New York

MSCS Ref. No. AUBT8

<u>FROM (and including)</u>	<u>TO (but excluding)</u>	<u>NOTIONAL AMOUNT</u> <u>(USD)</u>
Effective Date	2/15/2011	183,000,000
2/15/2011	2/15/2012	178,708,842
2/15/2012	2/15/2013	174,261,236
2/15/2013	2/15/2014	169,634,832
2/15/2014	2/15/2015	164,136,786
2/15/2015	2/15/2016	157,744,749
2/15/2016	2/15/2017	151,129,214
2/15/2017	2/15/2018	142,122,253
2/15/2018	2/15/2019	130,254,520
2/15/2019	2/15/2020	116,934,051
2/15/2020	2/15/2021	103,144,237
2/15/2021	2/15/2022	88,236,931
2/15/2022	2/15/2023	73,419,027
2/15/2023	2/15/2024	59,539,814
2/15/2024	2/15/2025	47,381,534
2/15/2025	2/15/2026	36,899,487
2/15/2026	2/15/2027	25,635,198
2/15/2027	2/15/2028	15,957,743
2/15/2028	2/15/2029	9,431,607
2/15/2029	2/15/2030	4,425,256
2/15/2030	Termination Date	1,519,785