

Date:	March 15, 2005	<u>EXECUTION COPY</u>	
To:	Dormitory Authority of the State of New York	From:	Morgan Stanley Capital Services Inc.
Attn:	Cheryl Ishmael	Contact:	Municipal Derivatives Support
Fax:	518-257-3102	Fax:	212-507-5885
Tel:	518-257-3362	Tel:	914-225-0211

Re: Interest Rate Swap MSCS Ref. No. AUD07

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 (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 March 15, 2005, 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:	March 15, 2005
Notional Amount:	USD 65,725,000, amortizing according to Schedule 1
Effective Date:	March 24, 2005
Termination Date:	March 15, 2010

Fixed Amounts:

Fixed Rate Payer:	Party A
Fixed Rate Payer Payment Dates:	Each March 15 and September 15, commencing on September 15, 2005, up to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Fixed Rate Payer Period End Dates:	Each March 15 and September 15, commencing on September 15, 2005, up to and including the Termination Date, with No Adjustment.
Fixed Rate:	3.15%

Fixed Rate Day Count Fraction: 30/360

Floating Amounts:

Floating Rate Payer: Party B

Floating Rate Payer Payment Dates: Each March 15 and September 15, commencing on September 15, 2005, up to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Floating Rate Payer Period End Dates: Each March 15 and September 15, commencing on September 15, 2005, up to and including the Termination Date, with No Adjustment.

Floating Rate Option: USD-BMA Municipal Swap Index

Floating Rate Reset Dates: The Effective Date, and thereafter weekly, every Thursday (or any other day specified by The Bond Market Association), or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

Floating Rate Day Count Fraction: Actual/Actual

Compounding: Inapplicable

Method of Averaging: Weighted

Business Days: New York

Calculation Agent: As specified in the Agreement

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: Deutsche Bank Trust Company Americas
F/K/A Bankers Trust Company, New York, NY
ABA No. 021 001 033
A/C No. 01419647
Ref.: DASNY
Attn: Pat Jenatsch

Party A Operations Contact: Jean Barnum
Tel: 212-761-4662
Fax: 410-534-1426

Party B Operations Contact: Cheryl Ishmael
Tel: 518-257-3362
Fax: 518-257-3102

4. **Issuance of Bonds.** Notwithstanding anything contained herein or in the Agreement to the contrary, neither party shall have any rights or obligations with respect to this Transaction, and the

representations and agreements of the parties contained in Sections 3 and 4 of the Agreement shall not be deemed to be made with respect to this Transaction, unless and until the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (Education), Series 2005D (the “**Bonds**”) have been duly issued. In the event that the Bonds are not issued on or prior to March 31, 2005, this Transaction shall be automatically cancelled and be of no force or effect and neither party shall have any obligations hereunder (accrued or otherwise); provided that Party B covenants and agrees to use its best efforts to issue the Bonds on or prior to March 31, 2005 and Party B acknowledges that Party A is entering into this Transaction (and associated hedges) in reliance upon such covenant and agreement.

5. **Netting of Payments.** Subparagraph (ii) of Section 2(c) of the Agreement will not apply to this Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement MSCS Ref. No. AUD07 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:


FABRICE PILATO
Authorized Signatory

ACKNOWLEDGED AND AGREED as of the date first written:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: _____

Name:
Title:

Please confirm that the foregoing correctly sets forth the terms of our agreement MSCS Ref. No. AUD07 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 (MSCS Ref. No. AUD07),
 dated March 15, 2005,
 between Morgan Stanley Capital Services Inc.
 and Dormitory Authority of the State of New York

**Amortizations shall occur on the Floating Rate Payer Period End Date
 corresponding to each related date, below.**

FROM (and including)	TO (but excluding)	NOTIONAL AMOUNT
Effective Date	15-Mar-2006	USD 65,725,000
15-Mar-2006	15-Mar-2007	55,255,000
15-Mar-2007	15-Mar-2008	43,085,000
15-Mar-2008	15-Mar-2009	30,355,000
15-Mar-2009	Termination Date	17,000,000