



\$466,305,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NYU LANGONE HOSPITALS OBLIGATED GROUP
REVENUE BONDS, SERIES 2020A



Dated: Date of Delivery

Due: July 1, as shown below

Payment and Security: The NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A (the "Series 2020A Bonds"), are special obligations of the Dormitory Authority of the State of New York ("DASNY") payable from and secured by a pledge of (i) the payments to be made under the Loan Agreement (the "Loan Agreement") dated as of December 11, 2019, between DASNY and NYU Langone Hospitals ("NYULH" or the "Institution"), (ii) the hereinafter defined Series 2020A Obligation, and (iii) the funds and accounts (except the Arbitrage Rebate Fund) created under DASNY's NYU Langone Hospitals Obligated Group Revenue Bond Resolution, adopted by DASNY on December 11, 2019 (the "Resolution"), and under DASNY's Series 2020A Resolution Authorizing Up To \$550,000,000 NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A, adopted by DASNY on December 11, 2019 (the "Series 2020A Resolution"). The Series 2020A Obligation is secured by a pledge of Gross Receipts (as more fully described herein) of NYULH and any future Member of the Obligated Group and a mortgage lien (as more fully described herein) on certain of NYULH's core healthcare facilities, including portions of NYULH's main campus and certain other clinical facilities.

Payment of the principal of and interest on the Series 2020A Bonds, when due, is secured by payments to be made pursuant to Obligation No. 21 (the "Series 2020A Obligation"), issued by NYULH pursuant to an Amended and Restated Master Trust Indenture, dated as of November 25, 2014, as amended and supplemented (the "Master Indenture"), by and between NYULH and The Bank of New York Mellon, as master trustee.

NYULH is the sole Member of the Obligated Group established under the Master Indenture.

NYULH's obligations under the Loan Agreement and the Series 2020A Obligation are general obligations of NYULH. The Loan Agreement requires NYULH to pay, in addition to the fees and expenses of DASNY and The Bank of New York Mellon, as bond trustee (the "Bond Trustee"), amounts sufficient to pay the principal, Sinking Fund Installments, or Redemption Price, if any, of and interest on the Series 2020A Bonds, as such payments become due, and to make payments due under the Series 2020A Obligation.

The Series 2020A Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. DASNY has no taxing power.

Description: The Series 2020A Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiples thereof. Interest on the Series 2020A Bonds will be payable semiannually on each January 1 and July 1, commencing July 1, 2020, and will be payable at the principal corporate trust office of The Bank of New York Mellon, as Bond Trustee, by check or draft mailed to the registered owner thereof. See "PART 3 – THE SERIES 2020A BONDS" herein.

The Series 2020A Bonds will be initially issued under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2020A Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2020A Bonds, payments of the principal and Redemption Price of and interest on such Series 2020A Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 – THE SERIES 2020A BONDS - Book-Entry Only System" herein.

Redemption and Purchase in Lieu of Redemption: The Series 2020A Bonds are subject to redemption and purchase in lieu of redemption prior to maturity as more fully described herein.

Tax Exemption: In the opinion of Orrick, Herrington & Sutcliffe LLP ("Orrick"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Orrick, interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Orrick is also of the opinion that interest on the Series 2020A Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Orrick expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020A Bonds. See "PART 10 – TAX MATTERS" herein.

The Series 2020A Bonds are offered when, as, and if received by the Underwriters. The offer of the Series 2020A Bonds is subject to the satisfaction of certain conditions and may be withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, and McGlashan Law Firm, P.C., New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for NYULH by NYULH's Office of General Counsel, and by NYULH's Special Counsel, Ropes & Gray LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. DASNY expects the Series 2020A Bonds to be delivered in definitive form in New York, New York on or about February 11, 2020.

Goldman Sachs & Co. LLC

BofA Securities

J.P. Morgan

RBC Capital Markets

\$466,305,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NYU LANGONE HOSPITALS OBLIGATED GROUP
REVENUE BONDS, SERIES 2020A

\$75,000,000 3.000% Serial Bond Due July 1, 2048, Price 102.426%^C, Yield 2.730% CUSIP[†]: 64990GYA4
\$210,000,000 4.000% Term Bond Due July 1, 2050, Price 114.336%^C, Yield 2.430% CUSIP[†]: 64990GYB2
\$181,305,000 4.000% Term Bond Due July 1, 2053, Price 113.843%^C, Yield 2.480% CUSIP[†]: 64990GYC0

^C Priced to the first optional call date of July 1, 2030.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2020 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an organization not affiliated with DASNY are provided for convenience of reference only. None of DASNY, the Institution, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by DASNY, the Institution or the Underwriters to give any information or to make any representations with respect to the Series 2020A Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY, the Institution or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be an offer, reoffer or sale of the Series 2020A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, reoffer, solicitation or sale.

The information set forth herein relating to DASNY under the heading “**PART 7 – DASNY**” has been obtained from DASNY. All other information herein has been obtained by the Underwriters from the Institution and other sources deemed to be reliable by the Underwriters, and is not to be construed as a representation by DASNY or the Underwriters. In addition, DASNY does not warrant the accuracy of the statements contained herein relating to the Institution nor does it directly or indirectly guarantee, endorse or warrant (i) the creditworthiness or credit standing of the Institution, (ii) the sufficiency of the security for the Series 2020A Bonds or (iii) the value or investment quality of the Series 2020A Bonds.

The Institution has reviewed the parts of this Official Statement describing the Institution, the Obligated Group and the Master Indenture, including but not limited to “**PART 1 – INTRODUCTION – NYU Langone Hospitals,**” “**PART 1 – INTRODUCTION – Purpose of the Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – The Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – Security for the Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – Payment of the Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – The Mortgages,**” “**PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS,**” “**PART 3 – THE SERIES 2020A BONDS**” (except with respect to the Book-Entry Only System), “**PART 4 – PLAN OF FINANCE,**” “**PART 5 – ANNUAL DEBT SERVICE REQUIREMENTS,**” “**PART 6 – ESTIMATED SOURCES AND USES OF FUNDS,**” “**PART 10 – TAX MATTERS**” (with respect to underlying factual matters set forth therein), “**PART 16 – CONTINUING DISCLOSURE,**” “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto, “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” hereto and “**Proposed Form of Agreement to Provide Continuing Disclosure**” in “**Appendix H**” hereto (only insofar as the Continuing Disclosure Agreement relates to the obligations of the Institution). The Institution certifies as of the dates of offering and delivery of the Series 2020A Bonds that such parts of this Official Statement relating to the Institution and the Obligated Group do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Institution makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References in this Official Statement to the Act (as defined herein), the Resolution, the Loan Agreement, the Master Indenture, the Supplemental Indenture, the Mortgages and the Series 2020A Obligation do not purport to be complete. Refer to the Act, the Resolution, the Loan Agreement, the Master Indenture, the Supplemental Indenture, the Mortgages and the Series 2020A Obligation for full and complete details of their provisions. Copies of the Act, the Resolution, the Loan Agreement, the Master Indenture, the Supplemental Indenture, the Mortgages and the Series 2020A Obligation are on file with DASNY and the Bond Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of DASNY or the Institution have remained unchanged after the date of this Official Statement.

The CUSIP numbers are included on the inside front cover page of this Official Statement for the convenience of the holders and potential holders of the Series 2020A Bonds. No assurance can be given that the CUSIP numbers for the Series 2020A Bonds will remain the same after the date of issuance and delivery of the Series 2020A Bonds.

The Series 2020A Bonds have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state, nor have the Resolution or the Master Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The Series 2020A Bonds have not been registered or qualified under the securities laws of any state in reliance upon the state securities law preemption provisions under the Securities Act of 1933, as amended. In certain states, however, the filing of a notice with the state securities commission is required for the public sale of the Series 2020A Bonds in such states. The fact that a notice may have been filed in certain states cannot be regarded as a recommendation. No states nor any of their respective agencies have passed upon the merits of the Series 2020A

Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In making an investment decision, investors must rely upon their own examination of the terms of the offering, including the merits and risks involved.

References to website addresses herein are for information purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT CERTAIN TRANSACTIONS THAT STABILIZE THE PRICE OF THE SERIES 2020A BONDS. SUCH TRANSACTIONS MAY CONSIST OF BIDS OR PURCHASES FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE SERIES 2020A BONDS. IN ADDITION, IF THE UNDERWRITERS OVERALLOT (THAT IS, SELLS MORE THAN THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 2020A BONDS SET FORTH ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT) AND THEREBY CREATE A SHORT POSITION IN THE SERIES 2020A BONDS IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY REDUCE THAT SHORT POSITION BY PURCHASING SERIES 2020A BONDS IN THE OPEN MARKET. IN GENERAL, PURCHASES OF A SECURITY FOR THE PURPOSE OF STABILIZATION OR TO REDUCE A SHORT POSITION COULD CAUSE THE PRICE OF A SECURITY TO BE HIGHER THAN IT MIGHT OTHERWISE BE IN THE ABSENCE OF SUCH PURCHASES. THE UNDERWRITERS MAKE NO REPRESENTATION OR PREDICTION AS TO THE DIRECTION OR THE MAGNITUDE OF ANY EFFECT THAT THE TRANSACTIONS DESCRIBED ABOVE MAY HAVE ON THE PRICE OF THE SERIES 2020A BONDS. IN ADDITION, THE UNDERWRITERS MAKE NO REPRESENTATION THEY WILL ENGAGE IN SUCH TRANSACTIONS OR THAT SUCH TRANSACTIONS, IF COMMENCED, WILL NOT BE DISCONTINUED WITHOUT NOTICE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used such as “may,” “believe,” “will,” “expect,” “project,” “intend,” “estimate,” “anticipate,” “plan,” “continue,” “budget” or other similar words. These forward looking statements are based on the current plans and expectations of the Members of the Obligated Group and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the control of the Members of the Obligated Group, that could significantly affect current plans and expectations and the Obligated Group's future financial position and results of operations. These risk factors include, but are not limited to, (i) the highly competitive nature of the health care business, (ii) the efforts of insurers, health care providers and others to contain health care costs, (iii) possible changes in the Medicare and Medicaid programs that may affect reimbursements to health care providers and insurers, (iv) changes in federal, state or local regulations affecting the health care industry, (v) the implementation of health care reform, (vi) the ability to attract and retain qualified management and other personnel, including affiliated physicians, nurses and medical support personnel, (vii) liabilities and other claims asserted against the Obligated Group, (viii) changes in accounting standards and practices, (ix) changes in general economic conditions, (x) future divestitures or acquisitions which may result in additional changes, (xi) changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable terms, (xii) the availability and terms of capital to fund expansion plans of the Obligated Group and to provide for ongoing capital expenditure needs, (xiii) changes in business strategy or development plans, (xiv) delays in receiving payments, (xv) the ability to implement shared services and other initiatives and realize decreases in administrative, supply and infrastructure costs, (xvi) the outcome of pending and any future litigation, (xvii) the Obligated Group's continuing efforts to monitor, maintain and comply with appropriate laws, regulations, policies and procedures relating to their status as tax-exempt organizations as well as their ability to comply with the requirements of the Medicare and Medicaid programs, (xviii) the ability to achieve expected levels of patient volumes and control the costs of providing services, (xix) results of reviews of the Obligated Group's cost reports, (xx) the Obligated Group's ability to comply with recently enacted legislation and/or regulations, and (xxi) the risks set forth in “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward looking statements made by or on behalf of the Obligated Group. Investors are cautioned not to unduly rely on such forward looking statements when evaluating the information presented in this Official Statement. In addition to those factors described specifically in connection with the forward-looking statements, see “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The Obligated Group does not plan to issue any updates or revisions to those forward-looking statements if or when changes in its expectations, or events, conditions or circumstances on which such statements are based, occur.

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DORMITORY AUTHORITY - STATE OF NEW YORK
REUBEN R. McDANIEL, III – ACTING PRESIDENT

515 BROADWAY, ALBANY, N.Y. 12207
ALFONSO L. CARNEY, JR. - CHAIR

OFFICIAL STATEMENT RELATING TO

**\$466,305,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
NYU LANGONE HOSPITALS OBLIGATED GROUP
REVENUE BONDS, SERIES 2020A**

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page hereto, is to set forth certain information concerning the Dormitory Authority of the State of New York (“DASNY”) and NYU Langone Hospitals (formerly NYU Hospitals Center) (“NYULH” or the “Institution”) in connection with the offering by DASNY of \$466,305,000 aggregate principal amount of its NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A, dated their date of delivery (the “Series 2020A Bonds”).

The following is a brief description of certain information concerning the Series 2020A Bonds, DASNY and the Institution. A more complete description of such information and additional information that may affect decisions to invest in the Series 2020A Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in “**Certain Definitions**” in “**Appendix C**” hereto and “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments**” in “**Appendix F**” hereto.

DASNY

DASNY is a public benefit corporation of the State of New York (the “State”), created for the purpose of financing and constructing a variety of public-purpose facilities for certain governmental, educational and not-for-profit institutions. See “**PART 7 – DASNY**” herein.

NYU Langone Hospitals

NYULH is a quaternary care teaching hospital with campuses located in midtown Manhattan, Brooklyn and Long Island. It is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). NYULH traces its origins to the founding in 1882 of the New York-Post Graduate Hospital and, together with the NYU Grossman School of Medicine (the “NYUGSOM”), commenced conducting business as NYU Medical Center in 1947. In January 2016, NYU Lutheran Medical Center (formerly known as Lutheran Medical Center) (“NYU Lutheran”) merged into NYULH. In July 2019, the newly established NYU Long Island School of Medicine (“NYULISM”) welcomed its first class of medical students. In August 2019, NYU Winthrop Hospital (formerly, Winthrop-University Hospital Association) (“NYU Winthrop”) merged into NYULH.

NONE OF NEW YORK UNIVERSITY (THE “UNIVERSITY”), NYUGSOM OR NYULISM IS OBLIGATED WITH RESPECT TO THE SERIES 2020A BONDS.

NYULH is the sole Member of the Obligated Group (defined herein) under the Master Indenture (defined herein). See “**Security for the Series 2020A Bonds**” below and “**PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture**” herein. In the future, subject to the conditions set forth in the Master Indenture, additional entities may become Members of the Obligated Group.

For certain financial and operational information of NYULH, see “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto and “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” hereto. “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” hereto includes the results of a wholly controlled subsidiary of NYULH, CCC550 Insurance, SCC (“CCC550”) (NYULH’s captive insurance company) Winthrop-University Hospital Services Corp. (“Services Corp”) and Winthrop Clinical Partners, Inc. (“WCPI”). **NONE OF CCC550, SERVICES CORP OR WCPI, IS OBLIGATED WITH RESPECT TO THE SERIES 2020A BONDS.**

Purpose of the Series 2020A Bonds

The proceeds from the sale of the Series 2020A Bonds will be loaned by DASNY to NYULH and, together with other available funds, will be used for (i)(a) constructing a five-story, approximately 160,000 square foot building housing a free-standing emergency department and an ambulatory care center containing multispecialty ambulatory surgery, a cancer center, a diagnostic imaging center, a laboratory, clinical pharmacy and physician offices located at 70 Atlantic Avenue, Brooklyn, New York, (b) constructing a two-story addition (adding approximately 100,000 square feet) and renovations to a facility located on the Institution’s Long Island campus at 259 1st Street, Mineola, New York, which will provide post-partum rooms, medical/surgical rooms, a neonatal intensive care unit, ante-partum rooms and exam/triage rooms, and (c) internal fit-out and related leasehold improvements for clinical care and faculty practice physician offices in an approximately 270,000 square foot building located at 1111 Franklin Avenue, Garden City, New York, and (ii) paying certain costs of issuance of the Series 2020A Bonds. See “**PART 4 – PLAN OF FINANCE**” and “**PART 6 – ESTIMATED SOURCES AND USES OF FUNDS**” herein and “**Certain Information Concerning NYU Langone Hospitals – The Series 2020A Project**” in “**Appendix A**” hereto.

Taxable Series 2020B Bonds

NYULH expects to issue its NYU Langone Hospitals Taxable Bonds, Series 2020B in the aggregate principal amount of \$551,025,000 (the “Taxable Series 2020B Bonds”). The proceeds of the sale of the Taxable Series 2020B Bonds will provide funds which, together with other available funds, will be used (i) to refund a portion of the Nassau County Local Economic Assistance Corporation Revenue Bonds (Winthrop–University Hospital Association Project), Series 2012 (the “Winthrop Series 2012 Bonds”), (ii) for general corporate purposes, which may include without limitation repayment of outstanding lines of credit provided by underwriters (or affiliates thereof) of the Taxable Series 2020B Bonds and certain commercial and mortgage loans related to Winthrop-University Hospital Services Corp., and (iii) to pay costs of issuance of the Taxable Series 2020B Bonds (the “Taxable Series 2020B Project”). See “**PART 4 – PLAN OF FINANCE**” and “**PART 6 – ESTIMATED SOURCES AND USES OF FUNDS**” herein.

NYULH currently expects that the Taxable Series 2020B Bonds will be delivered on or about February 4, 2020.

Authorization of Issuance

The Series 2020A Bonds will be issued pursuant to DASNY’s NYU Langone Hospitals Obligated Group Revenue Bond Resolution adopted by DASNY on December 11, 2019 (the “Resolution”), the Series 2020A Resolution Authorizing Up To \$550,000,000 NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A adopted by DASNY on December 11, 2019 (the “Series 2020A Resolution”) and the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, and constituting Title 4 of Article 8 of the Public

Authorities Law), as amended from time to time, including, but not limited to, by the Health Care Financing Consolidation Act and as incorporated thereby the New York State Medical Care Facilities Finance Agency Act being Chapter 392 of Laws of New York 1973, as amended (the “Act”).

Additional Bonds may in the future be issued pursuant to the Resolution and each such Series of Bonds will be separately secured by (i) the funds and accounts established pursuant to the applicable Series Resolution, and (ii) the applicable Obligation (as defined herein) to be issued by the Obligated Group pursuant to the Master Indenture (as defined herein). The Series 2020A Bonds, other Bonds previously issued under the Resolution and all additional Series of Bonds hereafter issued pursuant to the Resolution are referred to herein as the “Bonds.” See **“PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS”** herein. For a description of long-term debt of NYULH, see **“Certain Information Concerning NYU Langone Hospitals”** in **“Appendix A”** hereto and **“NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018”** in **“Appendix B”** hereto.

The proceeds of the Series 2020A Bonds will be loaned by DASNY to NYULH pursuant to the Loan Agreement, dated as of December 11, 2019, between DASNY and NYULH (the “Loan Agreement”). The Loan Agreement obligates NYULH to make payments on and in the amounts sufficient to pay principal of and interest on the Series 2020A Bonds. The repayment obligations of NYULH with regard to the Series 2020A Bonds are secured pursuant to the Series 2020A Obligation (as defined below), issued under the Master Indenture, See **“PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Security for the Bonds – The Series 2020A Obligation”** herein.

The Series 2020A Bonds

The Series 2020A Bonds will be dated their date of issuance, and will accrue interest from their date at the rates, and will mature at the times, as set forth on the inside cover page hereof. Interest on the Series 2020A Bonds will be payable semiannually on each January 1 and July 1, commencing July 1, 2020. See **“PART 3 – THE SERIES 2020A BONDS – Description of the Series 2020A Bonds”** herein.

Security for the Series 2020A Bonds

Each Series of the Bonds is and will be separately secured by the pledge and assignment made by DASNY pursuant to the Resolution to the Bond Trustee of the Revenues applicable to such Series and all funds and accounts authorized by the Resolution and established under the applicable Series Resolution (with the exception of the Arbitrage Rebate Fund), which include separate Debt Service Reserve Funds for certain separate Series of Prior Bonds (as defined below). **No Debt Service Reserve Fund will be funded for the Series 2020A Bonds.** See **“PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Security for the Series 2020A Bonds”** and **“– Obligations under the Master Indenture – The Mortgages”** and **“Summary of Certain Provisions of the Master Indenture and Proposed Amendments”** in **“Appendix F”** hereto.

In addition, payment when due on the Series 2020A Bonds is secured by Obligation No. 21 (the “Series 2020A Obligation”) issued pursuant to the Amended and Restated Master Trust Indenture dated as of November 25, 2014, as amended and supplemented (as so amended and supplemented, the “Master Indenture”), including as supplemented by the Supplemental Indenture for Obligation No. 21, dated as of February 1, 2020 (the “Supplemental Indenture”), by and between NYULH (and any future Members of the Obligated Group) and The Bank of New York Mellon, as master trustee (the “Master Trustee”). All obligations issued under the Master Indenture (each, an “Obligation”), including the Series 2020A Obligation, constitute joint and several obligations of each Member of the Obligated Group. NYULH is currently the sole Member of the Obligated Group.

The obligation of NYULH and any future Member of the Obligated Group to make the payments required by the Master Indenture with respect to the Series 2020A Obligation, the obligation being issued to secured the Taxable Series 2020B Bonds (the “Taxable Series 2020B Obligation”) and all other Obligations issued or Outstanding under the Master Indenture is secured by (i) a security interest in the Gross Receipts (as more fully described herein) of NYULH and any future Member of the Obligated Group and (ii) a mortgage lien (as more fully

described herein) on the Mortgaged Property (as more fully described herein). Gross Receipts do not include, among other things, revenue derived from Property that does not constitute Health Care Facilities (“Excluded Property”). The issuance of future Obligations is subject to the satisfaction of certain financial covenants set forth in the Master Indenture, which covenants bind all Members of the Obligated Group, as described in **“PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture”** and **“Summary of Certain Provisions of the Master Indenture and Proposed Amendments”** in **“Appendix F”** hereto.

The Series 2020A Obligation will be equally and ratably secured with all other Obligations Outstanding under the Master Indenture (collectively, the “Parity Obligations”), including (i) the Obligations previously issued in connection with DASNY’s NYU Hospitals Center Revenue Bonds, Series 2011A, Series 2014, Series 2014 (Dated January 2015) and Series 2016A (the “Prior Bonds”), (ii) the Obligations previously issued in connection with the NYU Hospitals Center Taxable Bonds, Series 2012A (the “Series 2012A Bonds” and the “Series 2012A Obligation”), Series 2013A (the “Series 2013A Bonds” and the “Series 2013A Obligation”), Series 2014A (the “Taxable 2014A Bonds” and the “Taxable 2014A Obligation”), Series 2017A (the “Taxable 2017A Bonds” and the “Taxable 2017A Obligation”), (iii) the Obligations issued to secure certain NYU Winthrop outstanding debt (the “Winthrop Obligations”) and (iv) the Taxable Series 2020B Obligation. **“PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture”** herein.

NYULH and any future Members of the Obligated Group, upon compliance with the terms and conditions and for the purposes described in the Master Indenture, may incur additional Indebtedness. Such Indebtedness, if evidenced by an Obligation issued under the Master Indenture, would constitute a joint and several obligation of NYULH and any future Member of the Obligated Group on a parity with the Series 2020A Obligation and all other Obligations outstanding under the Master Indenture, including the Parity Obligations, with respect to the Gross Receipts and the mortgages on the Mortgaged Property. **“Summary of Certain Provisions of the Master Indenture and Proposed Amendments”** in **“Appendix F”** hereto. Such other Indebtedness, if not so evidenced by an Obligation issued under the Master Indenture, would constitute a debt solely of the individual Member of the Obligated Group incurring such Indebtedness, and not a joint and several obligation of the entire Obligated Group, and, therefore, would not be entitled to the benefits of the Master Indenture. See **“PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture”** and **“Summary of Certain Provisions of the Master Indenture and Proposed Amendments”** in **“Appendix F”** hereto.

The Resolution authorizes the issuance by DASNY, from time to time, of Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and to be separately secured from each other Series of Bonds issued pursuant to the Resolution for the benefit of the Institution and any other future Members of the Obligated Group. The holders of Bonds of a Series will not be entitled to the rights and benefits conferred upon the holders of Bonds of any other Series. Each Series of Additional Bonds will be secured by a separate Obligation issued under the Master Indenture. For a more complete discussion of the security for the Series 2020A Bonds, see **“PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Security for the Series 2020A Bonds”** herein.

The Series 2020A Bonds are not a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

Payment of the Series 2020A Bonds

The Series of Bonds heretofore and hereafter issued under the Resolution, including the Series 2020A Bonds and the Prior Bonds, are and will be special obligations of DASNY payable solely from the Revenues. The Revenues include certain payments to be made by the Institution under the Loan Agreement or to be made by the Institution, as the sole Member of the Obligated Group, on the Obligations of the Obligated Group issued under the Master Indenture, which payments are pledged and assigned to the Bond Trustee. The Institution’s payment obligations under the Loan Agreement with respect to the Series 2020A Bonds are general obligations of the Institution secured by the Series 2020A Obligation issued under the Master Indenture. The Series 2020A Obligation is secured by a security interest in the Gross Receipts of the Institution on a parity with all other Obligations issued

under the Master Indenture, including Obligations issued in connection with the Prior Bonds. The Series 2020A Obligation will also be secured by a mortgage lien on the Mortgaged Property. See “**PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Payment of the Series 2020A Bonds**” and “**– Obligations under the Master Indenture**” herein.

The Mortgages

All Obligations under the Master Indenture, including the Series 2020A Obligation and the Taxable Series 2020B Obligation, are secured by mortgages (the “Mortgages”) granted or assigned to the Master Trustee on certain healthcare facilities of NYULH which include portions of the Tisch Hospital located at 550 First Avenue in Manhattan (the “Tisch Hospital”), the campus of the former Hospital for Joint Diseases (the “HJD Campus” and collectively with the Tisch Hospital, the “Manhattan Campus”), the Cancer Center, the Kimmel Pavilion and the Energy Building (collectively, the “Mortgaged Property”). The Mortgages also contain a security interest in certain fixtures, furnishings and equipment located thereon. The Mortgages include, without limitation, a consolidated, amended and restated mortgage on the Manhattan Campus granted in connection with the Obligation securing the DASNY NYU Hospitals Center Revenue Bonds, Series 2006A that replaced prior mortgages. The Mortgaged Property does not include the Brooklyn Site (as defined in “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto), including NYU Lutheran, or the Long Island Site (as defined in “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto), including NYU Winthrop.

Upon the issuance of the Series 2020A Obligation, an additional similar mortgage (the “2020 Mortgage”) will be granted on the Mortgaged Property, and, upon the issuance of the Taxable Series 2020B Obligation, a second additional similar mortgage will be granted on the Mortgaged Property.

The Master Trustee is permitted to release or subordinate certain portions of real property and improvements constituting Health Care Facilities (as defined in the Master Indenture) from the lien of the Mortgages under certain conditions set forth in the Master Indenture, which include but are not limited to releases for fair market value of property that does not materially detract from the utility of the Health Care Facilities and the proceeds of which are applied to the operation, maintenance or improvement to the Health Care Facilities or to the pro rata prepayment of the Obligations then outstanding.

For further information about the Mortgages, see “**PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture – The Mortgages**” herein.

Certain Information Related to this Official Statement

The descriptions herein of the Resolution, the Loan Agreement, the Master Indenture and other documents relating to the Series 2020A Bonds do not purport to be complete and are qualified in their entirety by reference to such documents, and the description herein of the Series 2020A Bonds is qualified in its entirety by the form thereof and the information with respect thereto included in such documents. See “**Summary of Certain Provisions of the Loan Agreement**” in “**Appendix D**” hereto, “**Summary of Certain Provisions of the Resolution**” in “**Appendix E**” hereto and “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments**” in “**Appendix F**” hereto.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of NYULH.

PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS

*Set forth below is a narrative description of certain contractual provisions relating to the sources of payment of and security for the Series 2020A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2020A Resolution, the Loan Agreement, the Mortgages, the Master Indenture, the Supplemental Indenture and the Series 2020A Obligation. Copies of the Act, the Resolution, the Series 2020A Resolution, the Loan Agreement, the Mortgages, the Master Indenture, the Supplemental Indenture and the Series 2020A Obligation are on file with DASNY and the Bond Trustee. See also “**Summary of Certain Provisions of the Loan Agreement**” in “**Appendix D**” hereto, “**Summary of Certain Provisions of the Resolution**” in “**Appendix E**” hereto and “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments**” in “**Appendix F**” hereto for a more complete statement of the rights, duties and obligations of the parties thereto.*

Payment of the Series 2020A Bonds

The Series 2020A Bonds issued under the Resolution are special obligations of DASNY. The principal, Sinking Fund Installments, purchase price and Redemption Price, if any, of and interest on the Series 2020A Bonds are payable solely from the Revenues and all funds and accounts (excluding the Arbitrage Rebate Fund) established by the Series 2020A Resolution. The Revenues consist of the payments required to be made by the Institution under the Loan Agreement or to be made by the Obligated Group under the Series 2020A Obligation to be issued with respect to the Series 2020A Bonds on account of the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2020A Bonds. The Revenues have been assigned by DASNY to the Bond Trustee for the benefit of the holders of the Series 2020A Bonds.

The Institution’s obligations under the Loan Agreement and under the Series 2020A Obligation are general obligations of the Institution. DASNY has directed the Institution, and the Institution has agreed, to make the payments under the Loan Agreement directly to the Bond Trustee. Any payments made on the Series 2020A Obligation issued with respect to the Series 2020A Bonds will also be made directly to the Bond Trustee. The Loan Agreement obligates the Institution to make payments on and in the amounts sufficient to pay scheduled interest payments and to pay, among other things, the principal of and interest on the Series 2020A Bonds on the third Business Day preceding the date on which they become due, and to make any payments due under the 2020A Obligation. See “**PART 3 – THE SERIES 2020A BONDS – Redemption and Purchase in Lieu of Redemption Provisions**” herein.

Security for the Series 2020A Bonds

The Series 2020A Bonds will be secured by the payments described above to be made under the Loan Agreement, all funds and accounts authorized under the Resolution and established by the Series 2020A Series Resolution (with the exception of the Arbitrage Rebate Fund), and payments to be made by the Obligated Group under the Series 2020A Obligation. Pursuant to the terms of the Resolution, the funds and accounts established and pledged by the Series 2020A Resolution secure only the Series 2020A Bonds, and do not secure any other Series of Bonds issued under the Resolution, regardless of their dates of issue. See “**Summary of Certain Provisions of the Resolution**” in “**Appendix E**” hereto.

The Series 2020A Obligation

Payment of the principal of, redemption price of or purchase price of and interest on the Series 2020A Bonds when due, and payment when due of the obligations of the Institution to DASNY under the Loan Agreement, will be secured by payments made by the Institution pursuant to the Series 2020A Obligation.

The Series 2020A Obligation will be issued to the Bond Trustee for the benefit of the Bondholders. See “**PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture**” herein.

Events of Default and Acceleration under the Resolution

The following constitute events of default under the Resolution with respect to the Series 2020A Bonds: (i) a default by DASNY in the payment when due of the principal of, including Sinking Fund Installments, purchase price, redemption price, or interest on any Series 2020A Bond; (ii) a default by DASNY in the due and punctual performance of any applicable tax covenant which results in the loss of the exclusion of interest on the Series 2020A Bonds from gross income under the Code; (iii) a default by DASNY in the due and punctual performance of any other covenants, conditions, agreements or provisions contained in the Series 2020A Bonds or in the Resolution which continues for thirty (30) days after written notice thereof is given to DASNY by the Bond Trustee (unless, if such default is not capable of being cured within thirty (30) days, DASNY has commenced to cure such default within thirty (30) days and diligently prosecutes the cure thereof), such notice to be given in the Bond Trustee's discretion or at the written request of holders of not less than 25% in principal amount of Outstanding Series 2020A Bonds; or (iv) an "Event of Default," as defined in the Loan Agreement, arising out of or resulting from the failure of the Institution to comply with the requirements of the Loan Agreement has occurred and is continuing and all sums payable by the Institution under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Failure of the Institution to make payment under the Loan Agreement will not constitute an Event of Default under the Loan Agreement if timely payment of the Series 2020A Obligation is made by the Obligated Group in place of the payment due under the Loan Agreement. If an Event of Default occurs under the Master Trust Indenture (as defined therein), such default will constitute an Event of Default under the Loan Agreement. Unless all sums payable by the Institution under the Loan Agreement are declared immediately due and payable (and such declaration has not been annulled), an Event of Default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that if an event of default occurs and continues (except with respect to a default described in clause (ii) above), the Bond Trustee will, upon the written request of the holders of not less than 50% in principal amount of the Series 2020A Bonds, by written notice to DASNY, declare the principal of and interest on the Series 2020A Bonds to be due and payable immediately. At the expiration of thirty (30) days after the giving of such notice, such principal and interest will become immediately due and payable. The Bond Trustee will, with the written consent of the holders of not less than 50% in principal amount of Series 2020A Bonds then Outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Bond Trustee will give notice in accordance with the Resolution of each event of default known to the Bond Trustee to the holders within thirty (30) days after knowledge of the occurrence thereof, unless such event of default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or redemption price of, or interest on, any of the Series 2020A Bonds, the Bond Trustee will be protected in withholding such notice thereof to the holders if the Bond Trustee in good faith determines that the withholding of such notice is in the best interests of the holders of the Series 2020A Bonds.

Additional Bonds

In addition to the Series 2020A Bonds and the Prior Bonds, the Resolution authorizes the issuance by DASNY of other Series of Bonds to finance Projects and for other specified purposes including refunding Outstanding Bonds or other notes or bonds issued on behalf of any Member of the Obligated Group.

Obligations under the Master Indenture

General

In addition to other sources of payment described herein, principal of, redemption price, purchase price, and interest on the Series 2020A Bonds will be payable from moneys paid by the Institution and any other future Members of the Obligated Group pursuant to the Series 2020A Obligation. The Series 2020A Obligation will be issued to the Bond Trustee as security for the payment of the principal of, redemption price of, purchase price in lieu

of redemption and interest on the Series 2020A Bonds. Concurrently with the issuance of the Series 2020A Bonds, the Obligated Group will issue its Series 2020A Obligation pursuant to the Master Indenture.

Subject to the terms of the Master Indenture, any entities that are not Members of the Obligated Group and corporations that are successor corporations to any Member of the Obligated Group through merger or consolidation as permitted by the Master Indenture may become an additional Member of the Obligated Group. Pursuant to the Master Indenture, the Members of the Obligated Group and any subsequent Member of the Obligated Group are subject to covenants under the Master Indenture relating to maintenance of a Long-Term Debt Service Coverage Ratio and restricting, among other things, the incurrence of Indebtedness, the existence of liens on Property, consolidation and merger, the disposition of assets, the addition of Members of the Obligated Group and the withdrawal of Members from the Obligated Group.

THE MASTER INDENTURE PERMITS EACH MEMBER OF THE OBLIGATED GROUP TO ISSUE OR INCUR ADDITIONAL INDEBTEDNESS EVIDENCED BY OBLIGATIONS THAT WILL SHARE THE SECURITY FOR THE SERIES 2020A OBLIGATION (I.E., THE MORTGAGES AND THE GROSS RECEIPTS PLEDGE) ON A PARITY WITH THE SERIES 2020A OBLIGATION, AND IN CERTAIN CIRCUMSTANCES THE LIEN ON GROSS RECEIPTS MAY BE RELEASED IN PART TO SECURE SHORT-TERM INDEBTEDNESS OR TO IMPLEMENT A SALE OF SUCH GROSS RECEIPTS, AND THE LIEN OF CERTAIN OF THE MORTGAGES MAY BE RELEASED IN WHOLE OR IN PART UNDER CERTAIN CONDITIONS AS SET FORTH HEREIN. SUCH ADDITIONAL OBLIGATIONS WILL NOT BE SECURED BY THE MONEY OR INVESTMENTS IN ANY FUND OR ACCOUNT HELD BY THE BOND TRUSTEE FOR THE SECURITY OF THE SERIES 2020A BONDS.

Security for the Series 2020A Obligation

Pursuant to the Master Indenture, each Obligation issued thereunder will be a joint and several general obligation of NYULH and any future Member of the Obligated Group. At the time of issuance of the Series 2020A Bonds, NYULH will be the sole Member of the Obligated Group. Under the Master Indenture, the Members of the Obligated Group may not create or suffer to be created any Lien on Property other than Permitted Liens. Among other Permitted Liens, the Liens created by the Mortgages and by the pledge of Gross Receipts are Permitted Liens. The liens created by the Mortgages include security interests in the Mortgaged Property. Other Permitted Liens include, but are not limited to, liens on equipment purchased with permitted Indebtedness, any lien on Property that secures Indebtedness and Derivative Agreements permitted by the Master Indenture and that does not exceed in the aggregate 20% of Total Operating Revenue and any lien on Excluded Property. For a further description of Permitted Liens, see “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments – Limitations on Creation of Liens**” in “**Appendix F**” hereto. The enforcement of the Obligations may be limited by, among other factors, (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal or State statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction and (v) federal bankruptcy laws, State of New York receivership or fraudulent conveyance laws or similar laws affecting creditors’ rights that may affect the enforceability of the Master Indenture. See “**Certain Information Concerning NYU Langone Hospitals – Bondowners’ Risks and Matters Affecting the Health Care Industry – Enforceability of the Master Indenture**” in “**Appendix A**” hereto.

Security Interest in Gross Receipts

As security for its obligations under the Master Indenture, each Member of the Obligated Group must pledge and grant to the Master Trustee a security interest in such Member’s Gross Receipts. Gross Receipts are defined to include all receipts, revenues, income and other moneys received or receivable by or on behalf of an Obligated Group Member, including, without limitation, contributions, donations, and pledges whether in the form of cash, securities or other personal property, and the rights to receive the same whether in the form of accounts, payment intangibles, contract rights, general intangibles, health-care-insurance receivables, chattel paper, deposit accounts, instruments, promissory notes and the proceeds thereof, as such terms are presently or hereafter defined in the New York Uniform Commercial Code, and any insurance or condemnation proceeds thereon, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired; provided, however, Gross Receipts do not include (i) gifts, grants, bequests, donations, and contributions heretofore or hereafter made,

designated at the time of the making thereof by the donor or maker as being for a specific purpose contrary to (A) paying debt service on an Obligation or (B) meeting any commitment of an Obligated Group Member under a Loan Agreement or an Indenture securing an issuance of Bonds; (ii) all receipts, revenues, income and other moneys received by or on behalf of an Obligated Group Member, and all rights to receive the same whether in the form of accounts, payment intangibles, contract rights, general intangibles, chattel paper, deposit accounts, instruments, promissory notes and the proceeds thereof, as such terms are presently or hereafter defined in the New York Uniform Commercial Code, and any insurance or condemnation proceeds thereon, whether now owned or hereafter acquired, derived from the Excluded Property; and (iii) insurance proceeds relating to assets subject to a capital lease permitted under the Master Indenture or subject to an operating lease as to which any Member of the Obligated Group is the lessee. Excluded Property means any real property that is not now or hereafter used by any Member of the Obligated Group to provide for the care, maintenance and treatment of patients or to otherwise provide health care and health-related services or is not otherwise a facility whose primary function or functions is other than providing health care services and which has incidental health care services provided on its premises.

The Mortgages

NYULH has executed and delivered Mortgages on the Mortgaged Property to the Master Trustee, which Mortgages include a security interest in certain fixtures, furnishings and equipment located thereon. The Mortgages will secure on an equal and ratable basis all Obligations issued under the Master Indenture, including but not limited to the Series 2020A Obligation and the Parity Obligations. Upon the issuance of the Series 2020A Obligation, the 2020 Mortgage will be granted on the Mortgaged Property, and, upon the issuance of the Taxable Series 2020B Obligation, a second additional similar mortgage will be granted on the Mortgaged Property. See “**PART 1 — INTRODUCTION – The Mortgages**” herein.

The Master Trustee is permitted to release or subordinate certain portions of real property and improvements constituting Health Care Facilities from the lien of the Mortgages under certain conditions set forth in the Master Indenture, which include but are not limited to releases for fair market value of property that does not materially detract from the utility of the Health Care Facilities and the proceeds of which are applied to the operation, maintenance or improvement to the Health Care Facilities or to the pro rata prepayment of the Obligations then outstanding. The Master Trustee’s right to release any portion of the Mortgages will be limited to the specific release and subordination provisions set forth in the Master Indenture at the time of release. See “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments – Permitted Sale Leaseback and Partial Release Sale**” and “**– Permitted Release of Mortgaged Property**” in “**Appendix F**” hereto.

In connection with NYU Langone Health’s (as defined in “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto) campus transformation plan, NYULH constructed the Kimmel Pavilion located on the Manhattan Site. The Manhattan Site is comprised of a condominium which contains units owned by NYULH that are subject to the lien of the Mortgages and general common elements that are not subject to the lien of the Mortgages but which are appurtenant to such condominium units. Certain of the mortgaged condominium units were demolished or otherwise modified to allow for the construction and development of the Kimmel Pavilion and Energy Building as permitted under the Master Indenture. NYULH is in the process of reconstituting the condominium to reflect the demolition and modification of condominium units and the creation of the Kimmel Pavilion as a new unit owned by it (the “New Unit”) and appurtenant common elements. In connection with the Series 2020A Bonds, the lien of the existing mortgages will be spread over the New Unit and NYULH’s interest in the New Unit’s appurtenant common elements. The period of time following completion of the Kimmel Pavilion until the creation of the New Unit is referred to herein as the “Interim Period”. In the event of foreclosure upon the Mortgaged Property during the Interim Period, the Master Trustee will succeed to all of NYULH’s right, title and interest in the portions of the Mortgaged Property affected by such demolition and construction, which would include ownership rights to any undemolished condominium units and the related common elements, together with an interest in the common elements of vacant land, improvements to be constructed, and/or condominium units to be established within such improvements. **Additionally, at such later date as determined by NYULH, NYULH may, subject to certain conditions contained in the Master Indenture, seek to release the Energy Building from the lien of such mortgages.** For a description of the conditions to release, see “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments – Permitted Release of Mortgaged Property**” in “**Appendix F**” hereto.

None of the Mortgages securing the 2012A Obligation, the 2013A Obligation, Obligation No. 12, the Taxable 2014A Obligation, the Taxable 2017A Obligation, the Series 2020A Obligation, the Winthrop Obligations or the Taxable Series 2020B Obligation have been, nor are expected to be, insured under a title insurance policy. See **“Certain Information Concerning NYU Langone Hospitals – Bondowners’ Risks And Matters Affecting The Health Care Industry– Realization Of Value On Mortgaged Property”** in **“Appendix A”** hereto.

The Master Indenture does not require the Obligated Group to grant additional mortgages to secure future Obligations, but proceeds of the existing Mortgages will secure all Obligations equally and ratably. See **“Summary of Certain Provisions of the Master Indenture and Proposed Amendments – Security; Restrictions on Encumbering Property; Payment of Principal and Interest”** in **“Appendix F”** hereto.

Proposed Amendments to the Master Indenture

The Master Indenture may be amended upon receipt of consent from the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding. The Obligated Group intends to supplement and amend the Master Indenture as set forth below, which will become effective upon receipt by the Master Trustee of evidence, in the form required by the Master Indenture, of the consent of the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding. The amendments are included in the Supplemental Indenture. By their purchase of the Series 2020A Bonds and the Taxable Series 2020B Bonds, the Holders thereof will be deemed to have consented to the terms of the amendment and waived notice of such amendment, if any is required by the Master Indenture. Such consent will be deemed a direction by the Holders of the Series 2020A Bonds and the Taxable Series 2020B Bonds to the Master Trustee to consent to the amendments as the Holder of the Series 2020A Obligation and the Taxable Series 2020B Obligation, as applicable. The amendment will apply to the Series 2020A Bonds, the Series 2020A Obligation, the Taxable Series 2020B Bonds, the Taxable Series 2020B Obligation and any prior and future Obligations only when the Holders of not less than 51% in aggregate principal amount of the Outstanding Obligations have consented to such amendment. It is anticipated that such amendments will become effective upon the issuance of the Series 2020A Bonds and the Taxable Series 2020B Bonds.

The Obligated Group intends to amend and restate Section 1.02(c) of the Master Indenture in its entirety as follows:

“(c) Where the character or amount of any asset, liability or item of revenue or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, the same shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements hereof or of such agreement, document or certificate. If there is a change in generally accepted accounting principles and the Obligated Group shall determine that the change in such principles materially affects any consolidation, combination or other accounting computation required by this Master Indenture, or any other related agreement, document or certificate, any such consolidation, combination or other accounting computation shall be made (i) in accordance with generally accepted accounting principles currently in effect, or (ii) at the sole option of the Obligated Group as described below, to reflect adjustments generally consistent with generally accepted accounting principles in effect at the time of original execution and delivery of this Master Indenture, in which case such adjusted version, or the portion thereof, shall be used for the specified calculation, consolidation or combination required under this Master Indenture, or such agreement, document or certificate. If the Obligated Group elects to provide an adjustment to such consolidation, combination or other accounting computation, the Obligated Group Representative shall deliver an Officer's Certificate to the Master Trustee describing why then-current generally accepted accounting principles are inconsistent with the intent of the parties on the date of execution and delivery of this Master Indenture (including, but not limited to, to exclude the effect of "FASB ASC Topic 842, Leases" relating to treatment of leases formerly classified as operating leases under generally accepted accounting principles), the nature and effect of the adjustments made thereto and the effects thereof.”

The Obligated Group intends to further amend the Master Indenture by (i) deleting in its entirety Section 3.11(f) (requiring new members of the Obligated Group to grant mortgages on their Health Care Facilities) and (ii) amending Section 9.08 to permit notices to be sent by electronic means.

See “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments**” in “**Appendix F**” hereto.

Other Indebtedness

The Members of the Obligated Group may issue additional Obligations under the Master Indenture that are secured on a parity with the Series 2020A Obligation and the Parity Obligations by the pledge of Gross Receipts and by the Mortgages. See “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments – Limitations on Indebtedness**” in “**Appendix F**” hereto for a description of the conditions under which the Members of the Obligated Group may issue additional Obligations under the Master Indenture.

Under certain conditions set forth in the Master Indenture, in addition to incurring indebtedness represented by an Obligation, the Members of the Obligated Group individually may incur debt that is not evidenced or secured by an Obligation issued under the Master Indenture. Such borrowing may be secured by liens on Property permitted under the Master Indenture, including without limitation liens on Excluded Property, without limit, or accounts receivable. See “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments**” in “**Appendix F**” hereto for a description of various financial covenants applicable to NYULH and any other Members of the Obligated Group. Such summaries do not reflect certain additional and more restrictive covenant requirements imposed on NYULH and any other Members of the Obligated Group by DASNY. Such additional covenant requirements apply while the Bonds issued by DASNY remain outstanding and are enforceable only by DASNY and may be waived or modified by DASNY without the consent of the Holders of the Series 2020A Bonds or the Bond Trustee. Compliance with such covenants could prevent NYULH or any other Member of the Obligated Group from undertaking a particular transaction that is otherwise permitted by the Master Indenture, which in turn might affect the operations or revenues of NYULH and any other Members of the Obligated Group.

NYULH is party to certain agreements with Obligation holders that contain certain covenants for the sole benefit of such holders, which are in addition to, and in some cases, more restrictive than the provisions of the Master Indenture. Such Obligation holders may modify, amend or waive the covenants in their respective agreement in their sole discretion at any time without the consent of or any notice to the owners of the Series 2020A Bonds or the holders of the Series 2020A Obligation. Failure of the Obligated Group Members to comply with covenants in those various agreements could result in an event of default under such agreement and, in certain circumstances, an acceleration under such agreement, and may create an event of default under the Master Indenture permitting an acceleration of all Obligations, including the Series 2020A Obligation and, in certain circumstances, may permit the holders of 25% or more of the aggregate principal amount of all Obligations outstanding under the Master Indenture to direct the Master Trustee to accelerate all Obligations outstanding under the Master Indenture, including the Series 2020A Obligation issued for the benefit of the Series 2020A Bonds.

NYULH has certain Indebtedness outstanding. See “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” and “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” hereto.

PART 3 – THE SERIES 2020A BONDS

Description of the Series 2020A Bonds

The Series 2020A Bonds will be issued pursuant to the Resolution and the Series 2020A Resolution and will be dated and bear interest from their date of delivery, payable July 1, 2020 and on each July 1 and December 1 thereafter, at the rates, and will mature on the dates set forth on the inside cover page of this Official Statement.

The Series 2020A Bonds are being issued as fixed rate bonds, maturing on the dates and bearing interest at the rates set forth on the cover page hereof through the final maturity date of the Series 2020A Bonds.

The Series 2020A Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC (as defined herein), pursuant to DTC’s Book-Entry Only System. Purchasers of beneficial interests in the Series 2020A Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2020A Bonds, the Series 2020A Bonds will be exchangeable for other fully registered Series 2020A Bonds in any other authorized denominations of the same maturity without charge except for the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “**Book-Entry Only System**” herein and “**Summary of Certain Provisions of the Resolution**” in “**Appendix E**” hereto.

Interest on the Series 2020A Bonds will be payable by check mailed to the registered owners thereof; provided, however, that interest payable on any Interest Payment Date during which the Series 2020A Bonds are Book Entry Bonds will be paid by wire transfer to the Depository for the Series 2020A Bonds or its nominee, at the wire transfer address therefor. See “**Book-Entry Only System**” herein.

Redemption Provisions

The Series 2020A Bonds are subject to optional and special redemption as described below.

Optional Redemption

The Series 2020A Bonds are subject to redemption prior to maturity, at the election or direction of DASNY at the direction of the Institution, on or after July 1, 2030, in any order, as a whole or in part at any time, at the Redemption Price equal to 100% of the principal amount of the Series 2020A Bonds being redeemed plus accrued interest to the redemption date.

Special Redemption

The Series 2020A Bonds are subject to redemption prior to maturity, in whole or in part, at the Redemption Price equal to 100% of the principal amount of Series 2020A Bonds to be redeemed plus accrued interest to the redemption date at the option of DASNY, at any time, from (i) the proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project, or (ii) from unexpended proceeds of the Series 2020A Bonds upon the abandonment of all or a portion of the Project due to a legal or regulatory impediment.

Mandatory Redemption

The Series 2020A Bonds maturing on July 1, 2050 are also subject to redemption prior to maturity, in part, on each July 1 of the years and in the respective principal amounts set forth below, at the Redemption Price equal to 100% of the principal amount thereof being redeemed plus accrued interest to the redemption date, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2020A Bonds specified for each of the years shown below:

<u>July 1,</u>	<u>Amount</u>
2048	\$17,500,000
2049	95,000,000
2050 [†]	97,500,000

[†] Final maturity.

The Series 2020A Bonds maturing on July 1, 2053 are also subject to redemption prior to maturity, in part, on each July 1 of the years and in the respective principal amounts set forth below, at the Redemption Price equal to 100% of the principal amount thereof being redeemed plus accrued interest to the redemption date, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2020A Bonds specified for each of the years shown below:

<u>July 1,</u>	<u>Amount</u>
2051	\$58,380,000
2052	60,410,000
2053 [†]	62,515,000

[†] Final maturity.

DASNY may from time to time direct the Bond Trustee to purchase Series 2020A Bonds with moneys in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2020A Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the applicable Series 2020A Bonds of the same maturity. A Member of the Obligated Group also may purchase Series 2020A Bonds and apply any Series 2020A Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the applicable 2020A Bonds of the same maturity. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchase, the likelihood of redemption through mandatory Sinking Fund Installments of any Bondholder's Series 2020A Bonds of the maturity so purchased will be reduced for such year

Purchase in Lieu of Optional Redemption

The Series 2020A Bonds are also subject to purchase in lieu of optional redemption prior to maturity at the election of the Institution, on or after July 1, 2030, in any order, as a whole or in part, at any time, at a price of 100% of the principal amount of Series 2020A Bonds to be purchased, plus accrued interest to the purchase date.

Selection of Series 2020A Bonds to be Redeemed

In the case of redemption of Series 2020A Bonds, DASNY, at the direction of the Institution, will select the maturities of the Series 2020A Bonds to be redeemed. If less than all of the Series 2020A Bonds of a maturity are to be redeemed, the Series 2020A Bonds of such maturity to be redeemed will be selected by the Bond Trustee, by lot, using such method of selection as the Bond Trustee considers proper in its discretion.

Notice of Redemption

The Bond Trustee is to give notice of the redemption of the Series 2020A Bonds in the name of DASNY, by first class mail, postage prepaid, at least 30 days but not more than 45 days prior to the redemption date to the registered owners of any Series 2020A Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY. Notice of redemption may be conditioned on receipt by the Bond Trustee on or prior to the redemption date of moneys sufficient to pay the principal of, premium, if any, and interest on such Series 2020A Bonds to be redeemed. Failure of any owner to receive such notice will not affect the validity of the proceedings for the redemption of the Series 2020A Bonds with respect to which notice was given in accordance with the Resolution.

If on the redemption date moneys for the redemption of the Series 2020A Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, are held by the Bond Trustee so as to be available therefor on such date and if notice of redemption has been mailed as provided above, then, from and after the redemption date, interest on the Series 2020A Bonds or portion thereof to be redeemed will cease to accrue from and after the redemption date such Series 2020A Bonds will no longer be considered to be Outstanding under the Resolution.

For a description of certain other provisions relating to the Series 2020A Bonds, see “**Summary of Certain Provisions of the Resolution**” in “**Appendix E**” hereto. See also “**Book-Entry Only System**” below for a

description of the notices of redemption to be given to Beneficial Owners of the Series 2020A Bonds when the Book-Entry Only System is in effect.

Notice of Purchase in Lieu of Redemption

Notice of purchase of the Series 2020A Bonds will be given by the Bond Trustee in the same manner as for notice of redemption described above under “*Notice of Redemption.*” No purchased Series 2020A Bond will be considered to be no longer outstanding by virtue of its purchase.

All such purchases may be subject to conditions to the Institution’s obligation to purchase the Series 2020A Bonds and will be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of the Series 2020A Bonds is held by the Bond Trustee, the purchase price of the Series 2020A Bonds or portions thereof so called for purchase will become due and payable on the date set for purchase.

In the event not all of the Outstanding Series 2020A Bonds of a maturity are to be purchased, the Series 2020A Bonds to be purchased will be selected by the Bond Trustee by lot in the same manner as Series 2020A Bonds of a maturity to be redeemed in part are to be selected as described above under “*Selection of Series 2020A Bonds to be Redeemed.*”

For a description of certain other provisions relating to the Series 2020A Bonds, see “**Summary of Certain Provisions of the Resolution**” in “**Appendix E**” hereto.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2020A Bonds. The Series 2020A Bonds will be offered as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2020A Bond certificate will be issued for the Series 2020A Bonds in the aggregate principal amount of the Series 2020A Bonds, and deposited with DTC.

DTC, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P Global Ratings rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2020A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and

Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are however expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the Series 2020A Bonds, except in the event that use of the book-entry-only system for the Series 2020A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2020A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2020A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020A Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2020A Bonds may wish to ascertain that the nominee holding the Series 2020A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2020A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2020A Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020A Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to NYULH as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the Series 2020A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from DASNY or the Bond Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, DASNY, the Bond Trustee, NYULH or the Members of the Obligated Group, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020A Bonds at any time by giving reasonable notice to DASNY or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2020A Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020A Bond certificates for such Series 2020A Bonds will be printed and delivered to DTC.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources that DASNY, NYULH and the Underwriters believe to be reliable, but DASNY, NYULH and the Underwriters take no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2020A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NONE OF DASNY, NYULH, THE UNDERWRITERS OR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2020A BONDS.

So long as Cede & Co. is the registered owner of the Series 2020A Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Series 2020A Bonds mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2020A Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Bond Trustee to DTC only.

For every transfer and exchange of Series 2020A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DASNY, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2020A Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2020A Bonds or (ii) a continuation of the requirement that all of the Outstanding Series 2020A Bonds be registered in the registration books kept by the Bond Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is appointed by DASNY or restricted registration is no longer in effect, Series 2020A Bond certificates will be delivered as described in the Resolution and the Bond Series Certificate.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry Only System" has been extracted from information given by DTC. Neither DASNY, NYULH, the Bond Trustee nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DASNY, NYULH, THE BOND TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2020A BONDS UNDER THE RESOLUTION; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2020A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2020A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2020A BONDS; OR (VI) ANY OTHER MATTER.

PART 4 – PLAN OF FINANCE

Series 2020A Bonds

The proceeds of the sale of the Series 2020A Bonds will provide funds which, together with other available funds, will be used for (i)(a) constructing a five-story, approximately 160,000 square foot building housing a free-standing emergency department and an ambulatory care center containing multispecialty ambulatory surgery, a cancer center, a diagnostic imaging center, a laboratory, clinical pharmacy and physician offices located at 70 Atlantic Avenue, Brooklyn, New York, (b) constructing a two-story addition (adding approximately 100,000 square feet) and renovations to a facility located on the Institution's Long Island campus at 259 1st Street, Mineola, New York, which will provide post-partum rooms, medical/surgical rooms, a neonatal intensive care unit, ante-partum rooms and exam/triage rooms, and (c) internal fit-out and related leasehold improvements for clinical care and faculty practice physician offices in an approximately 270,000 square foot building located at 1111 Franklin Ave, Garden City, New York, and (ii) paying certain costs of issuance of the Series 2020A Bonds. See "**PART 6 – ESTIMATED SOURCES AND USES OF FUNDS**" herein and "**Certain Information Concerning NYU Langone Hospitals – The Series 2020A Project**" in "**Appendix A**" hereto.

Taxable Series 2020B Bonds

NYULH expects to issue its Taxable Series 2020B Bonds in the aggregate principal amount of \$551,025,000. The proceeds of the sale of the Taxable Series 2020B Bonds will provide funds which, together with other available funds, will be used for the Taxable Series 2020B Project. NYULH currently expects that the Taxable Series 2020B Bonds will be delivered on or about February 4, 2020. See "**PART 6 – ESTIMATED SOURCES AND USES OF FUNDS**" herein.

PART 5 – ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each respective year ending August 31, the amounts required to be made available by NYULH in such year for (i) the payment of the principal and sinking fund installments of the Series 2020A Bonds and the Taxable Series 2020B Bonds, each payable on July 1 of each such period; (ii) the interest payments coming due during each such period with respect to the Series 2020A Bonds and the Taxable Series 2020B Bonds; (iii) the total long-term debt service payments coming due during such period with respect to all other Outstanding NYULH indebtedness (including indebtedness from the Parity Obligations; and (iv) the total aggregate long-term debt service, which includes the Series 2020A Bonds, the Taxable Series 2020B Bonds, and all other NYULH indebtedness.

Ending August 31,	Tax-Exempt Series 2020A Bonds		Taxable Series 2020B Bonds		Other Debt Service ⁽¹⁾⁽²⁾	Total Debt Service
	Principal	Interest	Principal	Interest		
2020	-	\$6,961,967	-	\$7,605,063	\$155,097,568	\$169,664,598
2021	-	17,902,200	-	18,624,645	159,960,946	196,487,791
2022	-	17,902,200	-	18,624,645	158,880,584	195,407,429
2023	-	17,902,200	-	18,624,645	152,354,745	188,881,590
2024	-	17,902,200	-	18,624,645	124,573,384	161,100,229
2025	-	17,902,200	-	18,624,645	120,038,367	156,565,212
2026	-	17,902,200	-	18,624,645	113,642,810	150,169,655
2027	-	17,902,200	-	18,624,645	107,830,425	144,357,270
2025	-	17,902,200	-	18,624,645	108,024,290	144,551,135
2029	-	17,902,200	-	18,624,645	108,223,176	144,750,021
2030	-	17,902,200	-	18,624,645	108,431,982	144,958,827
2031	-	17,902,200	-	18,624,645	108,645,337	145,172,182
2032	-	17,902,200	-	18,624,645	108,859,123	145,385,968
2033	-	17,902,200	-	18,624,645	109,075,526	145,602,371
2034	-	17,902,200	-	18,624,645	109,305,642	145,832,487
2035	-	17,902,200	-	18,624,645	108,122,236	144,649,081
2036	-	17,902,200	-	18,624,645	108,243,100	144,769,945
2037	-	17,902,200	-	18,624,645	106,020,409	142,547,254
2038	-	17,902,200	-	18,624,645	106,314,624	142,841,469
2039	-	17,902,200	-	18,624,645	106,570,875	143,097,720
2040	-	17,902,200	-	18,624,645	106,834,973	143,361,818
2041	-	17,902,200	-	18,624,645	107,099,900	143,626,745
2042	-	17,902,200	-	18,624,645	357,386,689	393,913,534
2043	-	17,902,200	-	18,624,645	461,842,758	498,369,603
2044	-	17,902,200	-	18,624,645	416,805,338	453,332,183
2045	-	17,902,200	-	18,624,645	121,953,502	158,480,347
2046	-	17,902,200	-	18,624,645	122,339,418	158,866,263
2047	-	17,902,200	-	18,624,645	122,738,546	159,265,391
2048	\$92,500,000	17,902,200	-	18,624,645	14,277,478	143,304,323
2049	95,000,000	14,952,200	-	18,624,645	14,563,027	143,139,872
2050	97,500,000	11,152,200	-	18,624,645	14,854,288	142,131,133
2051	58,380,000	7,252,200	-	18,624,645	15,151,373	99,408,218
2052	60,410,000	4,917,000	-	18,624,645	15,454,401	99,406,046
2053	62,515,000	2,500,600	-	18,624,645	15,763,489	99,403,734
2054	-	-	-	18,624,645	16,078,759	34,703,404
2055	-	-	\$551,025,000	18,624,645	16,400,334	586,049,979
2056	-	-	-	-	5,502,744	5,502,744

(1) Other debt service excludes indebtedness which is anticipated to be refinanced with the Taxable Series 2020B Bond proceeds.

(2) Includes rent payments related to a \$170.2 million capital lease liability which became effective on January 1, 2020.

Totals may not foot due to rounding.

PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2020A Bonds and the Taxable Series 2020B Bonds:

	Series 2020A Bonds	Taxable Series 2020B Bonds	Total
Sources of Funds			
Par Amount of Bonds	\$466,305,000	\$551,025,000	\$1,017,330,000
Premium	57,023,151	-	57,023,151
Institution Equity	86,985,330	-	86,985,330
Total Sources of Funds	\$610,313,481	\$551,025,000	\$1,161,338,481
Uses of Funds			
Construction of Project	\$606,963,838	-	\$606,963,838
Refunding Deposit	-	\$110,875,420	110,875,420
Line of Credit Refinancing	-	336,500,000	336,500,000
General Corporate Purposes	-	100,000,000	100,000,000
Cost of Issuance ⁽¹⁾	3,349,643	3,649,580	6,999,223
Total Uses of Funds	\$610,313,481	\$551,025,000	\$1,161,338,481

⁽¹⁾ Includes Underwriters' discount, legal fees, rating agency fees, Bond Trustee and Master Trustee fees, costs of printing, accountant's fees and other costs.

Totals may not foot due to rounding.

PART 7 – DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including State Personal Income Tax Revenue Bonds and State Sales Tax Revenue Bonds, on behalf of public clients such as The State University of New York, The City University of New York, the Departments of Health and Education of the State, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Addiction Services and Supports, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services ("BOCES"), State University of New York, the Workers' Compensation Board, school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY's private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions. At December 31, 2019, DASNY had approximately \$56.1 billion aggregate principal amount of bonds and notes outstanding. DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety

of grants authorized by the State for economic development, education and community improvement and payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. All of DASNY's outstanding bonds and notes, both fixed and variable rate, are special obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special obligations were issued. DASNY has no obligation to pay its special obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY's special obligations are solely dependent upon payments made by DASNY's client for which the particular special obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental and not-for-profit institutions in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money and adopt a program of self-insurance.

DASNY has a staff of approximately 536 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 47 field sites across the State.

Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. The appointment to the Board by the Speaker of the State Assembly is currently vacant.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers. The office of Secretary is currently vacant.

The current members of DASNY are as follows:

ALFONSO L. CARNEY, JR., Chair, New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc. and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

JOHN B. JOHNSON, JR., Vice-Chair, Watertown.

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

JONATHAN H. GARDNER, ESQ., Buffalo.

Jonathan H. Gardner was appointed as a Member of DASNY by the Governor on June 17, 2014. Mr. Gardner is a partner of the law firm Kavinoky Cook, LLP in Buffalo, New York. His practice areas include corporate and securities law, commercial transactions, private placements, venture capital financing and business combinations representing private and public companies. Mr. Gardner is also an adjunct professor at the University of Buffalo Law School. He holds a Bachelor of Arts degree from Brown University and a Juris Doctor degree from the University of Chicago Law School. Mr. Gardner's term expired on March 31, 2015 and by law he continues to serve until a successor shall be chosen and qualified.

WELLINGTON Z. CHEN, Queens.

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expires on March 31, 2020.

BERYL L. SNYDER, J.D., New York.

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

JOAN M. SULLIVAN, Slingerlands.

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the NYS Office of State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Romski is also of counsel to the New York City law firm of Rich,

Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

SHANNON TAHOE, Acting Commissioner of Education of the State of New York, Cohoes; ex-officio.

Shannon Tahoe assumed the role of Acting Commissioner of Education and Acting President of the University of the State of New York effective November 16, 2019. Since September 2006, Ms. Tahoe has served in various capacities within the Department, including Deputy Counsel and Assistant Counsel for Legislation. In October 2019, she was appointed Acting Counsel and Deputy Commissioner for Legal Affairs. This appointment will continue to remain in effect along with her appointment as Acting Commissioner of Education and Acting President of the University of the State of New York. Ms. Tahoe has provided legal advice and counsel on critical policy matters and key initiatives. She is familiar with all aspects of the work of the Department, having managed the day-to-day operations of the Office of Counsel as Deputy Counsel and now Acting Counsel. During her tenure, Ms. Tahoe has also assisted with the successful management of a broad array of critical Departmental functions and responsibilities. She holds a Juris Doctorate degree from Syracuse University and Bachelor of Science degree from the University of Rochester.

ROBERT F. MUJICA, JR., Budget Director of the State of New York, Albany; ex-officio.

Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master's degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

HOWARD A. ZUCKER, M.D., J.D., Commissioner of Health of the State of New York, Albany; ex-officio.

Howard A. Zucker, M.D., J.D., was appointed Commissioner of Health on May 5, 2015 after serving as Acting Commissioner of Health since May 5, 2014. Prior to that, he served as First Deputy Commissioner leading the State Department of Health's preparedness and response initiatives in natural disasters and emergencies. Before joining the State Department of Health, Dr. Zucker was professor of Clinical Anesthesiology at Albert Einstein College of Medicine of Yeshiva University and a pediatric cardiac anesthesiologist at Montefiore Medical Center. He was also an adjunct professor at Georgetown University Law School where he taught biosecurity law. Dr. Zucker earned his medical degree from George Washington University School of Medicine. He also holds a Juris Doctor degree from Fordham University School of Law and a Master of Laws degree from Columbia Law School.

The principal staff of DASNY are as follows:

REUBEN R. McDANIEL, III is the Acting President and chief executive officer of DASNY, responsible for the overall management of DASNY's administration and operations. Mr. McDaniel possesses more than 30 years of experience in financial services, including public finance, personal wealth management, corporate finance and private equity. During his career in public finance, he participated in more than \$75 billion in tax-exempt bond issuances throughout the country. He has also managed investment portfolios and business assets for a variety of professionals. He previously served as Chair of the Atlanta Board of Education for Public Schools. Mr. McDaniel holds an undergraduate degree in Economics and Mathematics from the University of North Carolina at Charlotte and a Master of Business Administration from the University of Texas at Austin.

PAUL G. KOOPMAN is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Koopman joined DASNY in 1995 managing the Accounts Payable and Banking and

Investment Units followed by management positions in the Construction Division including Managing Senior Director of Construction where he was the primary relationship manager for some of DASNY's largest clients and provided oversight of DASNY's construction administration functions. Most recently, Mr. Koopman served as Managing Director of Executive Initiatives of DASNY where he worked closely with executive staff on policy development, enterprise risk management, and strategic planning. His career in public service began in 1985 with the NYS Division of the Budget, and then continued as Chief Budget Analyst for the New York State Facilities Development Corporation. A graduate of the Rockefeller College of Public Affairs, he holds a Master of Arts degree in Public Administration with a Public Finance concentration, and a Bachelor of Arts degree in Political Science from the State University of New York, University at Albany.

KIMBERLY J. NADEAU is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Nadeau is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, budget, payroll, insurance and information services, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. She previously was Vice President-Accounting and Controller for US Light Energy. Prior to that she was Vice President-Accounting and Controller for CH Energy Group, Inc. and held various positions culminating in a director level position at Northeast Utilities. Ms. Nadeau also held various positions with increasing responsibility at Coopers & Lybrand LLP. She holds a Bachelor of Science degree in Accounting, a Master of Business Administration with a concentration in Management and a Juris Doctor degree from the University of Connecticut. She is licensed to practice law in New York and Connecticut.

MICHAEL E. CUSACK is General Counsel to DASNY. Mr. Cusack is responsible for all legal services including legislation, litigation, contract matters, and the legal aspects of all DASNY financings. In addition, he is responsible for the supervision of DASNY's environmental affairs unit. He is licensed to practice law in the State of New York and the Commonwealth of Massachusetts, as well as the United States District Court for the Northern District of New York. Mr. Cusack has over twenty years of combined legal experience, including management of an in-house legal department and external counsel teams (and budgets) across a five-state region. He most recently served as of counsel to the Albany, New York law firm of Young/Sommer, LLC, where his practice included representation of upstate New York municipalities, telecommunications service providers in the siting of public utility/personal wireless service facilities and other private sector clients. He holds a Bachelor of Science degree from Siena College and a Juris Doctor degree from Albany Law School of Union University.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, real property, sustainability and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CAROLINE V. GRIFFIN is the Chief of Staff of DASNY. She is responsible for overseeing intergovernmental relations and managing the Communications & Marketing Department, as well as coordinating policy and operations across DASNY's multiple business lines. Ms. Griffin most recently served as the Director of Intergovernmental Affairs for Governor Andrew M. Cuomo where she worked as the Governor's liaison with federal, state and local elected officials and managed staff serving in various capacities in the Governor's Office.

Prior to that she served as the Assistant Executive Deputy Secretary for Governor Andrew M. Cuomo overseeing the operations staff and Assistant Secretary for Intergovernmental Affairs for both Governor David A. Paterson and Governor Eliot Spitzer. She holds a Bachelor of Arts degree in Communications from Boston College.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the “PACB”) has authority to approve the financing and construction of any new or reactivated projects proposed by DASNY and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. DASNY obtains the approval of the PACB for the issuance of all of its bonds and notes.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

Environmental Quality Review

DASNY complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2019. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 8 – LEGALITY OF THE SERIES 2020A BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2020A Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities and public benefit corporations of the State may limit the investment of funds of such authorities and corporations in the Series 2020A Bonds.

PART 9 – NEGOTIABLE INSTRUMENTS

The Series 2020A Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2020A Bonds.

PART 10 – TAX MATTERS

In the opinion of Orrick, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Orrick is of the further opinion that interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Orrick is also of the opinion that interest on Series 2020A Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). A complete copy of the proposed form of opinion of Orrick is set forth in “**Proposed Forms of Approving Opinions of Co-Bond Counsel**” in “**Appendix G**” hereto.

To the extent the issue price of any maturity of the Series 2020A Bonds is less than the amount to be paid at maturity of such Series 2020A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2020A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2020A Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2020A Bonds is the first price at which a substantial amount of such maturity of the Series 2020A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2020A Bonds accrues daily over the term to maturity of such Series 2020A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2020A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2020A Bonds. Beneficial owners of the Series 2020A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2020A Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2020A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2020A Bonds is sold to the public.

Series 2020A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2020A Bonds. DASNY and the Institution have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2020A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2020A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2020A Bonds. The opinion of Orrick assumes the accuracy of these representations and compliance with these covenants. Orrick has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Orrick’s attention after the date of issuance of the Series 2020A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2020A Bonds. Accordingly, the opinion of Orrick is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Orrick has relied, among other things, on both (A) the opinion of General Counsel of the Institution/Senior Counsel of the School of Medicine of New York University regarding (i) the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code, (ii) the intended operation of the facilities to be financed by the Series 2020A Bonds is substantially related to the Institution’s charitable purpose under Section 513(a) of the Code, and (iii) New York University’s intended use of the Institution’s facilities to be financed by the Series 2020A Bonds is substantially related to New York University’s charitable purpose under

Section 513(a) of the Code, and (B) the opinion of General Counsel of New York University regarding the current qualification of New York University as an organization described in Section 513(c)(3) of the Code. Such opinions are subject to a number of qualifications and limitations. Furthermore, General Counsel of the Institution/Senior Counsel of the School of Medicine of New York University and General Counsel to New York University cannot give and have not given any opinion or assurance about the future activities of the Institution or New York University, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or changes in enforcement thereof by the Internal Revenue Service (the “IRS”). Failure of the Institution or New York University to be organized and operated in accordance with the IRS’s requirements for the maintenance of its respective status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2020A Bonds in a manner that is substantially related to the Institution’s or New York University’s charitable purpose under Section 513(a) of the Code, respectively, may result in interest payable with respect to the Series 2020A Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2020A Bonds.

Although Orrick is of the opinion that interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Series 2020A Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Orrick expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2020A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2020A Bonds. Prospective purchasers of the Series 2020A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Orrick is expected to express no opinion.

The opinion of Orrick is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Orrick’s judgment as to the proper treatment of the Series 2020A Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Orrick cannot give and has not given any opinion or assurance about the future activities of DASNY or the Institution or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. DASNY and the Institution have covenanted, however, to comply with the requirements of the Code.

Orrick’s engagement with respect to the Series 2020A Bonds ends with the issuance of the Series 2020A Bonds, and, unless separately engaged, Orrick is not obligated to defend DASNY, the Institution or the Beneficial Owners regarding the tax-exempt status of the Series 2020A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than DASNY, the Institution and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Series 2020A Bonds is difficult, obtaining an independent review of IRS positions with which DASNY or the Institution legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2020A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2020A Bonds, and may cause DASNY, the Institution or the Beneficial Owners to incur significant expense.

PART 11 – STATE NOT LIABLE ON THE SERIES 2020A BONDS

The Act provides that notes and bonds of DASNY shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2020A Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 12 – COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of DASNY's notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with DASNY and with the holders of DASNY's notes or bonds.

PART 13 – RATINGS

Moody's and S&P Global Ratings have assigned the long-term ratings of "A3" (stable outlook) and "A" (stable outlook), respectively, to the Series 2020A Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., Seven World Trade Center, New York, New York 10007, and S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2020A Bonds.

PART 14 – UNDERWRITING

Goldman Sachs & Co. LLC, on behalf of the Underwriters for the Series 2020A Bonds, has agreed, subject to certain conditions, to purchase the Series 2020A Bonds from DASNY at a purchase price of \$521,131,599.61 (reflecting an underwriters' discount of \$2,196,551.54 and a premium of \$57,023,151.15), and to make a public offering of the Series 2020A Bonds at prices that are not in excess of the public offering prices or yields indicated on the inside cover of this Official Statement. The obligations of the Underwriters are subject to certain terms and conditions contained in the Purchase Contract. The Underwriters will be obligated to purchase all of the Series 2020A Bonds if any of the Series 2020A Bonds are so purchased. NYULH has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities arising under federal and state securities laws. The initial offering price of the Series 2020A Bonds may be changed by the Underwriters.

The Underwriters may offer and sell the Series 2020A Bonds to certain dealers and others at a price lower than the initial offering price; provided, however, that a substantial amount (as such term is used in United States Treasury Regulation § 1.1273-2(a)) of the Series 2020A Bonds will be sold at the initial offering price. The offering price of Series 2020A Bonds may be changed from time to time by the Underwriters.

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by DASNY as the Underwriters) for the distribution of the Series 2020A Bonds at the original issue prices. Such agreements generally provide that the Underwriters will share a portion of its underwriting compensation or selling concession with such broker-dealers.

BofA Securities, Inc., an underwriter of the Series 2020A Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2020A Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2020A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc.

("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2020A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2020A Bonds that such firm sells.

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of, and/or loans, credit lines or other credit extensions provided by the Underwriters or their respective affiliates to, the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments of NYULH.

PART 15 – LEGAL MATTERS

Certain legal matters incidental to the offering of the Series 2020A Bonds by DASNY are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, and McGlashan Law Firm, P.C., Co-Bond Counsel, whose approving opinions will be delivered with the Series 2020A Bonds. The proposed forms of Co-Bond Counsel's opinions are set forth in "**Proposed Forms of Approving Opinions of Co-Bond Counsel**" in "**Appendix G**" hereto.

Certain legal matters will be passed upon for NYULH by NYULH's Office of General Counsel, and by NYULH's Special Counsel, Ropes & Gray LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

PART 16 – CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended ("Rule 15c2-12"), the Institution will enter into a written agreement (the "Continuing Disclosure Agreement") with Digital Assurance Certification LLC ("DAC"), disclosure dissemination agent, the Bond Trustee and DASNY. The proposed form of the Continuing Disclosure Agreement is attached hereto as "**Proposed Form of Agreement to Provide Continuing Disclosure**" in "**Appendix H**" hereto.

Pursuant to its continuing disclosure obligations relating to the Winthrop Series 2012 Bonds, NYU Winthrop omitted certain information related to the calculation of its Long-Term Debt Service Coverage Ratio from its annual reports posted to EMMA for fiscal years 2014 and 2015. Such omissions were subsequently discovered and the omitted information was posted to EMMA in May 2017. Also with regard to the Winthrop Series 2012 Bonds, quarterly filing information for the quarter ended August 31, 2019 was timely submitted by the Institution but not connected to the applicable Winthrop Series 2012 Bonds CUSIPs. Such information was posted to the correct CUSIPs in January 2020.

The annual report of the Institution filed for the fiscal year ended August 31, 2015 omitted a table of market share by hospital and the annual reports for fiscal years ended August 31, 2015 and 2016 omitted a debt to

capitalization table, each as required by certain of the Institution's continuing disclosure undertakings. The omitted information was subsequently posted to EMMA.

PART 17 – INDEPENDENT ACCOUNTANTS

The financial statements of the Institution for the period ended August 31, 2019 and 2018, which are included in “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” to this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing therein.

PART 18 – MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Series 2020A Resolution, the Loan Agreement, the Mortgages, the Master Indenture and the Series 2020A Obligation do not purport to be complete. Refer to the Act, the Resolution, the Series 2020A Resolution, the Loan Agreement, the Mortgages, the Master Indenture and the Series 2020A Obligation for full and complete details of their provisions. Copies of the Resolution, the Series 2020A Resolution, the Loan Agreement, the Mortgages, the Master Indenture and the Series 2020A Obligation are on file with DASNY and the Bond Trustee.

The agreements of DASNY with the holders of the Series 2020A Bonds are fully set forth in the Resolution and the Series 2020A Resolution. Neither any advertisement of the Series 2020A Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2020A Bonds.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

The information set forth herein relating to DASNY under the heading “**PART 7 – DASNY**” has been obtained from DASNY. All other information herein has been obtained by the Underwriters from the Institution and other sources deemed to be reliable by the Underwriters, and is not to be construed as a representation by DASNY or the Underwriters. In addition, DASNY does not warrant the accuracy of the statements contained herein relating to the Institution nor does it directly or indirectly guarantee, endorse or warrant (i) the creditworthiness or credit standing of the Institution, (ii) the sufficiency of the security for the Series 2020A Bonds or (iii) the value or investment quality of the Series 2020A Bonds.

The information regarding the Institution, the Obligated Group and the Master Indenture was supplied by the Institution.

The information regarding DTC and DTC's book-entry system has been furnished by DTC.

Attached hereto as “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” is certain information relating to NYULH and certain of its affiliates. While the information contained therein is believed to be reliable, the Underwriters make no representations or warranties whatsoever with respect to the information contained therein.

Attached hereto as “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” are the audited financial statements of NYULH, and the report of its independent certified public accountants. The Underwriters have relied on the information contained in “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto and the financial statements contained in “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” hereto.

“**Certain Definitions**” in “**Appendix C**” hereto, “**Summary of Certain Provisions of the Loan Agreement**” in “**Appendix D**” hereto, “**Summary of Certain Provisions of the Resolution**” in “**Appendix E**” hereto, “**Summary of Certain Provisions of the Master Indenture and Proposed Amendments**” in “**Appendix F**” hereto, and “**Proposed Forms of Approving Opinions of Co-Bond Counsel**” in “**Appendix G**” hereto have been prepared by Orrick, Herrington & Sutcliffe LLP and McGlashan Law Firm, P.C., Co-Bond Counsel.

All appendices are incorporated as an integral part of this Official Statement.

The Institution has retained Swap Financial Group, LLC as pricing advisor to the Institution (the “Pricing Advisor”) in connection with the issuance of the Series 2020A Bonds. The Pricing Advisor has not been engaged, nor has it undertaken, to audit, authenticate, or otherwise verify the information set forth in this Official Statement, or any other related information available to the Institution, with respect to accuracy or completeness of disclosure of such information. The Pricing Advisor has reviewed this Official Statement but makes no guarantee, warranty or other representation respecting accuracy and completeness of the information contained in this Official Statement.

The Institution has reviewed certain parts of this Official Statement describing the Institution, the Obligated Group and the Master Indenture, including but not limited to “**PART 1 – INTRODUCTION – NYU Langone Hospitals,**” “**PART 1 – INTRODUCTION – Purpose of the Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – The Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – Security for the Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – Payment of the Series 2020A Bonds,**” “**PART 1 – INTRODUCTION – The Mortgages,**” “**PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS,**” “**PART 3 – THE SERIES 2020A BONDS**” (except with respect to the Book-Entry Only System), “**PART 4 – PLAN OF FINANCE,**” “**PART 5 – ANNUAL DEBT SERVICE REQUIREMENTS,**” “**PART 6 – ESTIMATED SOURCES AND USES OF FUNDS,**” “**PART 10 – TAX MATTERS**” (with respect to underlying factual matters set forth therein), “**PART 16 – CONTINUING DISCLOSURE,**” “**Certain Information Concerning NYU Langone Hospitals**” in “**Appendix A**” hereto, “**NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018**” in “**Appendix B**” hereto and “**Proposed Form of Agreement to Provide Continuing Disclosure**” in “**Appendix H**” hereto (only insofar as the Continuing Disclosure Agreement relates to the obligations of the Institution). The Institution will certify as of the date hereof and as of the date of delivery of the Series 2020A Bonds that such parts do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The Institution has agreed to indemnify DASNY, the Underwriters and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.

The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by DASNY.

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

By: /s/ Reuben R. McDaniel, III
Authorized Officer

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Appendix A

Certain Information Concerning NYU Langone Hospitals

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The following information is provided by NYU Langone Hospitals (formerly known as NYU Hospitals Center) (“NYULH” or the “Hospital”) in connection with the issuance of the \$466,305,000 Dormitory Authority of the State of New York NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A (the “Series 2020A Bonds,” together with the \$551,025,000 NYU Langone Hospitals Taxable Bonds, Series 2020B (the “Series 2020B Bonds”), the “Series 2020 Bonds”).

Introduction and Background

NYULH is a quaternary care teaching hospital with five inpatient hospital facilities located in Manhattan, Brooklyn and Long Island operated under a single license, 38 licensed outpatient centers in Manhattan, Brooklyn, Queens and Long Island, and four Emergency Departments in Manhattan, Brooklyn and Long Island (including a free-standing Emergency Department in the Cobble Hill section of Brooklyn). Approximately 3,200 faculty physicians (the “Faculty Group Practice”) are employed by NYULH’s affiliate, the NYU Grossman School of Medicine (“NYUGSOM”), and deliver care at more than 350 practice locations, primarily in the New York metropolitan area.

NYULH has been the recipient of numerous quality and safety awards in both the inpatient and ambulatory settings. In 2019, NYULH was recognized by Vizient, Inc. (formerly the University Health System Consortium, “Vizient”) as the nation’s highest ranked participating medical center for ambulatory care quality and accountability and as the No. 2 national comprehensive academic medical center. Vizient maintains a national quality database (the “Vizient Quality Database”) of over 500 participating hospitals that includes four of the major New York City based academic health systems, including NYULH.

Based on preview reports provided by the U.S. Department of Health and Human Services’ Center for Medicare & Medicaid Services (“CMS”), in 2020 NYULH will receive the highest ranking – a five star quality ranking. NYULH is also ranked #9 on the U.S. News & World Report list of the nation’s best hospitals and has consistently been in the honor roll since 2012. For a more complete account of NYULH’s focus on quality and excellence, see “Awards and Recognitions” herein.

NYULH traces its origins to 1841, when University Medical College was founded (now NYUGSOM). Known in the 1880’s as New York-Post Graduate Medical School and Hospital and in the 1940’s as University Hospital, it began to conduct business in 1947 as NYU Medical Center in conjunction with what was then the New York University School of Medicine (now NYUGSOM). In 2006, it merged with the Hospital for Joint Diseases Orthopaedic Institute and its affiliated Rusk Institute (collectively now known as NYU Langone Orthopedic Hospital (“LOH”). Over the past four years, NYULH became affiliated with and subsequently merged with hospitals in Brooklyn and Long Island. On January 1, 2016, Lutheran Medical Center (now NYU Langone Hospital – Brooklyn (“NYU Brooklyn”), a 444 licensed-bed hospital located in the Sunset Park section of Brooklyn, merged into NYULH. On August 1, 2019, NYU Winthrop Hospital (“NYU Winthrop”), a 591 licensed-bed inpatient acute care facility located in Mineola, Nassau County, formerly known as Winthrop-University Hospital Association, merged into NYULH. As a result, the hospitals formerly known as Lutheran Medical Center and Winthrop-University Hospital Association are now owned and operated under the acute care license of NYULH. For a discussion of the mergers, see “Strategic Initiatives” herein.

NYULH is closely integrated with two accredited medical schools, NYUGSOM and the newly opened NYU Long Island School of Medicine (“NYULISM”), which focuses on primary care medicine. NYUGSOM is ranked #9 in U.S. News & World Report’s “Best Graduate Schools” for best medical schools for research. Both of these medical schools operate as unincorporated divisions of New York University (“NYU” or the “University”). The University, through NYUGSOM, employs the approximately 3,200 faculty physicians who form the division known as the Faculty Group Practice. The Faculty Group Practice physicians deliver patient care at more than 350 practice locations in the New York metropolitan area and two practice locations in Delray Beach and West Palm Beach, Florida. These physicians constitute the principal clinical service providers for NYULH’s facilities and are connected by NYULH’s enterprise-wide electronic medical record system, Epic. For a more complete description of Epic, see “Strategic Initiatives” herein. The revenues of the Faculty Group Practice are not attributable to NYULH, and the Faculty Group Practice is not part of the Obligated Group.

NYULH is a New York not-for-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. It is indirectly controlled by the University, which

directly controls NYULH's sole member known as NYU Health System (the "Parent"). NYULH, the Parent, NYUGSOM (including the Faculty Group Practice) and NYULISM collectively operate as an academic medical center known as "NYU Langone Health." NYULH has various other affiliates (see "System Affiliates").

NYULH had fiscal year 2019 operating revenue of \$6.7 billion and a gain from operations of \$603.5 million. For the three months ended November 30, 2019, NYULH's net patient service revenue was \$1.6 billion, 51% of which was attributable to care provided at inpatient services and 49% of which was attributable to outpatient services. For the same period, 68% of net patient service revenue was generated at NYULH's Manhattan facilities, 10% at NYU Brooklyn, and 22% at NYU Winthrop.

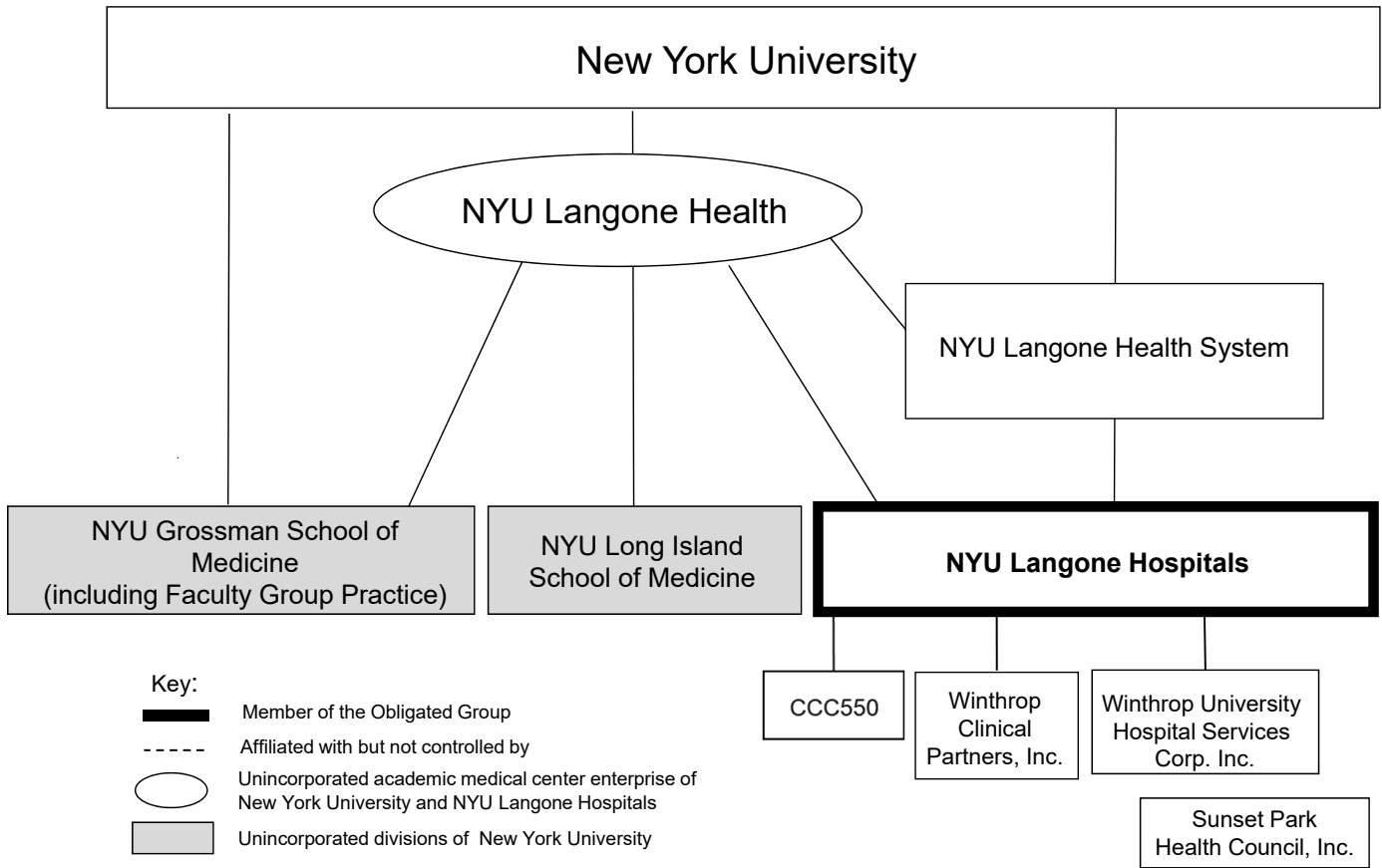
NYULH IS THE SOLE MEMBER OF THE OBLIGATED GROUP. NONE OF NYU, THE PARENT, THE SYSTEM AFFILIATES (AS HEREAFTER DEFINED), NYUGSOM OR NYULISM IS A MEMBER OF THE OBLIGATED GROUP AND, THEREFORE, THEY ARE NOT OBLIGATED WITH RESPECT TO THE SERIES 2020A BONDS. NO ASSETS OR REVENUES OF NYU, THE PARENT, THE SYSTEM AFFILIATES, NYUGSOM OR NYULISM ARE PLEDGED TO SECURE THE SERIES 2020A BONDS.

Unless otherwise indicated, all references herein to financial and statistical data are for NYULH only and refer to the fiscal year ended August 31, and all references to municipalities are located in the State of New York. References to the financial and statistical data of specific NYULH facilities (see definitions under the heading "NYULH Clinical Services") are as follows: the Manhattan Site includes results of the Kimmel Pavilion, Tisch Hospital, LOH, and their legacy satellite outpatient facilities; the Brooklyn Site includes results of NYU Brooklyn and its legacy satellite outpatient facilities; and the Long Island Site includes results of NYU Winthrop and its legacy satellite outpatient facilities. For more information on accounting treatment, NYU Brooklyn financial information, and NYU Winthrop financial information, see "Summary of Historical Financial Information" herein.

Principal Affiliates

On the following page is an organizational structure chart of NYULH and certain of its principal affiliates. For more information, see "System Affiliates" herein.

NYULH Organizational Chart



Neither New York University, its Schools of Medicine, or its subsidiary NYU Langone Health System are obligated with respect to the Series 2020A Bonds. No assets or revenues of such entities are pledged to secure the Series 2020A Bonds. None of CCC550, Winthrop Clinical Partners, Inc., Winthrop University Hospital Services, Corp. Inc., or Sunset Park Health Council, Inc. is obligated with respect to the Series 2020A Bonds, and no assets or revenues of CCC550 are pledged to secure the Series 2020A Bonds.

NYULH Clinical Services

Inpatient Services, Programs and Designations

NYULH provides substantially all medical and surgical services as well as an array of adult and pediatric quaternary-level services across five inpatient hospitals. Care is provided in an academic, multi-disciplinary environment, with patients benefiting from a broad care team (including physicians, nurses, social workers and care managers, among others).

NYULH's clinical departments are listed on the table below.

NYULH Clinical Departments	
Anesthesiology	Neurology
Anesthesiology-Pain Management	Neurosurgery
Cardiothoracic Surgery	Obstetrics Gynecology
Child and Adolescent Psychiatry	Ophthalmology
Dermatology	Orthopedic Surgery
Emergency Medicine	Otolaryngology-Head and Neck Surgery
Medicine-Cardiovascular Disease	Pathology-Anatomic
Medicine-Endocrinology, Diabetes, Obesity, Metabolism	Pathology-Clinical
Medicine-Gastroenterology	Pediatrics
Medicine-Geriatric Medicine	Plastic Surgery
Medicine-General Internal Medicine	Psychiatry
Medicine-General Internal Medicine, Family Medicine	Radiation Oncology
Medicine-Hematology Oncology	Radiology
Medicine-Infectious Diseases and Immunology	Rehabilitation Medicine
Medicine-Nephrology	Surgery
Medicine-Pulmonary Critical Care	Urology
Medicine-Rheumatology	

NYULH's comprehensive offerings includes the newly-opened Hassenfeld Children's Hospital ("Hassenfeld"), a 'hospital within a hospital' located within two dedicated floors in NYULH's recently constructed Kimmel Pavilion and that has a separate entrance. It is the first dedicated children's hospital to open in New York City in nearly 15 years. Hassenfeld has 68 single-patient rooms with a dedicated pediatric Emergency Department and is accredited by the World Health Organization and the United Nations Children's Fund as a Baby Friendly™ Hospital. Its neo-natal intensive care unit is designated as a Regional Perinatal Center and Level IV NICU, the most comprehensive level assigned by the American Academy of Pediatrics.

In addition, NYULH has an advanced gamma knife for neurosurgery; 16 robotic systems for minimally invasive urological, gynecological, thoracic, cardiac and colorectal surgeries; two CyberKnife® (robotic radiation delivery) facilities; and linear accelerators. NYULH also offers advanced care in various fields, including interventional gastroenterology, interventional neuroradiology, advanced linear accelerators, transcatheter aortic valve replacement, renal and dialysis services, hyperbaric services and wound care, reproductive endocrinology, and extracorporeal membrane oxygenation.

NYULH has been awarded advanced accreditations and certifications in many key clinical areas, including the following:

- Certifications from The Joint Commission in six specialty areas: Comprehensive Stroke Center, Rehabilitation, Regional Perinatal Center, Diabetes, Palliative Care, Ventricular Assist Device (VAD).
- American Heart Association/American Stroke Association Designations: Comprehensive Stroke Center, Resuscitation, Heart Attack Care.
- The Adult Congenital Heart Disease Program was the first in New York State to be accredited by the Adult Congenital Heart Association as a Comprehensive Care Center.
- The Scientific Registry of Transplant Recipients has noted that NYULH has the shortest organ waiting time in the Northeast, the lowest mortality for candidates on the transplant waiting list in New York State, and a higher post-transplant one-year survival than the expected rate. The transplant program is certified by the United Network for Organ Sharing.
- In 2019, the Laura and Isaac Perlmutter Cancer Center (the “Cancer Center”) received a five-year National Cancer Institute (“NCI”) Comprehensive Designation, which is one of twelve NCI-designated Comprehensive Cancer Centers in the Northeast.
- American College of Surgeons designations: Commission on Cancer, National Accreditation Program for Breast Centers, Level 1 Trauma Centers, Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program.
- Commission on Accreditation of Rehabilitation Facilities has accredited Rusk Institute programs.

NYULH’s inpatient facilities are located as follows and referred to herein as noted:

Name of Facility	Location
Tisch Hospital	550 First Avenue, New York (together with Kimmel Pavilion, the “First Avenue Site”)
Kimmel Pavilion	424 East 34th Street, New York (together with Tisch Hospital, the “First Avenue Site”)
NYU Langone Orthopedic Hospital (includes the Rusk Institute) (“LOH”)	301 East 17 th Street, New York (the “LOH Site”, and together with the First Avenue Site, the “Manhattan Site”)
NYU Langone Hospital – Brooklyn (“NYU Brooklyn”)	150 55 th Street, Brooklyn (the “Brooklyn Site”)
NYU Winthrop Hospital (“NYU Winthrop”)	259 First Street, Mineola (the “Long Island Site”)

Licensed and Available Beds

NYULH is licensed to operate 2,104 beds, as shown on the following table. As of December 31, 2019, 1,622 beds were available (excluding beds in bays in the Emergency Department and the post-operative care units).

NYULH Beds					
As of December 31, 2019					
	<u>Manhattan Site</u>		<u>Brooklyn Site</u>	<u>Long Island Site</u>	
	<u>Kimmel/Tisch</u>		<u>NYU</u>	<u>NYU</u>	
	<u>Hospital</u>	<u>LOH</u>	<u>Brooklyn</u>	<u>Winthrop</u>	<u>Total</u>
Medical-Surgical	409	144	271	415	1,239
Intensive Care	161	-	28	36	225
Coronary Care	-	-	8	20	28
Bone Marrow Transplant	6	-	-	-	6
Total Medical-Surgical	<u>576</u>	<u>144</u>	<u>307</u>	<u>471</u>	<u>1,498</u>
AIDS	-	-	11	-	11
Coma Recovery	-	7	-	-	7
Pediatric	34	-	10	22	66
Pediatric Intensive Care	34	-	-	8	42
Maternity	36	-	41	63	140
Psychiatry	22	-	35	-	57
Physical Medicine and Rehabilitation	117	51	30	-	198
Traumatic Brain Injury	-	23	-	-	23
Neonatal Intensive Care	7	-	-	6	13
Neonatal Intermediate Care	18	-	4	14	36
Neonatal Continuing Care	-	-	6	7	13
Total Non-Medical-Surgical	<u>268</u>	<u>81</u>	<u>137</u>	<u>120</u>	<u>606</u>
Total Available	<u>680</u>	<u>96</u>	<u>335</u>	<u>511</u>	<u>1,622</u>
Total Licensed	<u>844</u>	<u>225</u>	<u>444</u>	<u>591</u>	<u>2,104</u>

Source: NYULH records.

Ambulatory and Other Services

NYULH has focused on expansion of NYULH’s outpatient “footprint” and provision of a full range of clinical ambulatory services. NYULH operates 38 licensed outpatient centers in Manhattan, Brooklyn, Queens, and Nassau County, in approximately 900,000 square feet of owned and leased space, providing a broad range of ambulatory services, including cancer and rheumatology treatments, surgical operations, orthopedic, rehabilitation and emergency services. NYULH’s seven cancer centers are housed in Manhattan (including the approximately 117,000 square foot Cancer Center at 160 East 34th Street), Brooklyn with its recently opened 30,000 square foot infusion and radiation oncology center, Queens, and Long Island. Its three largest ambulatory centers, located within a quarter mile of the First Avenue Site, include the Ambulatory Care Center at 240 East 38th Street, the Langone Orthopedic Center at 333 East 38th Street, and the NYU Langone Outpatient Surgery Center at 339 East 38th Street. These centers provide a range of services including orthopedics, rehabilitation, diagnostic endoscopy, surgery, infusion, rheumatology, multiple sclerosis, pain management, gynecology, imaging, and laboratory services.

NYULH's other principal ambulatory centers in Manhattan include the Joan H. Tisch Center for Women's Health at 207 East 84th Street and The Preston Tisch Center for Men's Health at 555 Madison Avenue; NYU Langone Ambulatory Care, an orthopedic center at 324 23rd Street; the Joan H. & Preston Robert Tisch Center at 171 Delancey Street, an ambulatory surgery center on the Lower East Side; the Laura Perlmutter Center for Women's Imaging at 221 Lexington Avenue, near the Cancer Center; the Fink Children's Ambulatory Care Center at 160 East 32nd Street; the Harkness Center for Dance Injuries; two Transplant Clinics; a CyberKnife® center in Manhattan's Upper West Side; the NYU Langone Occupational and Industrial Orthopedic Center at 63 Downing Street; and many smaller ambulatory clinics throughout the borough.

Major ambulatory facilities in Brooklyn and Queens include NYU Langone Cobble Hill, a free-standing Emergency Department in Brooklyn's Cobble Hill section at 83 Amity Street (the "Cobble Hill ED"); the NYU Langone Brooklyn Endoscopy and Ambulatory Surgery Center at 1630 East 14th Street; NYU Langone Levit Medical, a diagnostic and treatment facility with two Brooklyn locations at 1220 Avenue P and 1902 86th Street; a physical therapy clinic located in a Day Care Center in Brooklyn; NYU Langone Ambulatory Care Rego Park, a multi-specialty hub at 97-85 Queens Boulevard; and three infusion centers in Brooklyn and Queens. Long Island ambulatory facilities include an ambulatory surgery center at 777 Zeckendorf Boulevard; a CyberKnife® center on the Long Island Campus; a women's health center at 1 Fulton Avenue; a cardiac rehabilitation center and a diagnostic center at 212 Jericho Turnpike; a sleep disorder center at 1300 Franklin Avenue; and three dialysis centers in Mineola, Huntington and Roslyn Heights.

Complementing NYULH's licensed ambulatory programs, the Faculty Group Practice delivers patient care at more than 350 practice locations in the New York metropolitan area. See "Affiliation with NYU Grossman School of Medicine and NYU Long Island School of Medicine" herein.

For a more complete description of NYULH's principal ambulatory facilities, see "Physical Facilities" herein.

In cooperation with Sunset Park Health Council, Inc. ("Sunset Park"), NYULH has a special relationship with eight federally qualified health centers ("FQHCs") throughout Brooklyn delivering more than 619,000 visits per year, predominantly focused on the Medicaid population. The FQHCs do business under the name "Family Health Centers at NYU Langone" and have played a central role in NYULH's initiative under the New York State Delivery System Reform Incentive Payment Program (the "DSRIP Program"). NYULH's participation in the DSRIP Program (see "Strategic Initiatives" herein) has resulted in its affiliated DSRIP Program network becoming one of the two highest performing DSRIP Program networks in New York State.

Sunset Park also operates 49 school-based health and dental clinics and approximately nine community sites in homeless shelters throughout Manhattan, Brooklyn, Bronx and Staten Island. The school-based clinics operate in space provided rent-free by the City of New York, and the eight primary care centers operate in owned or leased space. Revenue from the Family Health Centers at NYU Langone is not included in the financial results of NYULH and is not available for or pledged to secure debt service on the Series 2020A Bonds. For a discussion of the Hospital's relationship with Sunset Park, see "System Affiliates" herein.

NYULH also operates a certified home health agency ("CHHA") that provides a comprehensive program of skilled services to patients across the five boroughs and Nassau County. The CHHA also provides several specialty services, including home-based supportive care, telehealth, total joint replacement home care and maternal and pediatric home care.

Awards and Recognitions

NYULH is the recipient of multiple awards for the quality of its patient care:

- As noted above, in 2019, NYULH received the No. 1 national ranking from Vizient for its Ambulatory Care Quality and Accountability Award. Since the award was first introduced in 2015, NYULH has consistently ranked in the top three, placing No. 1 four out of five times.

- In addition, in 2019 NYULH ranked No. 2 nationally in the Vizient Bernard A. Birnbaum MD Quality Leadership award for comprehensive academic medical centers. This is NYULH's 8th consecutive year in the top ten and the 7th consecutive year in the top three.
- In 2019, NYULH was ranked No. 9 by *U.S. News and World Report* in "Best Hospitals" in the country, with 14 nationally ranked specialties.
- In 2019, NYULH was the only hospital in New York State to receive 10 national rankings by *U.S. News and World Report* for all three musculoskeletal specialty areas of orthopedics, rheumatology and rehabilitation.
- Based on preview reports provided by CMS, in 2020 NYULH will receive the highest ranking – a five star quality ranking.
- NYULH is a four-time consecutive recipient of the Magnet Award for nursing excellence, an honor achieved by fewer than one percent of hospitals in the nation.
- In 2019, NYULH received a Hospital Safety Grade of an "A" from The Leapfrog Group, a national quality ranking organization created by large employers interested in evaluating high-quality care for their employees. NYULH is one of two full-service hospitals in the New York metropolitan area to receive an "A."
- In 2019, NYULH received the Gold Seal of Approval® by the Joint Commission, reflecting a commitment to high-quality patient care.

Strategic Initiatives

NYU Langone Health's mission is to serve, to teach, to discover; its vision is to operate a world-class, patient, centered, integrated academic medical center; and its values are professionalism, respect, integrity, diversity, and excellence.

The principal elements of NYULH's strategy to achieve its vision are as follows:

Patient-Centered, Quality Care. Management believes that patient-centered, quality care is what helps differentiate NYU Langone Health in the marketplace with patients, payors and employers (see "Awards and Recognitions"). NYULH has made substantial investments to ensure full clinical integration across all sites of service and to provide one standard for quality in clinical care with one integrated medical record, made possible by the enterprise-wide Epic system. Management believes this has led to measurable results in quality. For example, according to the Vizient Quality Database, from September 2018 to August 2019, NYULH achieved lower observed to expected lengths of stay (18% shorter) and lower observed to expected mortality (40% lower) than other participating New York State academic medical centers while maintaining a high level of patient acuity, known as a case mix index.

NYULH also continued to focus on meeting consumer demands and patient access needs through new technology and "on demand" healthcare. NYULH has developed a platform with mobile capacity that allows patients to view test results, engage with their care team, schedule and manage appointments and receive virtual care. The mobile application has been downloaded over 500,000 times, and as of August, 2019, approximately 51% of appointments scheduled electronically were scheduled through the mobile application rather than through NYULH's website.

Structural Agility – Lean Governance. Management believes that the successful implementation of NYULH's strategy depends upon its unified management team enforcing shared goals and consistent standards throughout the enterprise. Dr. Robert I. Grossman serves as Dean of NYUGSOM and Chief Executive Officer of NYULH. The most senior level executive roles at NYULH and NYUGSOM are filled by a single individual with system-wide responsibility across the enterprise for the respective corporate service or position. In addition, as noted

below under “Governance and Executive Staff”, the same trustees provide oversight across NYULH and NYUGSOM. Management believes that this integration and alignment in governance and leadership across the clinical, teaching, and research components of the academic medical center provides strategic and operational agility to manage risks and capture opportunities in a rapidly changing landscape in U.S. healthcare.

Metrics and Dashboards. According to the Healthcare Information and Management System Society, in 2012 NYULH was the first academic medical center in the New York metropolitan region to implement a fully integrated electronic medical record (Epic) across inpatient and ambulatory settings. Epic provides a continuous source of clinical information from which NYULH’s management team has built real-time metrics and dashboards, across all sites of service, to focus on quality, patient safety, patient experience, value, and efficiency.

The Epic system has supported NYULH’s development of a “Capacity Command Center” dashboard (known as “CORE”) that permits system-wide tracking of patient flow through NYULH’s inpatient facilities. Among other benefits, this information helps reduce bottlenecks such as transfer delays between facilities and for overnight stay patients in NYULH’s emergency departments. Epic also makes possible a number of other improvements to clinical operations such as ensuring surgical procedures start on time (increased efficiency; improved provider satisfaction; and improved patient satisfaction).

Enterprise-wide IT. NYULH has similarly invested in what management believes are best-in-class enterprise-wide systems and infrastructure including the Oracle Enterprise Data Warehouse (known as “EDW”), PeopleSoft (which enables key human resources, supply chain and finance functions) and Selectica (system-wide contract repository). This strategic approach to IT improves efficiency, maximizes CORE reporting abilities, and minimizes infrastructure costs by nearly eliminating the need to maintain cumbersome interfaces between systems. Management believes there should be “one single source of truth” in the enterprise-wide systems and has a “zero tolerance” policy for presentation of data from “shadow systems.” This approach drives accountability and transparency across all levels of leadership, incentivizes all leaders to focus their efforts on making the enterprise-wide data accurate and representative, and focuses achievement on set targets.

Integrated Clinical Network. In 2006, NYULH began conceptual planning for the clinically integrated network and health information technology strategy, selecting Epic as the enterprise-wide electronic medical record and forming a Payment Reform Steering Committee to craft the strategy to respond to the market change inherent in the Affordable Care Act (the “ACA” – see “Bondholders’ Risks and Matters Affecting the Health Care Industry – Affordable Care Act and Health Care Reform Initiatives”). In 2011, Medicare released the Bundled Payment Request for Application, and in 2012 NYULH was selected as a demonstration site for Total Joint Replacement, Heart Valve Surgery and Spine, and those programs have continued to the present. In 2012, NYULH, together with its voluntary physicians and the Faculty Group Practice, created NYUPN Clinically Integrated Network, LLC and an independent practice association (“IPA”) (collectively, known as “NYUPN,” as described in more detail in “Affiliation with NYU Grossman School of Medicine and NYU Long Island School of Medicine” herein) to engage in risk-based contracting focused on value and outcomes of care with commercial payors. NYUPN serves as a Clinically Integrated Network for federal reimbursement purposes. NYUPN manages care of over 280,000 attributed lives and has been the recipient of aggregate net bonus payments from payors every year since 2014 with annual bonus amounts ranging from \$1.5 million to \$14.3 million. In 2015, prompted by the merger of NYU Brooklyn, the NYUPN expanded its membership to include the Brooklyn-based physicians associated with the Brooklyn Site and later to Long Island-based physicians associated with NYU Winthrop. In 2016, NYULH created a second IPA known as NYU Langone IPA Inc., which is focused on contracting in risk-based arrangements for the managed Medicaid population.

Data analytics support NYULH’s efforts to reduce costs and engage in value-based arrangements with payors. Management believes that increasing NYULH’s participation in value-based arrangements will be necessary to adapt to ongoing adjustments in payments from commercial and governmental payors. Management believes that the detailed, real-time information available to all providers across all sites of service, as well as the culture of accountability that the dashboard cultivates, are critical to these results.

Growth Opportunities. Over the past twelve years, NYU Langone Health has responded to the shift from inpatient to ambulatory care by expanding its ambulatory care footprint in Manhattan and concentrating on the Brooklyn and Long Island markets. From 2008 to 2019, NYULH supported the expansion of the Faculty Group Practice from 672 employed physicians to more than 3,200, and expanded the number of Faculty Group Practice

physician offices to over 350. Ambulatory facilities constructed or acquired by the Hospital in Manhattan since 2007 include an outpatient surgery center in 2009, and a multispecialty ambulatory center and orthopedic center, each opened in 2012.

Brooklyn – The Brooklyn expansion began with the Hospital’s purchase in 2013 of the Brooklyn Endoscopy Center and Levit Medical, a diagnostic and treatment facility, and the opening in 2014 of the Cobble Hill ED. The merger with NYU Brooklyn represented NYULH’s decision to make a more substantial investment in Brooklyn and broaden the continuum of care provided to patients in the region. Management believed it was critical to transform NYU Brooklyn into a high-quality inpatient site, with metrics of quality and efficiency equivalent to the First Avenue Site. In fiscal year 2018, the observed to expected mortality index (based on Vizient’s methodology) (the “O:E Mortality Rate”) at NYU Brooklyn was 0.46, the equivalent rate over the same time period as the First Avenue Site. This O:E Mortality Rate is the best among the 10 top hospitals ranked nationally on U.S. News & World Report in 2019, using the Vizient quality database. On various measures of efficiency, NYU Brooklyn has also matched or surpassed the hospitals on the First Avenue Site.

The merger with NYU Brooklyn also created a platform to further expand NYULH’s ambulatory network in Brooklyn and positioned NYULH as the lead hospital in NYU Langone Brooklyn Performing Provider System (the “NYU Langone PPS”). NYU Langone PPS is a network of hospitals, primary care practices and other healthcare providers participating in the DSRIP Program). For a discussion of the DSRIP Program, see “Reimbursement Methodologies – Managed Care” herein. NYULH is further expanding its commitment to Brooklyn by undertaking to build a new freestanding emergency department and ambulatory facility – the Cobble Hill ED (see “PLAN OF FINANCE” in the forepart of the Official Statement and “The Series 2020A Project” herein). In 2019, NYULH opened the Perlmutter Cancer Center – Sunset Park, providing comprehensive radiation, infusion and overall cancer care to the community.

Long Island – In 2017, NYULH expanded in the Long Island market when the Parent became the sole member of NYU Winthrop. The second phase of the affiliation was completed on August 1, 2019, when NYU Winthrop merged with and into NYULH. Nassau County had been a key geography in NYULH’s primary and secondary service areas prior to the merger, and management believed the transaction with NYU Winthrop would accelerate growth and enable faster expansion into this market. NYU Winthrop facilities include the 591 licensed bed acute care hospital, and the licensed ambulatory facilities on Long Island described above. More than 928 members of the Faculty Group Practice have offices on Long Island. NYULH and NYU Winthrop leadership have engaged in a master facilities planning effort to begin plans for renewal of the campus, focusing on inpatient renovations and ambulatory expansion. For a description of the planned two floor addition of a maternal fetal program at the Long Island Site, see “PLAN OF FINANCE” in the forepart of the Official Statement and “The Series 2020A Project” herein. At the time of merger, NYU Winthrop had an affiliation with Stony Brook School of Medicine and served as a site for hosting residents. NYULH and NYU Winthrop leadership believed it would be the ideal location for NYULISM, a second medical school focused on primary care (see “Affiliations”).

In the future, NYULH may also consider affiliating with other acute care hospitals in areas where NYULH believes that there may be a sufficient number of NYULH-affiliated physicians to support such a relationship. No letters of intent or other binding documents have been executed with other hospitals in connection with potential affiliations, and there can be no assurance any affiliations will be completed.

Physical Facilities

The following table lists the buildings and condominium units owned by NYULH and indicates the year of construction, the approximate gross square footage (“GSF”) and the principal facilities or services provided by NYULH therein.

<u>Building Location</u>	<u>Est. GSF</u>	<u>Year of Construction</u>	<u>Uses</u>
MANHATTAN			
434 East 34th Street ⁽¹⁾⁽²⁾	830,000	2018	Kimmel Pavilion, inpatient, outpatient, administration
550 First Avenue ⁽¹⁾⁽²⁾	690,000	1963	Tisch Hospital, inpatient, outpatient, administration
333 East 38th Street ⁽³⁾	400,000	1928	Outpatient Surgery Center, Orthopedic Center with portions leased to third parties
240 East 38th Street	360,000	1967	Ambulatory Care Center, clinical labs, multiple sclerosis, rehabilitation, dermatology, pre-admission testing, infusion, oncology
301 East 17th Street ⁽²⁾	340,000	1979	LOH, inpatient, outpatient, administration
530 First Avenue ⁽¹⁾⁽²⁾	300,000	1979	Schwartz Health Care Center, outpatient, administration
160 East 34th Street ⁽²⁾	118,000	2004	Cancer Center, outpatient services, radiation oncology, diagnostic radiology, breast cancer, breast surgery, administration
660 First Avenue	110,000	1906	Administration, with portions leased to NYUGSOM
545 First Avenue	85,000	1986	Greenberg Hall - administration and facilities
1200 FDR Drive ⁽¹⁾⁽²⁾	76,000	2018	Energy Building, energy plant and radiation oncology
BROOKLYN			
150 55th Street	525,000	1930	NYU Brooklyn, inpatient, outpatient, administration
5434 Second Avenue	105,000	1931	Augustana (currently closed)
83 Amity Street	33,000	1983	Cobble Hill ED
5718 Second Avenue	28,000	2019	Perlmutter Cancer Center - Sunset Park
1630 East 14th Street	11,000	2001	Endoscopy and ambulatory surgery center
LONG ISLAND			
259 First Street	574,000	1945	NYU Winthrop, seven interconnected buildings with inpatient, emergency, outpatient, administration Main Building, inpatient, emergency, outpatient, administration
		1954	Gardner Pavilion, inpatient, outpatient, administration
		1927	Winthrop Pavilion, inpatient, outpatient, administration
		1964	Potter Pavilion, inpatient, administration
		1976	Hoag Pavilion, inpatient, administration
		1980	North Pavilion, inpatient, outpatient, administration
		1998	New Life Center, inpatient, administration
		2001	Free-standing parking garage

Source: NYULH records.

(1) These facilities constitute a condominium with all units owned by either NYULH or NYU, with each unit being a separate tax lot. The NYULH-owned units are dedicated to inpatient and outpatient clinical care and ancillary and support services, and the NYU-owned units house medical, educational and research facilities.

(2) These facilities are included in the Mortgaged Property (as defined in the forepart of the Official Statement). For a discussion of changes to the condominium following construction of the Kimmel Pavilion, see “Facilities Development” herein.

(3) NYULH acquired a 73-year leasehold interest in the land in May, 2014. The total square footage of the building is 476,227, of which 69,215 rentable square feet are subject to existing leases to unrelated third parties.

NYULH's principal facilities are as follows:

Helen L. and Martin S. Kimmel Pavilion (First Avenue Site). The Helen L. and Martin S. Kimmel Pavilion is the culmination of more than a decade of planning and construction intended to further Management's overall vision to expand a world-class, patient-centered, integrated health system focused on quality and excellence in clinical care, education and research. The Kimmel Pavilion, opened in 2018, is an 830,000 square foot clinical facility comprising a 14-story tower with 374 single-bedded rooms; and 30 technologically advanced, flexible operating and procedure rooms. On its procedural floors, the building connects with Tisch Hospital to offer a seamless patient care experience. Contained with the Kimmel Pavilion is the 160,000 square foot Hassenfeld Children's Hospital, with 68 single-bedded rooms on inpatient floors dedicated to pediatric care, as well as a separate entrance lobby and elevators.

The building received LEED Platinum Certification in 2019 (recognizing innovation in sustainable building design, construction, operations, and maintenance) and is the first newly constructed hospital in New York State to achieve this status.

Tisch Hospital (First Avenue Site). Tisch Hospital, NYU Langone Health's original clinical facility, houses more than 300 inpatient beds and over 60 state-of-the-art operating rooms, an advanced critical care unit, a labor and delivery unit, and a neonatal intensive care unit. It is home to NYULH's Comprehensive Stroke Center as well as the Ronald O. Perelman Center for Emergency Services. The building is connected to the Kimmel Pavilion's procedural floors.

Orthopedic Center and Outpatient Surgery Center. The Orthopedic Center offers personalized sports medicine and outpatient care for conditions related to the muscles, bones, and joints. One of the nation's largest freestanding centers specializing in orthopedics, rheumatology, rehabilitation, and musculoskeletal radiology, the facility brings together at a single location more than 400 orthopedists, rheumatologists, neurologists, physiatrists, radiologists, pain management doctors, physical and occupational therapists, exercise physiologists, sports nutritionists, sports psychologists, pharmacists, nurses, and support staff.

The Outpatient Surgery Center, part of NYU Langone Orthopedic Center, specializes in same-day surgery for orthopedic conditions. The facility houses four operating rooms and a 12-bed postsurgical recovery unit. Imaging services, infusion services, rehabilitation, and pain management are also offered at this location.

NYU Langone Orthopedic Hospital. LOH (which includes the Rusk Institute program) provides medical and surgical care for the prevention, treatment, and rehabilitation of orthopedic, musculoskeletal, rheumatic, and neurological conditions, as well as other related diseases and injuries. The facility offers inpatient and outpatient surgical care for adults, as well as specialized care for conditions such as brain injury, joint pain, osteoporosis, and overuse injuries. Rusk Institute physiatrists, physical therapists, occupational therapists, rehabilitation nurses, and speech-language pathologists provide care for adults and children.

Ambulatory Care Center. NYU Langone's Ambulatory Care Center offers a wide range of outpatient services on 15 floors. The building houses the offices of the Laura and Isaac Perlmutter Cancer Center, Rusk Institute, the Multiple Sclerosis Comprehensive Care Center, and the Kimmel Hyperbaric and Advanced Wound Healing Center. Services there include Dermatology, Gastroenterology, Otolaryngology, Endoscopy, and Pain Management.

Laura and Isaac Perlmutter Cancer Center. The NCI-designated Comprehensive Cancer Center serves a large and diverse group of patients across the New York metropolitan area, offering medical oncology, radiation therapy, surgery, hematology, radiology, cancer screening, and genetic counseling services at a variety of locations. The Manhattan location offers a wide range of centers and programs focused on particular types of cancer, as well as access to a variety of clinical trials, including early-phase clinical trials to patients from across all Cancer Center locations in Brooklyn, Queens, and Long Island.

NYU Langone Hospital – Brooklyn. NYU Brooklyn is a full-service inpatient clinical facility centrally located in the borough's Sunset Park neighborhood. The hospital is a Joint Commission-certified Comprehensive Stroke Center and stroke rehabilitation-accredited site, and a leader in mother-baby care. Its new neuro intensive care unit provides advanced 24-hour care to patients with conditions affecting the brain, spine, and nervous system. The

Emergency Department at NYU Brooklyn is certified by the American College of Surgeons as a Level 1 Trauma Center.

Cobble Hill ED. The Cobble Hill ED is located on the campus of the former Long Island College Hospital (“LICH”) in Brooklyn. In 2014, NYULH assumed operation of the former LICH ED and currently leases the premises pursuant to an agreement with the State University of New York and the current owner. NYULH expects to take title in Winter 2020 to an adjacent parcel on which the new Cobble Hill ED will be constructed. For information related to the construction of the Cobble Hill ED, see “PLAN OF FINANCE” in the forepart of the Official Statement and “The Series 2020A Project” herein.

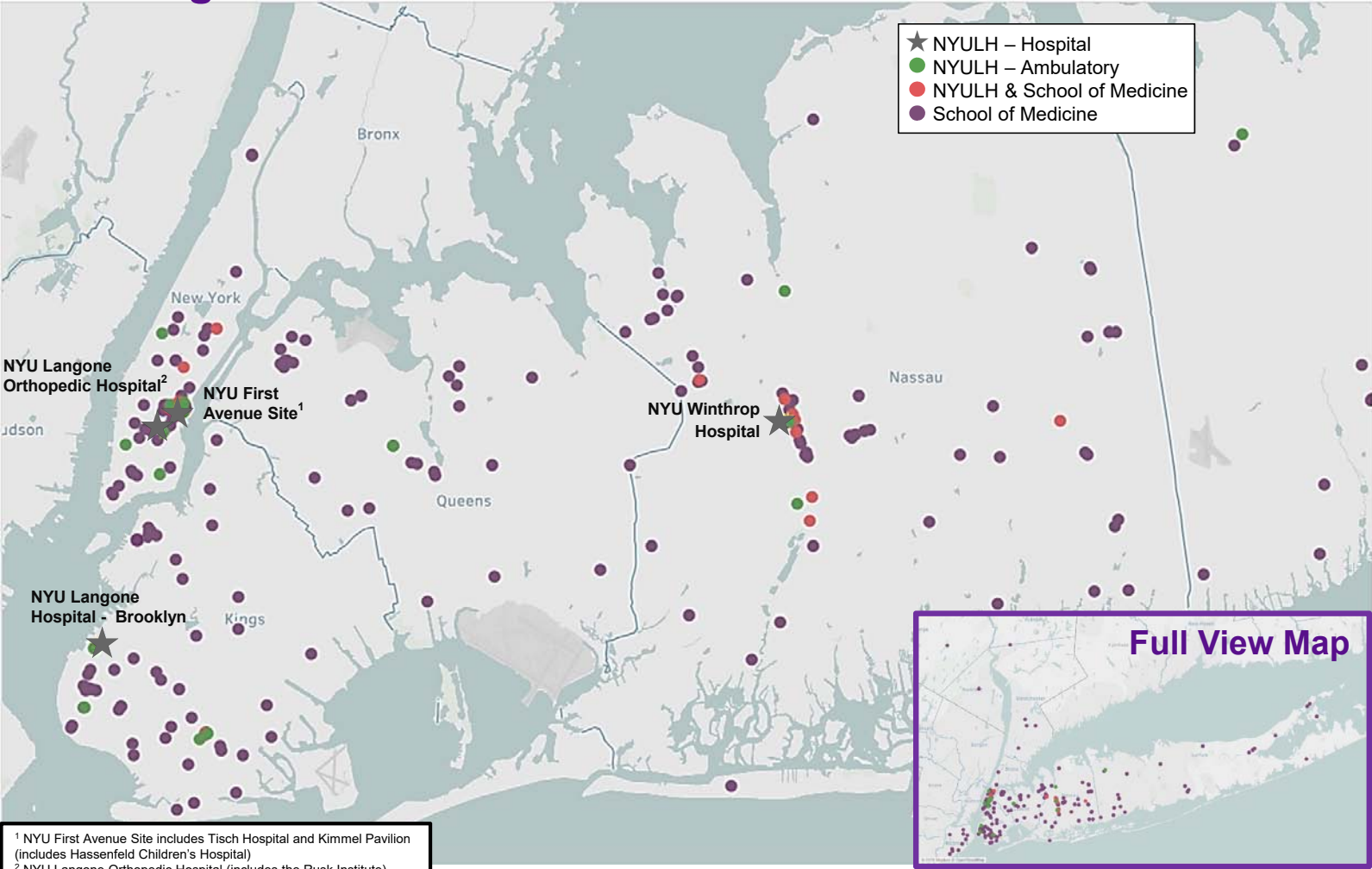
NYU Winthrop Hospital. NYU Winthrop is a full service 591-bed hospital with a Level 1 Trauma Center. It is a leader in diabetes treatment and education, home to a cardiac program and a transcatheter aortic valve replacement (TAVR) center. Its CyberKnife® Center, which provides noninvasive treatment for cancers of the prostate, breast, brain, spine, and soft tissues, was the first of its kind in the New York metropolitan area. NYU Winthrop is undergoing a comprehensive master planning process encompassing the modernization of its Mineola-based main campus, as well as multiple satellite clinical sites in Mineola and Garden City, Long Island.

In addition to the facilities listed above, NYULH leases approximately 1.1 million square feet in Manhattan, Brooklyn and Long Island for clinical, administrative and support services. This total includes those leased sites at which NYULH is the legal tenant entity and excludes locations leased by the University or NYUGSOM at which NYULH may have occupancy or use.

Upon completion of the Garden City multi-specialty ambulatory facility, NYULH will substantially consolidate NYU Winthrop’s existing ambulatory lease portfolio, terminating leases at 17 locations, thus partially offsetting the long-term commitment for the Garden City site. For a discussion of additional planned facilities, see “PLAN OF FINANCE” in the forepart of the Official Statement and “The Series 2020A Project” herein.

Gross receipts generated from the Hospital’s health care facilities, whether or not part of the Mortgaged Property, secure NYULH’s Obligations under the Master Indenture (but this excludes revenues of the health centers co-operated with Sunset Park; see “System Affiliates” herein). See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture – *Security Interest in Gross Receipts*” in the forepart of the Official Statement.

NYU Langone Health Locations



A-14

NYULH Affiliated Facilities

Facilities Development

First Avenue Site

In 2008, the NYULH Board of Trustees approved a campus transformation plan for the First Avenue Site. The plan included construction by NYULH of the Kimmel Pavilion and the Energy Building, an approximately 75,000 square foot facility housing a cogeneration and electric service plant serving the First Avenue facilities and NYULH's Department of Radiation Oncology, and construction by NYUGSOM of an approximately 300,000 square foot Science Building to house NYUGSOM's research facilities (funded by the University). Construction of the Kimmel Pavilion, the Energy Building and the Science Building was completed in 2018. Future projects planned for Tisch Hospital include a new clinical core lab, new vascular and interventional radiology and endoscopy suites, and renovations to provide single-bedded rooms.

Brooklyn and Long Island Sites

In addition to facilities described under "PLAN OF FINANCE" in the forepart of the Official Statement and "The Series 2020A Project" herein, management is developing long-range plans for the Brooklyn and Long Island Sites. Plans for the Long Island Site beyond those projects already underway are expected to include new construction or substantial renovation of facilities across the main campus and are anticipated to occur over the next five to ten years. No specific design configurations or cost estimates for these long range plans have been presented to, or approved by, the NYULH Board of Trustees, although management believes the costs are likely to be material. Management currently anticipates that such costs would be funded by income from operations, philanthropy, and additional debt. Any borrowing in connection with such future plans would be made in compliance with the requirements of the Master Indenture. Completion of any long-range plans is dependent on internal and external approvals and is subject to market conditions and other factors.

The Series 2020A Project

The proceeds of the sale of the Series 2020A Bonds will finance portions of the following projects:

Cobble Hill ED. The Cobble Hill ED will consist of a five-story, approximately 160,000 square foot building that will replace the existing Cobble Hill ED and house a free-standing emergency department, ambulatory surgery, a cancer center with infusion services, comprehensive women's services, a diagnostic imaging center, a laboratory, clinical pharmacy and over 6,000 square feet of physician office space for members of the Faculty Group Practice. The new Cobble Hill site is located at the former location of Long Island College Hospital.

New Life Building. At the NYU Winthrop site, NYULH is constructing an addition on top of an existing facility and renovating portions of the adjacent Potter and North Pavilions to provide for an array of maternal fetal and other inpatient services, including post-partum rooms, medical/surgical rooms, a neonatal intensive care unit, ante-partum rooms, and exam/triage rooms. Comprising approximately 100,000 square feet of new and renovated space, the New Life expansion project will create new single-bedded rooms, improving the patient experience, and expanding neonatal intensive care services to accommodate demand.

Garden City Physician Offices. NYULH has signed a lease to fit out an approximately 270,000 square foot building located at 1111 Franklin Avenue in Garden City, to provide multi specialty clinical and office space for over 200 physicians and 400 supporting staff members. This facility will consolidate into a single, modern facility over 30 multispecialty physician practices currently located in 17 locations, improving the patient experience. Specialties will include radiology, women's imaging and reproductive services, internal medicine, cardiology, pediatrics and other medicine and surgical specialties. The consolidated location will also create efficiencies across Long Island practices by enabling partial or complete termination of multiple current leases. For further information, see footnote 16 in Appendix B of the Official Statement.

Affiliation with NYU Grossman School of Medicine and NYU Long Island School of Medicine

NYULH is the principal teaching hospital for NYUGSOM and the newly-opened NYULISM, which are two of 18 component schools and colleges of NYU. Founded in 1841 as the 19th chartered school of medicine in the

United States, NYUGSOM follows the traditional tripartite mission of American medical schools – clinical care, education and research – with an educational continuum that spans medical and doctoral students, post-doctoral trainees, house staff and thousands of physicians in continuing education programs. In August 2018, NYUGSOM extended full-tuition scholarships to all current and future students in its M.D. degree program regardless of need or merit, the first top 10-ranked medical school in the nation to do so.

In July 2019, the University opened the NYULISM on the Long Island Site, with the same full-scholarship model as NYUGSOM. NYULISM focuses on primary care, including internal and community medicine, pediatrics, obstetrics and gynecology and general surgery, and is the first medical school in the country that offers only a three-year M.D. program (no four-year programs). NYULISM received more than 2,400 applicants for 24 spots, and anticipates growing class size to 40 by 2021. Of the medical programs nationwide specializing in primary care medicine, it is the only one that provides full-tuition scholarships.

NYUGSOM's residency and fellowship programs provide graduate training to approximately 1,300+ residents and fellows in more than 150 programs, and NYULH's dental residency program provides training to more than 400 dental residents. NYUGSOM has, in addition to NYULH and Sunset Park, training affiliations with Bellevue Hospital Center, Woodhull Hospital, the Manhattan Veterans' Administration Medical Center and Gouverneur Diagnostic and Treatment Center. The relationship with Bellevue Hospital, the oldest public hospital in the United States, is a major component of NYUGSOM's educational enterprise as well as a commitment by NYUGSOM to the people of New York City. NYULISM's training affiliation is solely with NYULH.

NYUGSOM has increased its rankings in research over the past several years. In federal fiscal year 2019 (beginning on October 1, 2018 through September 30, 2019), NYUGSOM and its affiliated hospitals (which include NYULH and other hospitals) were awarded an aggregate of \$542 million in awards from the National Institutes of Health ("NIH"), an increase of 20% compared to 2018, with a record 14 large awards totaling \$194 million in project value. Following a concerted effort to mobilize faculty for collaborative research to combat the opioid crisis, NYUGSOM was awarded NIH grants totaling approximately \$62 million during federal fiscal year 2019 pertaining to opioid research. According to the Blue Ridge Institute for Medical Research, NYUGSOM's rank in NIH funding among schools of medicine nationally increased from 35th in 2008 to 17th in federal fiscal year 2019. NYUGSOM was ranked #9 for best medical schools for research, according to U.S. News' 2020 "Best Graduate Schools" (published in March 2019). In 2019, NYUGSOM also received \$32.2 million in industry-sponsored research revenues. NYULH's Alzheimer's Disease Center is one of thirty Alzheimer's disease research centers in the country supported by the National Institute on Aging.

NYULH and the University Physician Networks LLC ("UPN"), a network of independent and Faculty Group Practice physicians, formed NYUPN Clinical Integrated Network, LLC ("NYUPN"), a New York limited liability company, in December 2012, through which the Hospital and the UPN physicians jointly contract with certain payors. As of September 30, 2019, the NYUPN had approximately 3,500 independent and Faculty Group Practice physicians. For further discussion, see "Reimbursement Methodologies – Managed Care" herein.

Financial Support of NYU Grossman School of Medicine

NYULH views the quality and scale of the Faculty Group Practice as critical to the accomplishment of NYULH's quality and strategic goals. In 2019, the Faculty Group Practice employed the physicians constituting approximately 66% of the active medical staff of NYULH. NYULH believes that attracting and retaining the highest quality clinical staff depends in part on the vibrancy of the research and teaching programs and the overall depth and scale of the Faculty Group Practice. Accordingly, NYULH has committed to provide financial support to NYUGSOM for joint clinical, research, and teaching programs. In recent years, the Faculty Group Practice has expanded into Long Island and other areas, and the historic level of subsidy to the Faculty Group Practice for joint program support has increased materially. At the same time, NYUGSOM's research division has experienced increases in research space costs due to the higher overhead of the new Science Building, while the tuition-free initiative has reduced available funding for the teaching mission, resulting in growing operating losses. In addition to providing reimbursement for purchased services from NYUGSOM, NYULH provides funding to cover the cost of expansion as well as other support for the clinical, research and education missions. During the fiscal year ended August 31, 2019, NYULH provided \$762.8 million of support to NYUGSOM, \$712.8 million of which is recorded in supplies and other expenses within the consolidated Statement of Operations and \$50 million of which is recorded as mission based payments.

This is an increase of \$148.5 million or 24.2% more than the comparable prior period amount of \$614.3 million. See footnote 11 in Appendix B of the Official Statement.

Although NYULH is not obligated to increase funding to NYUGSOM, management anticipates that given the close interconnection between NYULH and NYUGSOM and the importance of the Faculty Group Practice to NYULH's strategic plans, NYULH may decide to increase future funding to NYUGSOM and will continue to offset any deficit in NYUGSOM's cash flows from operations. Management anticipates that cash flows for capital spending and other non-operating needs will be funded through equity transfers from NYULH to NYUGSOM. All such transfers would be consistent with the requirements of the Master Indenture.

NONE OF NYU, THE PARENT, THE SYSTEM AFFILIATES, NYUGSOM OR NYULISM IS A MEMBER OF THE OBLIGATED GROUP AND, THEREFORE, THEY ARE NOT OBLIGATED WITH RESPECT TO THE SERIES 2020A BONDS. NO ASSETS OR REVENUES OF NYU, THE PARENT, THE SYSTEM AFFILIATES, OR NYUGSOM ARE PLEDGED TO SECURE THE SERIES 2020A BONDS.

Medical Staff

As of December 31, 2019, NYULH had a professional staff of 4,882 physicians, of whom 3,252 were full-time or part-time employees of NYUGSOM or NYULH and the remaining 1,630 were private practice physicians with admitting privileges at NYULH. As of November 30, 2019, approximately 90% of the active members were board-certified, and the average age of the active physician staff was approximately 50 years. NYULH and NYUGSOM have been actively recruiting physicians for the last several years, with a focus on internal medicine, pediatrics, cardiovascular disease, anesthesiology, obstetrics/gynecology, gastroenterology, emergency medicine, dentistry, family medicine, ophthalmology and psychiatry. The following chart illustrates the number of active physicians by clinical department as of November 30, 2019.

NYULH Active Physician Staff as of November 30, 2019

<u>Clinical Department</u>	<u>Total</u>
Anesthesiology	290
Cardiothoracic Surgery	32
Child & Adolescent Psychiatry	42
Dermatology	139
Emergency Medicine	199
Medicine	1,680
Neurology	191
Neurosurgery	49
OB/GYN	307
Ophthalmology	162
Orthopaedic Surgery	213
Otolaryngology	64
Pathology	84
Pediatrics	546
Plastic Surgery	211
Psychiatry	120
Radiation Oncology	23
Radiology	226
Rehabilitation Medicine	75
Surgery	156
Urology	73
TOTAL	<u>4,882</u>

Source: NYULH records.

System Affiliates

NYULH or the Parent is the direct or indirect owner or member of multiple entities described below (excluding inactive and immaterial affiliates) (collectively, the “System Affiliates”).

NYULH is the sole owner of CCC550 Insurance, SCC (“CCC550”), a captive insurance company, and has ownership interests in certain other captive insurance companies (see footnote 8 in Appendix B to the Official Statement) and in Healthfirst, Inc., a New York not-for-profit corporation formed by 22 voluntary hospitals in New York City and Nassau County that owns a number of subsidiary health plans licensed by New York State and CMS to provide health benefits to Medicaid, Medicare and commercial beneficiaries.

In 2016, contemporaneously with the merger of Lutheran Medical Center into NYULH, the Parent assumed control of not-for-profit subsidiaries that had previously been controlled by Lutheran Medical Center, including Lutheran Augustana Center for Extended Care and Rehabilitation and two housing companies, Harbor Hill Housing Development Fund Corporation and Sunset Gardens Housing Development Fund Corporation. All of these entities have ceased operations and the two housing companies have sold their respective properties.

In 2017, the Parent acquired an interest in NYU Langone Diagnostics, LLC, a joint venture with Sunrise Medical Laboratories, Inc. which provides laboratory services to Faculty Group Practice offices.

In 2019, contemporaneously with the merger of NYU Winthrop into NYULH, NYULH assumed control of Winthrop-University Hospital Services Corp, a real estate holding company, and Winthrop Clinical Partners, Inc., a not-for-profit corporation that invests in joint ventures with medical facilities.

NYULH has a contractual affiliation with Sunset Park, a federally qualified health center that is a “co-operator” under New York licensure law with NYULH of the health centers. Although Sunset Park has assigned to NYULH its right to bill for services rendered by Sunset Park and NYULH bills and collects for services rendered by Sunset Park under the name and provider number of NYULH, NYULH has no beneficial interest in the revenues of Sunset Park and the revenues are not part of the gross receipts pledge securing indebtedness under the Master Indenture.

THE AFOREMENTIONED SYSTEM AFFILIATES ARE NOT MEMBERS OF THE OBLIGATED GROUP AND, THEREFORE, ARE NOT OBLIGATED ON THE SERIES 2020A BONDS. NONE OF THEIR ASSETS OR REVENUES IS PLEDGED TO SECURE THE SERIES 2020A BONDS.

Governance and Executive Staff

Trustees of NYULH

The same individuals serve as members of NYULH’s Board of Trustees (the “Board”) and the NYU Grossman School of Medicine Advisory Board, which function jointly as the NYU Langone Health Board of Trustees and the Parent’s Board of Trustees. The University, the sole member of the Parent, elects the members of the Parent Board of Trustees and approves their appointment to the NYULH Board. The University holds certain “reserved powers” with respect to the Parent and, indirectly, with respect to NYULH relating to review of budgets, approval of major transactions and other matters. The NYU Langone Health Board of Trustees meets approximately three to four times a year and trustees are elected to three-year terms. The following is a list of the voting members of the NYU Langone Health Board of Trustees (and thus of NYULH) and their business affiliations as of September 30, 2019.

Trustee Name

William R. Berkley
Casey Box
Edgar Bronfman, Jr.
Walter J. Buckley, Jr.
Susan Block Casdin
Kenneth I. Chenault
Melanie J. Clark
Gary D. Cohn
William J. Constantine
Fiona B. Druckenmiller (Co-Chair)
Laurence D. Fink (Co-Chair)
Lori Fink
Luiz Fraga
Paolo Fresco
Soraya Gage

Trudy E. Gottesman
Robert I. Grossman, M.D. (*ex officio*)
Andrew Hamilton, PhD (*ex officio*)
Mel Karmazin
Kenneth G. Langone (Chair)
Sidney Lapidus
Thomas H. Lee
Laurence C. Leeds, Jr.
Martin Lipton, Esq.
Stephen F. Mack
Roberto A. Mignone (Vice Chair)
Edward J. Minskoff
Thomas K. Montag*
Thomas S. Murphy, Sr.
Thomas S. Murphy, Jr. (Vice Chair)
Frank T. Nickell
Debra Perelman
Ronald O. Perelman
Isaac Perlmutter
Laura Perlmutter
Douglas A. Phillips, CPA
Stephanie Pianka (*ex officio*)
Michael Rafferty
Richard P. Richman
Linda Gosden Robinson
E. John Rosenwald, Jr.*
Alan D. Schwartz
Barry F. Schwartz
Bernard L. Schwartz
Larry A. Silverstein
Carla Solomon, Ph.D.
William C. Steere, Jr.
Daniel Sundheim
Chandrika Tandon
Allen R. Thorpe
Alice M. Tisch
Thomas J. Tisch

Company Affiliation

Executive Chairman, W.R. Berkley Corporation
Executive Director, Land is Life
Managing Partner, Accretive
Founder and President, Buckley Muething Capital Management Co.
Philanthropist
Chairman and Managing Director, General Catalyst
Philanthropist
Philanthropist
Managing Director, 1919 Investment Counsel
Philanthropist and Founder of FD Gallery
Chairman and CEO, BlackRock Financial Management
Philanthropist
Co-Founder & Co-CIO of Private Equity, Gavea Investimentos
Philanthropist
Vice President of Education and General Manager of NBC Learn, NBC News
Philanthropist
Dean and CEO, NYU Langone Health
President, New York University
Philanthropist
President & CEO, Invemed Associates
Partner (retired), Warburg Pincus LLC
President, Thomas H. Lee Capital, LLC
Chairman, Buckingham Capital Management
Partner, Wachtell, Lipton, Rosen & Katz
Principal, Mack Real Estate Group
Founder and Managing Partner, Bridger Management
Chairman & CEO, Edward J. Minskoff Equities, Inc.
Chief Operating Officer, Bank of America
Chairman & CEO (retired), Capital Cities/ABC, Inc.
Co-Founder & Partner, Crestview
Chairman, Kelso & Company
President & CEO, Revlon, Inc.
Chairman & CEO, MacAndrews & Forbes-, Inc.
Chairman, Marvel Entertainment
Philanthropist
CEO, GYST Advisors, LLC
Senior Vice President for Finance & Budget, CFO, New York University
President & CEO, Rafferty Holdings, LLC
Founder and Chairman, The Richman Group
Philanthropist
Vice Chairman, J.P. Morgan Chase
Executive Chairman, Guggenheim Partners LLC
Emeritus Vice Chairman, MacAndrews & Forbes, Inc.
Chairman and CEO, BLS Investments LLC
Chairman, Silverstein Properties, Inc.
Philanthropist
Chair Emeritus, Pfizer Inc.
Founder & CIO, D1 Capital Partners
Chair, Tandon Capital Associates
Partner, Hellman & Friedman
Philanthropist
Managing Partner, Four Partners

Trustee Name

Company Affiliation

Robert M. Valletta

Jan T. Vilcek, M.D., Ph.D.

Bradley J. Wechsler

Anthony Welters, Esq.

Retired Partner, PricewaterhouseCoopers LLP

Professor Emeritus of Microbiology, NYUGSOM

Chairman of the Board, IMAX Corp.; Managing Partner, Elysium Management

Executive Chairman, BlackIvy Group, LLC

* These Board members are affiliated with either J.P. Morgan Securities LLC (“JP Morgan”) or BofA Securities, Inc. (“Bank of America”). JP Morgan and Bank of America are serving as underwriters for the Series 2020A Bonds. J.P. Morgan Chase Bank, N.A., an affiliate of JP Morgan, and Bank of America, N.A., an affiliate of Bank of America have each provided lines of credit to NYULH (see “Maximum Annual Debt Service Coverage” herein).

The Board also has a Board of Overseers and the NYU Lutheran Advisory Board, each comprised of non-voting members, and the Long Island Advisory Board, comprised of voting and non-voting members.

Executive Leadership

Robert I. Grossman, M.D., age 72

Dr. Grossman, for whom the NYUGSOM was renamed in 2019, assumed the position of Chief Executive Officer of NYULH and Dean of NYUGSOM in 2007, following his seven-year tenure as the Louis Marx Professor of Radiology, Chairman of the Department of Radiology, and Professor of Neurology, Neurosurgery, and Physiology and Neuroscience at NYUGSOM. In his previous position at the Hospital of the University of Pennsylvania, he had been Professor of Radiology, Neurosurgery, and Neurology; Chief of Neuroradiology; and Associate Chairman of Radiology.

Dr. Grossman received the Javits Neuroscience Investigator Award by the NIH in 1999 for his work on multiple sclerosis. He was a member (1995-2000) and Chairman (1997-2000) of the Diagnostic Radiology Study Section at NIH and was appointed to the NIH’s National Advisory Council for Biomedical Imaging and Bioengineering (2003-2007). In 2004, he became the first recipient of the American Society of Neuroradiology Education and Research Foundation’s annual Outstanding Contributions in Research Award in recognition of lifelong accomplishment and consistent excellence in clinical neuroscience. In 2010, he received the International Society in Magnetic Resonance in Medicine’s Gold Medal for his pioneering research in magnetic resonance in medicine and biology, was named as a Distinguished Graduate of the University of Pennsylvania School of Medicine and was awarded an honorary doctorate from the University of Bordeaux, France. In 2011, he received the Leon J. Warshaw Leadership in Health Care Award from the Northeast Business Group on Health. In 2013, he was named a *Living Landmark* by the New York Landmarks Conservancy for his leadership in the aftermath of Superstorm Sandy, and in 2019 received the Lifetime Achievement of the Emeritus Class from Tulane University. He has authored over 364 publications and five books.

Dr. Grossman received his B.S. in biology, *Phi Beta Kappa*, from Tulane University, and his M.D. from the University of Pennsylvania, where he was elected to *Alpha Omega Alpha*. He completed his internship at the Beth Israel Hospital in Boston, a residency in neurosurgery at the University of Pennsylvania, a radiology residency at the University of Pennsylvania in, and a two-year fellowship in neuroradiology at the Massachusetts General Hospital. He is board-certified in radiology and neuroradiology.

Steven Abramson, M.D., age 72

Dr. Steven Abramson is Executive Vice President of NYULH and Vice Dean for Education, Faculty and Academic Affairs of NYUGSOM. Prior to his appointment in 2007, Dr. Abramson was Associate Dean for Curriculum, Vice Dean for Medical Education and Associate Dean for Clinical Research. As Vice Dean, he oversees faculty affairs and medical education. He is a professor of medicine and pathology and chairman of the Department of Medicine. In 2019, he was named Chief Academic Officer of NYU Langone Health, and he oversees the education programs and faculty affairs of both the NYUGSOM and the NYULISM. He has been a co-editor of the journal *Arthritis & Rheumatism*, a former member of the Rheumatology Board of the American Board of Internal Medicine, immediate past president of the Osteoarthritis Research Society International and former chairman of the Arthritis

Advisory Committee of the Food and Drug Administration. He has published more than 300 papers on inflammation and arthritis and in 2011 was awarded the American College of Rheumatology Basic Science Investigative Award.

Dr. Abramson received his undergraduate degree summa cum laude from Dartmouth College, where he was a member of *Phi Beta Kappa*, and his M.D. from Harvard Medical School, where he was elected to *Alpha Omega Alpha*. He has been at NYU Langone Health since 1974, as an intern, resident, faculty member and professor of medicine and pathology.

Dafna Bar-Sagi, Ph.D., age 66

Dr. Bar-Sagi is Executive Vice President of NYULH and Vice Dean for Science, Chief Scientific Officer of NYUGSOM, the principal strategist for NYU Langone Health's research mission. Appointed in 2011, Dr. Bar-Sagi oversees all clinical, translational, and basic science operations, graduate education and research administration. She is the Saul J. Farber Professor of Biochemistry and Molecular Pharmacology in the Department of Biochemistry and Molecular Pharmacology and a professor in the Department of Medicine at NYU Langone Health. Prior to joining NYU Langone Health in 2006 as chair of the Department of Biochemistry, Dr. Bar-Sagi headed the Department of Molecular Genetics and Microbiology at the State University of New York ("SUNY") at Stony Brook. She earned her undergraduate and master's degrees from Bar-Ilan University, Israel, and her Ph.D. from SUNY at Stony Brook.

Andrew W. Brotman, M.D., age 65

Dr. Brotman serves as Executive Vice President of NYULH and Vice Dean for Clinical Affairs and Strategy, and Chief Clinical Officer of NYUGSOM. From 1999-2007, Dr. Brotman held the positions of Vice Dean of Clinical and Hospital Affairs for NYUGSOM and Senior Vice President for NYULH. He is responsible for physician/hospital programmatic initiatives and ambulatory care, leads the Faculty Group Practice, manages partnerships with affiliate hospitals and the faculty office complex and is the executive sponsor in the oncology service line. Prior to 1999, Dr. Brotman was Senior Vice President and Chief Operating Officer for physician practice management and network development for CareGroup in Boston. In this position, he was responsible for the operations of employed physician practices, and was one of the founders of the managed care organization known as the Physicians Services Network. Dr. Brotman was also the Chief of Psychiatry at Beth Israel Deaconess Medical Center, and prior to that was Chief of Psychiatry at New England Deaconess Hospital, where he also served as President of the Medical Staff and ultimately, as Medical Director of Pathway Health Network, a four-hospital network.

Dr. Brotman attended Wesleyan University and received a medical degree from New York Medical College. He did his psychiatry residency at Massachusetts General Hospital. He is on the editorial boards of several journals and has over 80 publications to his credit.

Robert J. Cerfolio, M.D., age 57

Dr. Cerfolio serves as Executive Vice President of NYULH and Vice Dean of NYUGSOM, Chief of Hospital Operations. Prior to his appointment in 2018, Dr. Cerfolio served as chief of clinical thoracic surgery at NYULH. In his role of Chief of Hospital Operations, he oversees all patient care activity at NYU Langone Health. Prior to joining NYU Langone Health, he developed a new robotic technique which yielded improvements in lung cancer surgery that is now practiced worldwide. He formerly served as chair of thoracic surgery at the University of Alabama Hospital in Birmingham, where he was also chair of the hospital's Business Intelligence Committee. He earned his undergraduate degree and medical degree from the University of Rochester in an early selection program. He later completed a fellowship in cardiothoracic surgery at the Mayo Clinic.

Fritz Francois, M.D., age 49

Dr. Francois was named Chief Medical Officer and Patient Safety Officer of NYULH in 2015. In his prior position as Chief of Medicine, Dr. Francois directed the restructuring of the medicine service to better align care delivery with the clinical learning environment. From 2011 to 2013 Dr. Francois served as Associate Dean for Diversity and Academic Affairs at NYUGSOM. He has been funded by the NIH, the Robert Wood Johnson Foundation, the American College of Gastroenterology and the University of Malaya. In 2010, he was inducted into

the *Alpha Omega Alpha* medical honor society and in 2011, received the NYU Martin Luther King Jr. Humanitarian Award. Dr. Francois is the recipient of five American Society for GI Endoscopy Diversity Minority Research awards, the Academic Champion of Health Award from the National Medical Fellowships for his work with underserved minority students and the Hospital for Joint Disease Frauenthal award for service to human health following the earthquake relief efforts in Haiti. In 2013, Dr. Francois was selected for the New York University Distinguished Teaching Award and in the fall of 2014, he was honored with the American College of Gastroenterology Minority Digestive Health Care Award. In 2015, he was honored with the Humanitarian Award from the Health Education Action League for Haiti and in 2016 he was inducted in the 1804 Change Maker Roundtable. In 2018, he was honored with the Caribbean-American Legacy Award by the Tribune Press and was the recipient of the NYU College of Arts and Sciences Alumni Distinguished Service Award. Dr. Francois earned a B.A. with commencement speaker honors from NYU College of Arts and Science and earned his medical degree from NYU Grossman School of Medicine, where he completed his internship, residency, chief residency, gastroenterology fellowship training, and earned a Master of Science Degree in Clinical Investigation.

Annette B. Johnson, age 75

Ms. Johnson is Executive Vice President and General Counsel of NYULH and Vice Dean and Senior Counsel for Medical School Affairs of NYUGSOM. Ms. Johnson joined NYU in 1981, serving as counsel to NYU and NYU Langone Health, and was appointed Senior Vice President and General Counsel of NYULH in October 2001. As chief legal officer for NYU Langone Health, Ms. Johnson oversees all legal matters and developed its Office of General Counsel, which now includes twenty attorneys. In addition to her responsibilities in legal matters, Ms. Johnson provides leadership to the Office of Internal Audit, Compliance & Enterprise Risk Management, the Institutional Review Board and the Office of Government Affairs.

Ms. Johnson earned a Ph.D. in English at the University of Massachusetts and received her J.D. summa cum laude from the University of Toledo, where she was valedictorian. After graduating from law school, she held a faculty appointment at the University of Toledo College of Law and served in the New York State Office of the Attorney General prior to joining the Office of Legal Counsel at NYU.

Joseph J. Lhota, age 65

Mr. Lhota is Executive Vice President and Chief of Staff of NYULH and Vice Dean of NYUGSOM. Mr. Lhota joined in 2014, bringing more than 35 years of managerial and policy-making experience to the position. Previously, he served as Chairman and Chief Executive Officer of the Metropolitan Transportation Authority (“MTA”). Mr. Lhota was Deputy Mayor for Operations for New York City, overseeing the day-to-day management of the city government. Mr. Lhota has also held the positions of Director, Office of Management & Budget and Commissioner of Finance for New York City. He has served as chief administrative officer at The Madison Square Garden Company. He also held several senior executive positions at Cablevision Systems Corporation. For fourteen years, Mr. Lhota was an investment banker at First Boston and Paine Webber where he specialized in infrastructure, health care and housing finance for state and local governments. In 2013, he was a candidate for Mayor of New York City. Mr. Lhota received an undergraduate degree from Georgetown University and an MBA from Harvard University.

Nader Mherabi, age 56

Mr. Mherabi serves as Executive Vice President and Chief Information Officer of NYULH and Vice Dean of NYUGSOM, responsible for all information technology services across NYU Langone Health. Prior to his appointment as Chief Information Officer in 2014, Mr. Mherabi served as Vice President for IT product solutions, in which capacity he designed, developed and implemented many large-scale diverse systems for NYU Langone Health, including an operational architecture for in-house application development and integration, an electronic data repository and dashboard and warehouse, research infrastructure for computational and collaboration and numerous applications in research, education and clinical care environments. He holds a B.S. from New Jersey Montclair State University in Computer Science and Mathematics.

Nancy Sanchez, age 60

Ms. Sanchez serves as Executive Vice President of NYULH and Vice Dean for Human Resources and Organizational Development of NYUGSOM, responsible for strategic human resources initiatives, practices and operations and supporting over 42,000 faculty and staff across NYU Langone Health. Since her arrival at NYU Langone Health almost 30 years ago, she has held numerous leadership roles in the Department of Human Resources, including in the areas of compensation, benefits, employee relations, recruitment and training. Ms. Sanchez has led initiatives to recruit faculty and staff-and simplify the administration of HR services, and developed programs to mentor and advance employees. Ms. Sanchez holds a B.S. from Hofstra University and a M.S. from the Baruch/Cornell Program of Industrial and Labor Relations.

Vicki Match Suna, age 63

Ms. Match Suna serves as Executive Vice President of NYULH and Vice Dean for Real Estate Development and Facilities of NYUGSOM. She oversees strategic campus planning, design, construction, operations and maintenance for all NYU Langone Health properties, with a portfolio of approximately 13 million square feet.

A registered architect and a member of the American Institute of Architects (“AIA”), Ms. Match Suna previously served as a commissioner on the NYC Landmarks Preservation Commission, on the board of the NYC Economic Development Corporation, and as a member of the advisory board of the Governors Island Preservation & Education Corporation. She currently is on the board of the New York Building Congress, as well as the Business Advisory Council of the Children’s Tumor Foundation and the board of trustees of Washington University in St. Louis.

Prior to joining NYU Langone Health in 1994, Ms. Match Suna was an associate partner at Lee Harris Pomeroy Associates. She holds a bachelor of arts and a master’s degree in architecture from Washington University in St. Louis.

Daniel J. Widawsky, age 54

Appointed in 2018, Mr. Widawsky serves as Executive Vice President and Chief Financial Officer of NYULH and Vice Dean of NYUGSOM, bringing extensive experience in financial operations, strategy and planning for major institutions. Prior to joining NYU Langone Health, he served as director of EFO Management LLC, a family office providing investment, management and related services. He has also served as the Comptroller for the City of Chicago and was a managing director and partner at Citadel, a leading alternative investment management firm and market maker. Mr. Widawsky holds a bachelor’s degree in economics from the University of California, Berkeley, and a J.D. from Yale Law School.

Kathy Lewis, age 62

Ms. Lewis serves as Executive Vice President for Communications and Marketing at NYU Langone Health and is responsible for the advancement of the institution’s unique brand identity as one of the nation’s premier centers for excellence in clinical care, biomedical research, and medical education. Since her arrival at NYU Langone Health seven years ago, she has reimagined strategic efforts to advance the institution’s reputation by increasing awareness of its accomplishments, goals, and vision using a broad range of communication channels. Prior to joining NYU Langone Health, she served as vice president of public affairs at Memorial Sloan-Kettering Cancer Center, president and CEO of the Christopher Reeve Foundation, and for more than 20 years led Kessler Rehabilitation Corporation’s public relations and marketing efforts and served as the executive vice president for corporate strategy and development. Ms. Lewis holds a BA from Montclair State University and an MA from Seton Hall University.

Grace Ko, age 43

Ms. Ko serves as Executive Vice President for Development and Alumni Affairs responsible for philanthropy across NYULH Health and managing international partnerships. In the fall of 2019, Ms. Ko announced the completion of a \$3 billion fundraising campaign -- the most successful in NYU Langone Health’s history -- having served as the

chief philanthropic architect in partnership with the Chair of the Board and Chief Executive Officer. Since the launch of the campaign, she helped more than double NYU Langone Health's annual cash and commitments from philanthropy, quadrupled the number of major gifts, and quintupled the number of principal gifts received compared to the decade before the campaign. Prior to her arrival at NYU Langone Health 12 years ago, Ms. Ko served as executive director of CCS, a strategic fundraising firm, where she designed and launched campaigns for non-profit organizations. She also led development efforts for the Coalition for the International Criminal Court ("ICC"), working with global leaders and prominent human rights organizations to establish the ICC. Ms. Ko holds a bachelors of arts degree from Barnard College of Columbia University.

Bret J. Rudy, M.D., age 60

Dr. Rudy serves as Senior Vice President and Chief of Hospital Operations for NYU Brooklyn. In this role, which he assumed in 2107, Dr. Rudy is responsible for the all aspects of hospital operations including quality, safety, efficiency, and strategy. In collaboration with the Chief Clinical Officer, Dr. Rudy has helped to grow the depth and breadth of clinical services provided to patients in Brooklyn. Dr. Rudy joined NYU Langone in 2009 as the Vice Chairman in the Department of Pediatrics where he oversaw departmental operations related to inpatient services and was responsible for both strategic growth as well as quality and safety. Dr. Rudy earned his undergraduate degree from Lafayette College and completed his medical degree from the University of Pittsburgh, graduating *Alpha Omega Alpha*. After residency and fellowship training at The Children's Hospital of Philadelphia, Dr. Rudy joined the faculty at the University of Pennsylvania School of Medicine in 1994. He was a leader in HIV care and research in adolescents infected with HIV and served in numerous leadership positions within NIH-funded HIV research networks. His work focused on novel antiretroviral regimens, interventions to reduce complications, and chemo-prophylaxis for at-risk youth. Dr. Rudy has published over 55 peer reviewed articles.

Joseph Greco, M.D., age 58

Dr. Greco serves as Senior Vice President of NYULH, Chief of Hospital Operations at NYU Winthrop and Chairman of the Department of Anesthesiology at the NYU LISM. Dr. Greco was promoted to his current role on December 1st, 2019. Prior to his appointment, Dr. Greco served as the Chief Medical Officer for NYU Winthrop since 2015 where he was responsible for helping the medical staff navigate the merger of Winthrop University Hospital with NYU. Prior to 2015, as Chair of Anesthesiology and Medical Director of the Operation Rooms, Dr. Greco was responsible for the programmatic growth of NYU Winthrop's perioperative service, which included maximizing robotic surgery efficiency, streamlining preadmission testing requirements, and expanding the number of NYU Winthrop operating rooms. Dr. Greco has been at NYU Winthrop since 1991. Dr. Greco received a bachelor of science degree from the Sophie Davis School of Biomedical Education of the City College of New York in 1985. He obtained his medical degree from Mount Sinai School of Medicine in 1987 and completed his residency training at Mount Sinai Hospital in 1991.

Conflicts of Interest and Compliance

The Hospital has conflicts of interest policies, a code of conduct and a compliance program, all of which are implemented and enforced by the Office of Audit, Compliance and Enterprise Risk Management and supervised by the Audit and Compliance Committee of the Parent's Board of Trustees. The purpose of these programs is to ensure that all institutional decisions are made to promote the best interests of NYULH without preference or favor based upon personal considerations and to ensure compliance with the various laws and regulations affecting NYULH.

Market Share

General

NYULH operates within the highly competitive health care market comprised of the five boroughs of New York City and Long Island. Service areas tend to overlap, in part due to the close geographic proximity of numerous hospitals and in part due to the fact that New York City hospitals offer some of the most sophisticated medical programs in the world.

Major competitors in the NYULH service area include The New York-Presbyterian Healthcare System; The New York City Health and Hospitals Corporation (“NYC H+H”), a municipal health system; Mount Sinai Health System; Northwell Health; Montefiore Health System; and Catholic Health Services.

The following table shows the market share of total discharges for calendar years ended December 31, 2018, 2017 and 2016 for NYULH and other major health care systems in the area. Share of discharges is measured by total inpatient discharges for hospitals located in the five boroughs of New York City, and Westchester, Nassau and Suffolk Counties. The discharge data are provided by the New York Statewide Planning and Research Cooperative System.

NYULH Market Share⁽¹⁾

Health System	Calendar Year 2018 Market Share	Calendar Year 2017 Market Share	Calendar Year 2016 Market Share
NYULH⁽²⁾	7.2%	6.9%	6.5%
Northwell Health	23.8	23.8	23.6
NY Presbyterian	15.3	14.0	13.7
NYC H+H	10.3	11.0	11.1
Mount Sinai Health System.....	10.7	11.2	11.7
Montefiore Health System.....	8.0	7.7	7.5
Catholic Health Services	5.4	5.3	5.4
Other.....	19.2	20.2	20.6
Grand Total.....	100.0%	100.0%	100.0%

Source: SPARCS inpatient Master File Audit Report CY 2018, CY 2017 and CY 2016 (years ending Dec. 31).

(1) Service Area: All Inpatient Discharges for Hospitals in New York, Kings, Queens, Richmond, Bronx, Westchester, Nassau and Suffolk Counties.

(2) The Long Island Site is included in the NYULH total for all three years notwithstanding the fact that the affiliation did not become effective until April 2017.

Geographic Origin of Patients of NYULH

The following chart sets forth the geographic origin of inpatients of NYULH for the calendar years ended December 31, 2016, 2017 and 2018. The results for 2017 and 2018 include the Long Island Site.

NYULH Inpatient Geographic Origin⁽¹⁾

Borough	Calendar Years Ended December 31,		
	2016	2017⁽²⁾	2018⁽²⁾
Manhattan	22%	12%	12%
Brooklyn	40	35	34
Queens	11	8	9
Bronx	3	2	2
Staten Island	4	2	2
Nassau County	3	28	28
Suffolk County	3	5	5
Total NYC and Long Island	86%	92%	93%
Other New York State	5	2	2
Outside New York State	9	5	5
Total	100%	100%	100%

Source: NYULH records.

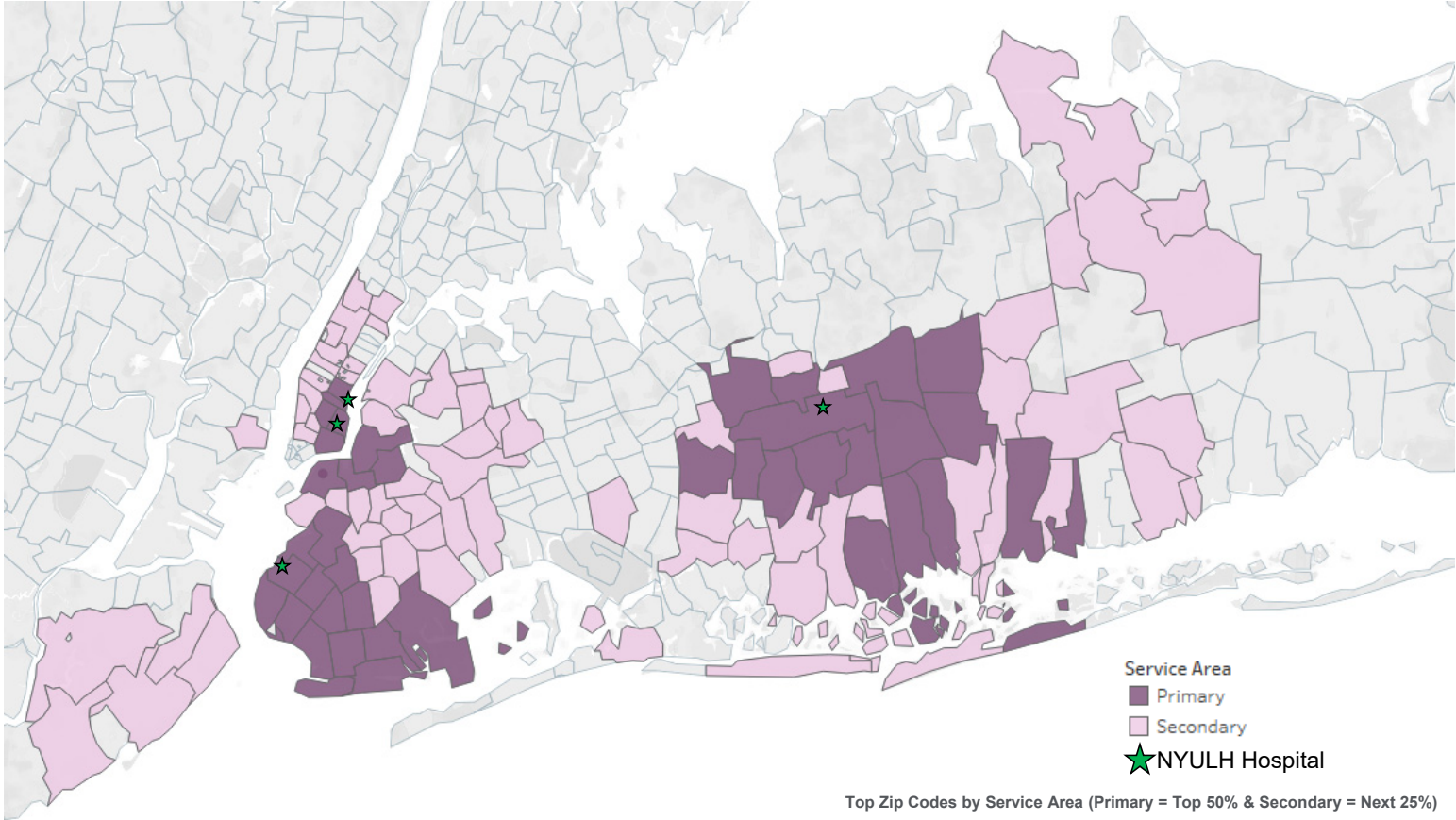
(1) Numbers may not foot due to rounding.

(2) Includes Long Island Site.

The following map illustrates NYULH's inpatient discharges (including the Long Island Site) by zip code for the fiscal year ended August 31, 2019.

NYULH Inpatient Discharges

NYU Langone Health FY19 Inpatient Service Area



Utilization

The following chart sets forth utilization statistics (excluding routine nursery) for NYULH for each of the three years ended August 31, 2017, 2018 and 2019 and the three-month periods ended November 30, 2018 and 2019.

NYULH Historical Utilization Statistics

	<u>Year Ended</u> <u>August 31,</u>			<u>Three Months Ended</u> <u>November 30,</u>	
	<u>2017⁽²⁾</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Discharges ⁽¹⁾	59,581	96,925	100,682	24,347	25,724
Patient Days ⁽¹⁾	303,798	471,142	492,653	120,239	124,510
Average Length of Stay – Acute (in Days)	4.8	4.7	4.7	4.7	4.6
Average Length of Stay – Rehab (in Days)	14.3	14.4	14.7	14.6	15.7
Average Length of Stay – Total (in Days)	5.1	4.9	4.9	4.9	4.8
Average Daily Census	832	1,291	1,350	1,321	1,368
Average Beds Available ⁽³⁾	1,062	1,562	1,628	1,628	1,664
Percent of Occupancy	80%	83%	84%	87%	86%
Medicare Case Mix Index	2.09	2.03	2.06	2.10	2.05
<u>Outpatient Visits</u>					
Emergency Room Gross Visits	172,699	265,270	284,599	68,821	70,943
Ambulatory Surgery Visits	58,710	92,041	98,380	24,166	25,291
Cancer Center Visits	331,178	386,308	405,062	108,612	116,689
Other Outpatient Visits	683,010	912,625	871,122	234,150	238,324
Total Outpatient Visits	1,245,597	1,656,244	1,659,163	435,749	451,247

Source: NYULH records.

(1) Excludes routine nursery.

(2) 2017 excludes Long Island Site as the affiliation was not in effect until April 2017.

(3) Includes observation beds.

Payor Mix

The following chart illustrates the payor mix for NYULH for each of the three years ended August 31, 2017, 2018 and 2019 and the three-month periods ended November 30, 2018 and 2019:

NYULH Percentage of Net Revenue by Payor (Inpatient and Outpatient Services)

	<u>Years Ended August 31,</u>			<u>Three Months Ended</u> <u>November 30,</u>	
	<u>2017⁽³⁾</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Medicare and Medicare managed care ⁽¹⁾	23%	24%	23%	24%	24%
Medicaid and Medicaid managed care ⁽¹⁾	13	12	12	12	12
Blue Cross	25	24	25	25	25
Commercial & Other ⁽²⁾	39	40	40	39	39
TOTAL	100%	100%	100%	100%	100%

Source: NYULH records.

(1) Includes a portion of Medicare managed care and Medicaid managed care net patient revenue. For the years ended August 31, 2017, 2018 and 2019, Medicare managed care represented 6%, 6% and 7% and Medicaid managed care represented 11%, 11% and 10% respectively of net patient revenue. For the three months ended November 30, 2018 and 2019, Medicare managed care represented 7% and 8% of net patient revenue respectively, and Medicaid managed care represented 10% of total net patient revenue for both periods.

(2) Includes non-governmental managed care.

(3) 2017 excludes Long Island Site as the affiliation did not become effective until April 2017.

Summary of Historical Financial Information

Appendix B of the Official Statement sets forth the audited NYULH Consolidated Financial Statements as of August 31, 2019.

Appendix B includes the results of NYULH's wholly controlled subsidiaries, CCC550 (NYULH's captive insurance company), Winthrop-University Hospital Services Corp. ("Services Corp") and Winthrop Clinical Partners, Inc. ("WCPI"). Information related to the three subsidiaries is detailed within the financial statements under "Consolidating Financial Information" and footnote 1. In 2019, CCC550 represented 2.0% and Services Corp and WCPI represented 0.01% of NYULH's total revenues, and CCC550 represented 8.4% and Services Corp and WCPI represented 0.9% of its total assets.

NONE OF CCC550, SERVICES CORP, WCPI, SUNSET PARK OR THE SYSTEM AFFILIATES IS OBLIGATED WITH RESPECT TO THE SERIES 2020A BONDS AND NONE OF THEIR ASSETS OR REVENUES ARE PLEDGED TO SECURE THE SERIES 2020A BONDS. UNLESS OTHERWISE NOTED, THE FINANCIAL RESULTS OF CCC550, SERVICES CORP AND WCPI ARE EXCLUDED FROM THE FINANCIAL RESULTS OF NYULH IN THIS APPENDIX A.

On August 1, 2019, NYU Winthrop merged into NYULH. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 805, Business Combinations, since NYULH and NYU Winthrop were under common control as of the affiliation date (in 2017), the financial statements as of and for the years ended August 31, 2019 and 2018 include the accounts of NYU Winthrop as though the merger had been completed at the beginning of fiscal year 2018 (September 1, 2017). Similarly, the accompanying financial statements for the three months ended November 30, 2018 also reflect the operations of NYULH, including the results of NYU Winthrop.

Summary of Historical Revenues and Expenses of NYULH⁽¹⁾⁽²⁾
(dollars in thousands)

	<u>2017⁽¹⁾</u>	<u>Year Ended August 31, 2018</u>	<u>2019</u>	<u>Three Months Ended November 30, 2018</u>	<u>2019</u>
Operating revenue					
Net patient service revenue	\$ 3,733,141	\$ 5,647,849	\$ 6,087,828	\$ 1,525,470	\$ 1,567,108
Grants and sponsored programs	30,305	36,937	29,686	12,535	17,801
Contributions	6,392	9,326	6,571	1,240	708
Endowment distribution and return on short-term investments	16,512	24,030	32,956	5,006	6,539
Other revenue	174,532	261,427	485,289	167,456	83,825
Net assets released from restrictions for operating purposes	<u>44,246</u>	<u>12,978</u>	<u>43,685</u>	<u>35,417</u>	<u>2,120</u>
Total operating revenues and other support	<u>4,005,128</u>	<u>5,992,547</u>	<u>6,686,015</u>	<u>1,747,124</u>	<u>1,678,101</u>
Operating expenses					
Salaries and wages	1,252,375	2,168,392	2,064,187	540,164	481,185
Employee benefits	454,869	668,210	679,391	175,674	151,054
Supplies and other	1,742,204	2,571,930	2,859,923	703,291	747,824
Depreciation and amortization	194,168	303,559	378,070	90,973	95,621
Interest	<u>64,478</u>	<u>85,206</u>	<u>100,919</u>	<u>24,369</u>	<u>25,600</u>
Total operating expenses	<u>3,708,094</u>	<u>5,797,297</u>	<u>6,082,490</u>	<u>1,534,471</u>	<u>1,501,284</u>
Gain from operations	297,034	195,250	603,525	212,653	176,817
Other items					
Other components of pension & postretirement costs	(9,385)	14,298	12,763	3,307	1,619
Investment return in excess of (less than) endowment distribution, net	9,655	14,764	2,032	(18,868)	23,885
Mission based payment to NYUGSOM	(50,000)	(50,000)	(50,000)	(12,500)	(12,500)
Grants for capital asset acquisitions	1,555	31,077	6,134	-	-
Other	<u>(13,028)</u>	<u>148</u>	<u>3,689</u>	<u>39</u>	<u>1,498</u>
Excess of revenue over expenses	235,831	205,537	578,143	184,631	191,319
Other changes in net assets without donor restrictions					
Changes in pension and postretirement obligations	102,032	14,150	(382,430)	(10,376)	98,238
Contributions for capital asset acquisitions	98	2,311	1,060	3,575	166
Net assets released from restrictions for capital purposes	25,072	272,238	35,639	12,786	2,956
Net assets reclassification related to cy-pres	-	8,692	-	-	-
Equity transfers (to) from related organizations, net	<u>(5,154)</u>	<u>(134,268)</u>	<u>26,746</u>	<u>32,119</u>	<u>(36,753)</u>
Net increase in net assets without donor restrictions	<u>\$ 357,879</u>	<u>\$ 368,660</u>	<u>\$ 259,158</u>	<u>\$ 222,735</u>	<u>\$ 255,926</u>

Source: NYULH records.

(1) 2017 excludes Long Island Site as the affiliation did not become effective until April 2017.

(2) CCC550 and WCPI are presented on an equity basis of accounting and Services Corp is excluded.

Summary of Historical Assets, Liabilities and Net Assets of NYULH⁽¹⁾⁽²⁾
(dollars in thousands)

	<u>2017⁽¹⁾</u>	<u>As of August 31, 2018</u>	<u>2019</u>	<u>As of November 30, 2019</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 266,345	\$ 383,802	\$ 785,154	\$ 608,120
Short-term investments	4,021	576,294	610,855	633,536
Assets limited as to use	28,618	22,196	14,325	26,153
Patient accounts receivable, net	546,847	765,682	808,186	983,884
Contributions receivable	15,107	56,308	28,801	28,796
Due from related organizations, net	82,030	17,234	40,064	17,299
Inventories	55,471	99,040	114,956	114,663
Other current assets	<u>115,609</u>	<u>152,226</u>	<u>185,930</u>	<u>165,470</u>
Total current assets	1,114,048	2,072,782	2,588,271	2,577,921
Long-term investments	24,415	46,915	121,084	137,060
Assets limited as to use, less current portion	622,572	112,573	119,006	121,967
Contributions receivable, less current portion	71,690	24,565	17,543	13,316
Professional liabilities insurance recoveries receivable	67,177	117,049	104,063	104,063
Other assets	93,088	165,048	212,199	218,415
Due from related organizations	9,500	57,420	9,500	9,500
Right-of-use assets	-	-	-	579,552
Property, plant and equipment, net	<u>3,432,102</u>	<u>4,484,450</u>	<u>4,577,427</u>	<u>4,537,775</u>
Total assets	<u>\$ 5,434,592</u>	<u>\$ 7,080,802</u>	<u>\$ 7,749,093</u>	<u>\$ 8,299,569</u>
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 42,830	\$ 84,823	\$ 58,135	\$ 55,925
Accounts payable and accrued expenses	283,467	400,973	382,719	308,028
Accrued salaries and related liabilities	117,184	204,141	279,918	248,294
Accrued interest payable	15,227	15,902	15,483	38,187
Current portion of accrued postretirement liabilities	2,412	2,525	2,913	2,913
Current portion of professional liabilities	-	14,871	7,244	7,244
Deferred revenue	67,494	44,018	69,418	52,570
Due to related organizations, net	-	35,939	53,481	30,295
Other current liabilities	<u>49,980</u>	<u>99,317</u>	<u>125,537</u>	<u>110,727</u>
Total current liabilities	578,594	902,509	994,848	854,183
Long-term debt, less current portion	1,930,931	2,389,037	2,409,872	2,402,840
Operating lease liabilities, less current portion	-	-	-	617,068
Professional liabilities, less current portion	67,177	172,379	164,410	163,990
Accrued pension liabilities	222,951	384,504	735,948	578,986
Accrued postretirement liabilities	80,066	79,290	100,509	100,672
Due to related organizations, less current portion	-	59,477	7,037	6,599
Other liabilities	<u>183,043</u>	<u>306,999</u>	<u>328,265</u>	<u>306,413</u>
Total liabilities	3,062,762	4,294,195	4,740,889	5,030,751
Net assets:				
Net assets without donor restrictions	2,003,693	2,641,879	2,901,037	3,156,963
Net assets with donor restrictions	<u>368,137</u>	<u>144,728</u>	<u>107,167</u>	<u>111,855</u>
Total net assets	<u>2,371,830</u>	<u>2,786,607</u>	<u>3,008,204</u>	<u>3,268,818</u>
Total liabilities and net assets	<u>\$ 5,434,592</u>	<u>\$ 7,080,802</u>	<u>\$ 7,749,093</u>	<u>\$ 8,299,569</u>

Source: NYULH records.

(1) 2017 excludes Long Island Site as the affiliation did not become effective until April 2017.

(2) CCC550 and WCPI are presented on an equity basis of accounting and Services Corp is excluded.

Management's Discussion of Recent Financial Performance

Overview

Over the three year period ended August 31, 2019, NYULH's total operating revenue increased from \$4.0 billion to \$6.7 billion, while its gain from operations increased from \$297.0 million to \$603.5 million. Over the same three year period, the excess of revenue over expenses grew from \$235.8 million to \$578.1 million.

During the three year period ended August 31, 2019, NYULH completed construction of the Kimmel Pavilion and substantially all of the repair and replacement work resulting from Superstorm Sandy, which had caused major damage to the Manhattan Site in 2012. Hospitals, continuing care facilities and other health care providers in New York are challenged to continue delivering the highest quality care under mounting cost pressures and revenue reductions. Further details concerning the most recent three fiscal years and the three-month period ended November 30, 2019 are set forth below.

Three Months Ended November 30, 2019 and 2018

For the three months ended November 30, 2019, NYULH recorded a gain from operations of \$176.8 million, compared with a gain from operations of \$212.7 million for the three months ended November 30, 2018. NYULH generated an operating margin of 10.5% for the three months ended November 30, 2019 compared to a 12.2% operating margin for the three months ended November 30, 2018. Included in the gain from operations for the three months ended November 30, 2018 are one-time revenue items including \$102.4 million in Other revenue attributable to the demutualization of NYULH's prior malpractice insurer Medical Liability Mutual Insurance Company ("MLMIC") and Net assets released from restrictions for operating purposes from unrestricted philanthropy totaling \$34.1 million. The gain from operations for the three months ended November 30, 2019 included no significant one-time revenue items.

For the three months ended November 30, 2019, NYULH recorded total revenue of \$1.7 billion: 47% from inpatient operations; 46% from outpatient operations; and 7% from other sources. As compared to November 30, 2018, total revenue decreased by \$69.0 million or by 4.0%. Management attributes the decrease to the January 2019 transfer of employment of the NYU Winthrop physicians from NYU Winthrop to the Faculty Group Practice of the NYUGSOM.

Operating expenses for the three months ended November 30, 2019 decreased by \$33.2 million or 2.2%. Operating expenses for the three months ended November 30, 2019 were comprised of: 42% salaries and benefits; 50% supplies; 6% depreciation and amortization; and 2% interest. Management attributes the decrease primarily to the transfer of the NYU Winthrop physicians to the NYUGSOM. Faculty Group Practice financial support totaled \$173.2 million for the three months ended November 30, 2019, a 14.0% increase as compared to the three months ended November 30, 2018. Management attributes the increase primarily to the transfer of NYU Winthrop physicians to the NYUGSOM. For more information, see "Affiliation with NYU Grossman School of Medicine and NYU Long Island School of Medicine" and "Financial Support of NYU Grossman School of Medicine" herein.

For the three months ended November 30, 2019, net assets without donor restrictions increased to \$255.9 million or 14.9% compared to \$222.7 million for the three months ended November 30, 2018. This increase is due to the gain from operations discussed above along with the effect of an increase in the discount rate of the pension and postretirement benefit liabilities. As a result of the full asset merger, effective August 1, 2019, the Medicare provider agreement for NYU Winthrop was terminated and subsumed into the Medicare provider agreement of the surviving entity NYULH. NYULH was unable to bill for patient services of NYU Winthrop under the surviving entity's provider number until CMS issued final approval and updated its billing system to reflect the change in ownership. As a result of the temporary hold on billings, NYULH's cash decreased and patient accounts receivable increased by \$175.7 million at November 30, 2019 compared to August 31, 2019. CMS issued the final approval in late December 2019, and NYULH has released the bills. NYULH expects to receive payment of a significant portion of these bills during the first three months of calendar 2020.

Years Ended August 31, 2019 and 2018

For the year ended August 31, 2019, NYULH recorded a gain from operations of \$603.5 million and a \$259.2 million net increase in net assets without donor restrictions compared with a gain from operations of \$195.3 million and a net increase in net assets without donor restrictions of \$368.7 million for the year ended August 31, 2018. The 2019 performance equates to an operating margin of 9.0% compared to a 3.3% operating margin for the year ended August 31, 2018.

For the year ended August 31, 2019, NYULH recorded total revenue of \$6.7 billion: 45% from inpatient operations; 46% from outpatient operations; and 9% from other sources. As compared to the year ended August 31, 2018, total revenue increased by \$693.5 million or by 11.6%. Management attributes the increase in total revenue to continued growth in ambulatory services (including ambulatory surgery, cardiac catheterization, cardiac electrophysiology, Cancer Center and Orthopedic Center visits), inpatient and outpatient payment rate increases, and continued improvements in revenue realization. Included in other revenue is \$102.4 million attributable to the demutualization of MLMIC, and a \$62.4 million settlement with a union for a recoupment of benefit overpayments made in prior years. Net assets released from restrictions for operating purposes includes a \$34.1 million unrestricted pledge payment received from a donor. Operating expenses for the year ended August 31, 2019 increased 4.9% to \$6.1 billion compared with \$5.8 billion for the year ended August 31, 2018 attributable to growth in volume. Operating expenses for the year ended August 31, 2019 were comprised of: 45% salaries and benefits; 47% supplies; 6% depreciation and amortization; and 2% interest. Management attributes the increase in operating expenses to higher employee benefit costs, increased Faculty Group Practice and graduate medical education support, and supply costs associated with increased inpatient and ambulatory volume results.

Years Ended August 31, 2018 and 2017

For the year ended August 31, 2018, NYULH recorded a gain from operations of \$195.3 million and a \$368.7 million net increase in net assets without donor restrictions compared with a gain from operations of \$297.0 million and an increase in net assets without donor restrictions of \$357.9 million for the year ended August 31, 2017. The 2018 performance equates to an operating margin of 3.3% compared to a 7.4% operating margin for the year ended August 31, 2017.

For the year ended August 31, 2018, NYULH recorded total revenue of \$6.0 billion: 45% from inpatient operations; 49% from outpatient operations; and 6% from other sources. As compared to the year ended August 31, 2017, total revenue increased by \$2.0 billion or by 49.6%. Management attributes the increase in total revenue primarily to the addition of the Long Island Site and the material increase in associated revenues available when NYULH became qualified under the federal prescription drug discount program established under Section 340B of the federal Public Health Service Act (the “340B Program”). (For further information concerning the 340B Program, see “Bondowners’ Risks and Matters Affecting the Health Care Industry – Section 340B Drug Pricing Program” herein). In addition, management attributes the increase in total revenue to continued growth in ambulatory services, (including ambulatory surgery, cardiac catheterization, cardiac electrophysiology, Cancer Center and Orthopedic Center visits), inpatient and outpatient payment rate increases and continued improvements in revenue realization through revenue cycle initiatives. Operating expenses for the year ended August 31, 2018 increased 56.3% to \$5.8 billion compared with \$3.7 billion for the year ended August 31, 2017. Operating expenses for the year ended August 31, 2018 were comprised of: 49% salaries and benefits; 45% supplies including disaster costs; 5% depreciation and amortization; and 1% interest. Management attributes these increases primarily to the affiliation of the Long Island Site, the increase in ambulatory volume, increased employee salary and benefits costs, and increased cost of medical supplies and purchased services.

Effects of Superstorm Sandy

NYULH’s financial results for the three years presented continue to be affected by trailing adjustments relating to damages caused by Superstorm Sandy, which occurred in October 2012 and shut down inpatient services at the First Avenue Site for approximately six weeks. The Federal Emergency Management Agency (“FEMA”) committed significant aid to NYU Langone Health to assist in the recovery process and to pay for improvements to the First Avenue Site that may help to mitigate losses due to future storms. In July, 2014, a letter of undertaking was executed by FEMA, the State of New York, the University and NYU Langone Health agreeing to the terms of a fixed,

capped Public Assistance Grant (the “Capped Grant”) in the amount of \$1.13 billion under the alternative procedures authorized under Section 428 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Under the Capped Grant, NYU Langone Health was approved to receive 90% of the awarded amount for the performance of an agreed-upon scope of work less amounts received from commercial insurance as may be required to avoid a duplication of benefits. This agreed upon scope of work was for the repair and replacement of eligible damage totaling \$540.4 million and for approved hazard mitigation projects totaling \$589.7 million for NYU Langone Health (which includes both NYULH and NYUGSOM properties). Of these amounts, NYULH’s portion for the repair and replacement of eligible damage totaled \$271.9 million and the portion for approved hazard mitigation projects totaled \$236.9 million. All FEMA funding remains subject to compliance with extensive regulatory requirements and retroactive audit and recoupment. See “Bondowners’ Risks and Matters Affecting the Health Care Industry – Funding from FEMA” herein. For a summary of FEMA Capped Grant & Emergency Program Activity, see footnote 15 in Appendix B of the Official Statement.

NYULH has filed insurance claims against its insurers and construction contractor relating to Superstorm Sandy. There can be no assurance of recovery under such claims.

Philanthropy

NYULH has historically collaborated with NYUGSOM to raise money for NYU Langone Health and has reported philanthropy contributions on a combined basis. NYU Langone Health has received total cash contributions of \$220.7 million in 2017, of which \$83.4 million was allocable to NYULH, \$183.3 million in 2018, of which \$34.7 million was allocable to NYULH, and \$206.5 million in 2019, of which \$80.3 million was allocable to NYULH.

Financial Planning and Budgetary Process

NYULH and NYUGSOM have jointly developed a long-range financial plan (the “LRFP”) that assesses future challenges and opportunities. The LRFP is updated annually and establishes the targets and guidelines for the development of the annual capital and operating budgets.

NYULH’s capital and operating budgets are developed annually beginning several months before the start of each fiscal year. Based on initial estimates by department managers and the targets developed within the LRFP, the Finance Department creates budgets that are reviewed by senior management. The LRFP and the capital and operating budgets are then reviewed by the Finance Committee of the Parent’s Board of Trustees and presented to the Board for approval. The University’s Board of Trustees reviews the operating and capital budgets, but ultimate approval of the Hospital’s budgets rests with the Board of NYULH in compliance with New York State Department of Health (“DOH”) regulations. Financial performance is monitored by the Board and the Finance Committee of the NYU Langone Health Board of Trustees.

Maximum Annual Debt Service Coverage

The following table sets forth Income Available for Debt Service for NYULH for the three years ended August 31, 2017, 2018 and 2019. It is derived from the consolidating supplemental information contained in the audited financial statements for the fiscal years ended August 31, 2017, 2018 and 2019. The following schedule also shows, on a pro forma basis, the resulting coverage by such Income Available for Debt Service of the maximum annual debt service in any future bond year, including the issuance of the Series 2020 Bonds. NYULH has three unsecured lines of credit totaling \$600.0 million: \$250.0 million with Bank of America, N.A., \$250.0 million with TD Bank, N.A. and \$100.0 million with J.P. Morgan Chase Bank, N.A. As of November 30, 2019, NYULH had an aggregate outstanding balance on these lines of approximately \$336.5 million. These lines of credit are included as Long-Term Indebtedness under the Master Indenture because they have stated maturities of greater than one year but are excluded from “Pro Forma Maximum Annual Long-term Debt Service” because the lines of credit are expected to be refinanced with proceeds of the Series 2020 Bonds.

Summary of Historical and Pro Forma Maximum Annual Debt Service Coverage (dollars in thousands)

	<u>Year Ended</u> <u>August 31,⁽¹⁾</u>		
	<u>2017⁽²⁾</u>	<u>2018⁽³⁾</u>	<u>2019⁽³⁾</u>
Excess of revenue over expenses	\$ 235,831	\$ 205,537	\$ 578,143
Other components of pension and post-retirement cost	9,385	(14,298)	(12,763)
Grants for capital asset acquisitions	(1,555)	(31,077)	(6,134)
Mission support payment to NYUGSOM	50,000	50,000	50,000
Other	13,028	(148)	(3,689)
Investment return in excess(less than) of Endowment distribution, net	(9,655)	(14,764)	(2,032)
Depreciation and amortization	194,168	303,559	378,070
Interest	<u>64,478</u>	<u>85,206</u>	<u>100,919</u>
Income Available for Debt Service Annualized	\$ 555,680	\$ 584,015	\$ 1,082,514
Divided by:			
Maximum Annual Long-Term Debt Service ⁽⁴⁾	\$ 145,291	\$ 186,164	\$ 190,744
Maximum Annual Long-Term Debt Service Coverage ⁽⁴⁾	3.82 x	3.14 x	5.68 x
Pro Forma Maximum Annual Long-Term Debt Service ⁽⁴⁾⁽⁵⁾			\$ 230,202
Pro Forma Maximum Annual Long-Term Debt Service Coverage ⁽⁴⁾⁽⁵⁾			4.70 x

Source: NYULH records.

(1) CCC550 and WCPI are presented on an equity basis of accounting and Services Corp is excluded.

(2) Fiscal year 2017 excludes Long Island Site as the affiliation did not become effective until April 2017.

(3) Fiscal year 2018, 2019 and the three months ended November 30, 2019 include Long Island Site.

(4) Debt service is calculated in accordance with the Master Indenture, including the permitted amortization of Balloon Long-Term Indebtedness (as defined in the Master Indenture) over 30 years on a level debt service basis. See Appendix F of the Official Statement.

(5) Estimated pro forma maximum annual debt service includes the Series 2020 Bonds and excludes indebtedness which is anticipated to be refinanced with proceeds of such bonds. Includes estimated rent payments related to \$170.2 million capital lease liability which became effective on January 1, 2020.

Capitalization

The table below sets forth the debt to capitalization calculated pursuant to the Master Indenture definition.

<i>(dollars in thousands)</i>	<u>Year Ended August 31,</u>			<u>Three Months Ended November 30,</u>	
	<u>2017⁽¹⁾</u>	<u>2018⁽²⁾</u>	<u>2019⁽²⁾</u>	<u>2019⁽²⁾</u>	<u>Pro Forma⁽²⁾⁽³⁾</u>
Short Term Debt	\$ 42,830	\$ 84,823	\$ 58,135	\$ 55,925	\$ 55,925
Long Term Debt	<u>1,930,931</u>	<u>2,389,037</u>	<u>2,409,872</u>	<u>2,402,840</u>	<u>3,208,844</u>
Total	\$ 1,973,761	\$ 2,473,860	\$ 2,468,007	\$ 2,458,765	\$ 3,264,769
Net assets without donor restrictions ⁽⁴⁾	<u>2,003,693</u>	<u>2,641,879</u>	<u>2,901,037</u>	<u>3,156,963</u>	<u>3,156,963</u>
Total Capitalization ⁽⁴⁾	\$ 3,977,454	\$ 5,115,739	\$ 5,369,044	\$ 5,615,728	\$ 6,421,732
Debt-to-Capitalization	49.6 %	48.4 %	46.0 %	43.8 %	50.8 %

Source: NYULH records.

(1) Fiscal year 2017 excludes Long Island Site as the affiliation did not become effective until April 2017.

(2) Fiscal year 2018, 2019 and the three months ended November 30, 2019 include Long Island Site.

(3) Includes a capital lease liability in the amount of \$170.2 million which became effective on January 1, 2020.

(4) CCC550 and WCPI are presented on an equity basis of accounting and Services Corp is excluded.

Interest Rate Swap Agreements

NYULH is not a party to any interest rate swap agreements.

Liquidity and Investments

The table below sets forth the days cash on hand calculated pursuant to the Master Indenture definition.

<i>(dollars in thousands)</i>	<u>Year Ended August 31,⁽¹⁾</u>			<u>Three Months Ended November 30,⁽¹⁾</u>
	<u>2017⁽²⁾</u>	<u>2018⁽³⁾</u>	<u>2019⁽³⁾</u>	<u>2019⁽³⁾</u>
Cash and cash equivalents	\$ 266,345	\$ 383,802	\$ 785,154	\$ 608,120
Marketable securities	28,436	623,209	731,939	770,596
Assets limited as to use	49,497	30,293	30,080	41,812
Assets limited as to use - board designated	598,398	-	-	-
Less: Restricted Funds	<u>(32,368)</u>	<u>(46,107)</u>	<u>(52,388)</u>	<u>(54,903)</u>
Total Cash per Master Indenture	\$ 910,308	\$ 991,197	\$ 1,494,785	\$ 1,365,625
Operating expenses	\$ 3,708,094	\$ 5,797,297	\$ 6,082,490	\$ 6,049,304
Depreciation and amortization	(194,168)	(303,559)	(378,070)	(382,718)
Other adjustments per Master Indenture	<u>42,830</u>	<u>84,823</u>	<u>58,135</u>	<u>55,925</u>
Total Modified Operating Expenses	\$ 3,556,756	\$ 5,578,561	\$ 5,762,555	\$ 5,722,511
Days Cash on Hand	<u>93</u>	<u>65</u>	<u>95</u>	<u>87</u>

Source: NYULH records.

(1) CCC550 and WCPI are presented on an equity basis of accounting and Services Corp is excluded.

(2) Fiscal year 2017 excludes Long Island Site as the affiliation did not become effective until April 2017.

(3) Fiscal year 2018, 2019 and the three months ended November 30, 2019 include Long Island Site.

Liquidity Policy

NYULH's cash management policy is to provide liquidity for operating and capital expenditures. Cash not needed to meet short-term working capital requirements is maintained in a working capital reserve fund (reported within short-term investments) with the intent to meet the cash flow requirements of NYULH for projects and programs for which spending would occur beyond a one-year time frame. The balance in the working capital reserve fund is invested at the direction of the investment committee of the Board and includes cash and cash equivalents, fixed income, and equity securities. In addition, NYULH has donor restricted endowments invested in a pooled investment portfolio maintained by NYU.

Employees

As of September 30, 2019, NYULH had approximately 23,300 full-time equivalent ("FTE") employees, including 6,644 FTE registered nurses and 107 FTE licensed practical nurses. NYULH employs approximately 7,289 employees represented by Service Employees International Union Local 1199 ("Local 1199").

The Local 1199 employees include selected professional staff (physical therapists, pharmacists, social workers, etc.), technical staff (clinical laboratory technicians/technologists, x-ray technicians, EKG technicians, pharmacy technicians, etc.), ancillary staff (licensed practical nurses, physical therapy and occupational therapy assistants, pharmacy aides and secretaries in the clinical areas), service staff (building service staff, food service staff, etc.), and registered nurses at LOH. NYULH's collective bargaining agreement with Local 1199 expires on September 30, 2021. In addition, 1,236 employees at the Long Island Site recently voted to join Local 1199.

Approximately 213 employees at the Manhattan Site are represented by the International Brotherhood of Teamsters, Local 810 (“Local 810”) and 46 employees at the Long Island Site are represented by Local 810. NYULH’s collective bargaining agreement with Local 810 for the Manhattan Site expires June 30, 2024, and the collective bargaining agreement for the Long Island Site expires on June 30, 2020.

In addition, NYULH employs approximately 159 employees at the Manhattan Site and 38 employees at the Brooklyn Site represented by Local One of the Security Officers Union (“Local One”) and approximately nine security officers at the LOH Site who are represented by the Brotherhood of Security Personnel Officers and Guards International Union (the “Brotherhood”). The collective bargaining agreement with Local One for the Manhattan Site expires February 28, 2025. The collective bargaining agreement for the Brooklyn Site expires on February 28, 2021. The collective bargaining agreement with the Brotherhood expires on January 31, 2022.

NYULH also employs approximately 915 employees who are registered nurses at the Brooklyn Site represented by the Federation of Nurses/United Federation of Teachers, Local 2 (“Local 2”). The collective bargaining agreement with Local 2 expires on February 28, 2021. Management believes its relationship with its employees to be generally good. NYULH is self-insured for the medical and pharmaceutical benefits for its employees.

Pension and Benefit Programs

Substantially all NYULH employees are covered by defined contribution plans or defined benefit plans sponsored by NYULH or operated by collective bargaining organizations. NYULH contributes to the union-based defined contribution plans based on rates required by union or other contractual arrangements. For a discussion of certain risks associated with multiemployer benefit plans, see “Bondowners’ Risks and Matters Affecting the Health Care Industry – Multiemployer Pension Plans” herein and footnote 9 in Appendix B of the Official Statement.

NYULH contributes to the three defined contribution plans that it sponsors for employees at its Manhattan, Brooklyn and Long Island Sites. Contributions for 2019 totaled \$55.8 million, of which the Manhattan Site was \$36.4 million, the Long Island Site was \$19.4 million, and there were no contributions for the Brooklyn Site.

NYULH maintains three defined benefit plans for its Manhattan, Brooklyn and Long Island Sites. The Manhattan and Long Island Sites’ defined benefit plans are closed to new participants, and the Brooklyn Site’s defined benefit plan has a limited group of participants who are governed under a collective bargaining agreement and are actively accruing benefits under the plan. August 31st is the measurement date for all three plans, and contributions for 2019 totaled \$30.5 million for all three plans, including \$7.5 million for the Manhattan Site and \$23.0 million for the Long Island Site. There were no contributions to the Brooklyn Site defined benefit plan. Contributions to the defined benefit plans are intended to provide for benefits attributed to service to date as well as those expected to be earned in the future. They are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 plus such additional amounts as NYULH may deem appropriate from time to time. For a description of the funded status of NYULH’s various benefit plans, see footnote 9 in Appendix B of the Official Statement. As of December 31, 2019, the Long Island Site defined benefit pension plan, the NYUGSOM defined benefit pension plan, and a portion of the Brooklyn Site defined benefit pension plan were merged into the legacy Manhattan Site defined benefit pension plan.

NYULH offers a 457(b) plan to certain employees for which contributions are made solely by employees through payroll deductions. In addition to the pension plans, NYULH provides health care benefits, including prescription drug benefits and life insurance benefits, to its retired Manhattan Site employees if they meet certain age and service requirements of the plan while working for NYULH. NYULH also provides a 403(b) plan for union employees, for which contributions are made through payroll deductions, and a 401(k) plan for non-union employees where the contributions are through payroll deductions along with a 3% safe harbor employer contribution and a 3% discretionary employer contribution. Effective February 2, 2018 the Lutheran Medical Center 403(b) Retirement Plan assets were transferred into the Hospital’s 403(b) plan. Effective December 31, 2017, the Lutheran Medical Center 401(k) Plan was frozen to new participants and contributions, and all eligible employees were eligible to participate in the Hospital’s 403(b) plan.

Reimbursement Methodologies

Medicare

Medicare is a federal health care program created by Title XVIII of the Social Security Act. Medicare covers both hospital and physician services for eligible individuals who are elderly, disabled or subject to certain chronic conditions.

Inpatient-Based Payment System

Medicare covers hospital services for eligible individuals who are elderly, disabled or subject to certain chronic conditions. Medicare pays acute care hospitals, such as NYULH, for most general medical/surgical services provided to eligible inpatients under a prospective payment system (“PPS”) known as “inpatient PPS.” Under the inpatient PPS, hospitals receive a predetermined payment amount for each Medicare discharge. This PPS payment is a standard national amount based on the diagnostic related group (“DRG”) for the discharge subject to a geographic adjustment that takes into account wage differentials. Since October 1, 2007, CMS has utilized a new DRG system intended to ensure that payments more accurately reflect the costs of services provided by hospitals by better recognizing the severity of a patient’s illness. The new DRG system, referred to as the Medicare-Severity DRGs, modifies the basic logic of the previous system and includes three severity levels: major complication and comorbidities, complication and comorbidities (“CC”) and non-CC. DRGs classify treatments for illnesses according to the estimated costs of hospital resources necessary to furnish care for each patient’s principal diagnosis and establish a payment amount for that diagnosis treatment group. Hospitals are thus at financial risk for providing services to a patient at an actual cost greater than the applicable DRGs payment. DRG weights are recalibrated annually.

DRG rates are updated annually (the update factor) based on a statistical estimate of the increase in the cost of goods and services used by hospitals in providing care (the market basket). Historically, the increases to the DRG rates have often been lower than the percentage increases in the costs of goods and services purchased by hospitals. Under the final inpatient prospective payment system (“IPPS”) rule for fiscal year 2020 (effective October 1, 2019), the operating payment rates for inpatient stays in general acute care hospitals, such as NYULH, that participate in the Hospital Inpatient Quality Reporting (“IQR”) Program and are meaningful electronic health record (“EHR”) users were increased by 3.10 %.

CMS implemented a provision of the Deficit Reduction Act of 2005 (the “DRA”) that aims to prevent Medicare from paying hospitals for the additional costs of treating a patient who acquires certain specified conditions (including certain infections) during a hospital stay. Hospitals must report diagnoses that are present at the time of patient admission. Medicare no longer pays hospitals for the enhanced costs of treating patients with the specified conditions if the conditions were not present upon admission. The ACA established the Hospital Acquired Condition Reduction Program. Beginning October 1, 2014, hospitals that are in the top quartile for the rate of hospital acquired conditions have had their Medicare IPPS payments reduced by a further 1%.

Under the Hospital Readmissions Reduction Program, for discharges beginning on or after October 1, 2012, a hospital with excess readmissions for patients having certain conditions will receive an adjustment to the base operating DRG payment to account for excess readmissions. A readmission generally refers to an admission to an acute care hospital paid under the IPPS within 30 days of a discharge from the same or another acute care hospital. A hospital’s excess readmission ratio is a measure of its readmission performance compared to the national average. For federal fiscal year 2020, CMS has set the maximum reduction amount for excess readmissions at 3% of payments.

Effective for discharges occurring after October 1, 2012, IPPS hospitals have been subject to the Hospital Value-Based Purchasing adjustment whereby a participating hospital’s base operating DRG payments are reduced to fund value-based incentive payments to PPS hospitals based on their overall performance on a set of quality measures. Each hospital’s value-based incentive payment adjustment factor is based on the hospital’s Total Performance Score for the specified performance period. The total estimated amount available for value-based incentive payments for a fiscal year is equal to the estimated total amount of payment reductions for all participating hospitals for the fiscal year. For federal fiscal year 2020, the hospital value based purchasing adjustment program will be funded by a 2% payment reduction to participating hospitals’ base operating DRG payments. Each hospital’s value-based incentive payment amount for a fiscal year will depend on the range and distribution of hospital scores for that federal fiscal

year's performance period, on the amount of funds available for redistribution and on the amount of the hospital's DRG payments. The value-based incentive payment amount for each hospital applied as an adjustment to the base-operating DRG amount for discharge beginning October 1, 2012. In addition, the Bipartisan Budget Act of 2018 extended the annual 2% reduction on federal Medicare spending caps through 2027.

Outpatient-Based Payment System

Most hospital outpatient services are also reimbursed on a PPS basis. Payments under the outpatient PPS ("OPPS") are based upon ambulatory payment classification ("APC") groups. An APC group includes various services and procedures determined to be similar. APC rates are adjusted annually and are subject to a geographic adjustment that takes into account wage differentials and the average amount of resources required to provide the service (e.g., visit, chest x-ray, surgical procedure). Hospitals are eligible to receive additional payments for certain new or high cost drugs and devices as well as certain outlier payments. There can be no assurance that the Hospital OPPS rate, which bases payment on APC groups rather than on individual services, will be sufficient to cover the actual costs of the services.

OPPS applies to most hospital outpatient services, other than ambulance and rehabilitation services, clinical diagnostic laboratory services, dialysis for end-stage renal disease, non-implantable durable medical equipment, prosthetic devices and orthotics. Outpatient services not covered by OPPS are reimbursed on the basis of fee schedules, the lower of costs or charges, or a blend of fee schedules and costs.

CMS has implemented a quality data reporting program for hospital outpatient care known as the Hospital Outpatient Quality Reporting Program. This program, modeled after the quality data reporting program for hospital inpatient services, has financial incentives for hospitals to report quality data to CMS. Any hospital that fails to meet the standards for reporting of hospital outpatient quality measures will receive a 2% reduction in the conversion factor used to determine its outpatient payments for that calendar year.

Additional Supplemental Payments

Certain hospitals, including NYULH, receive additional payment from Medicare for the direct costs of graduate medical education ("GME"). There are two forms of payment for GME: Direct Graduate Medical Education ("DGME") and Indirect Medical Education ("IME") payments. DGME payments support the direct costs of training (e.g., resident stipends, supervision), while IME payments support the higher infrastructure relating to teaching, greater patient acuity and their extensive "stand-by" capabilities. DGME costs are reimbursed under a prospective methodology based on a hospital-specific approved amount per resident. Additional payments are available to PPS teaching hospitals for the IME costs attributable to their approved graduate medical education programs. The IME payment is an additional payment calculated as a percentage add-on to the inpatient DRG payment. The payment is based on a formula that incorporates a hospital's ratio of residents to beds in use and total inpatient PPS revenue. DGME and IME reimbursement is subject to certain limitations, such as a cap on a hospital's reimbursable residents based on the number of residents in a base year, and reductions for training taking place in non-hospital settings unless certain criteria are met. Congress has repeatedly sought to limit GME reimbursement. In fiscal year 2019, NYULH received \$252.2 million in reimbursement for DGME and IME.

Hospitals receive additional payments for other costs. In certain circumstances, CMS makes an additional payment for new services and technologies if the estimated charges for the new service or technology exceed the DRG payment amount by a threshold amount and the new service or technology is a substantial clinical improvement relative to technologies previously available. Hospitals also receive additional payments, known as outlier payments, for cases for which costs exceed the inpatient prospective payment system payment plus an additional fixed dollar amount (a threshold). In addition, Medicare makes additional payments to hospitals that serve large numbers of low-income patients. There is no assurance that these payments, considered together with the DRG payment, will be sufficient to cover the actual cost of providing hospital services or that they will continue at their current payment levels.

Certain hospital inpatient facilities or units providing specialized services, such as rehabilitation or psychiatric units, are reimbursed under different reimbursement methodologies. Medicare implemented a PPS whereby patients receiving rehabilitation services are classified into case mix groups based upon impairment, age, co-

morbidities and functional capability, and a distinct PPS for inpatient psychiatric services whereby hospitals will receive a predetermined per diem payment with adjustments for factors such as patient characteristics, DRG, hospital teaching status, and geographic area wage levels. Rehabilitation and psychiatric PPS rates are also subject to the market basket reductions included in the health care reform legislation. There is no assurance that these payments are sufficient to cover the actual cost of providing hospital services.

From 2013 through September 2018, the Hospital participated in the CMS Bundled Payments for Care Initiative, which permitted participating organizations to enter into payment arrangements for Medicare patients that include financial and performance accountability for all services provided during 90-day episodes of care. NYULH received bonus payments in each quarter of the demonstration. Effective October 2018, the Hospital began participating in the CMS Comprehensive Joint Replacement initiative and anticipates receiving bonus payments under this program.

The Medicare program has experienced frequent legislative, regulatory and administrative revisions in its payment methodologies and other provisions, many of which have sought to reduce the level of payment and rate of increase in the cost of the program. In addition, CMS has increased its efforts to identify potential overpayments to providers. Auditors such as Recovery Auditors, Program Integrity Contractors, Medicare Administrative Contractors and Specialty Contractors routinely audit hospital payments and impose retroactive payment adjustments on providers. Program integrity auditors are increasingly using statistical sampling and extrapolation to support demands of significant repayments. See “Bondowners’ Risks and Matters Affecting the Health Care Industry – Regulatory Reviews and Audits” herein. Legislative and regulatory changes together with increasing CMS audits may adversely affect the Medicare reimbursement NYULH receives.

Medicare Advantage

NYULH also receives Medicare reimbursement through Medicare Advantage plans (formerly known as Medicare+Choice Plans), which are alternate managed care insurance products offered by private companies who contract with the Medicare program. Under the Medicare Advantage program, these private companies agree to accept a fixed, per-beneficiary payment from the Medicare program to cover all care that the beneficiary may require. While the coverage afforded by these Medicare Advantage plans must be at least co-extensive with the coverage offered by the traditional Medicare fee-for-service program, NYULH’s payments for inpatient and outpatient services furnished to Medicare Advantage beneficiaries are governed by each payor’s contract with NYULH rather than the Medicare IPPS or OPSS payment methodologies.

Medicaid, Worker’s Compensation and No Fault

As periodically updated and renewed, the New York State reimbursement methodologies govern non-Medicare payments to hospitals in New York State. Under the New York State reimbursement methodologies, hospitals and all non-Medicare payors, except Medicaid, workers’ compensation and no-fault insurance programs, negotiate hospitals’ payment rates. If negotiated rates are not established, payors are billed at hospitals’ established charges. Medicaid, workers’ compensation and no-fault payors pay hospital rates promulgated by DOH on a prospective basis. Every year, NYULH must have its Medicaid reimbursement rates certified for the forthcoming year by the New York State Commissioner of Health and approved by the State Director of Budget, recognizing economic and budgetary considerations. In addition, Medicaid rate methodologies are subject to approval at the federal level by CMS, which may routinely request information about such methodologies prior to approval. Revenue related to specific rate components that have not been approved by CMS is not recognized until NYULH is reasonably assured that such amounts are realizable. Adjustments to the current and prior years’ payment rates for Medicaid will continue to be made in future years. For a discussion of recent announcements from the Cuomo administration concerning Medicaid cuts in the current and future years, see “Bondowners’ Risks and Matters Affecting the Health Care Industry – New York State Budget Crisis” herein.

New York State reimbursement methodologies include a system of state-imposed assessments and surcharges on various categories of third-party payors for health care services that fund annual state-operated pools for indigent care, health care initiatives, and professional education. Funds from the professional education pool have historically been transferred to the indigent care pool and distributed to hospitals on a methodology utilizing uninsured patient volume. There will be continued changes in the methodology used to determine the amount of the distributions to be

made to hospitals and in the methodology used to determine the cap on the amount of the distributions that are ultimately passed on to hospitals. The teaching component of Medicaid and managed Medicaid reimbursement, which is distributed outside the pools, is expected to continue to be paid by the state directly to the hospitals. However, NYULH receives significant payments from the indigent care pool, and no assurances can be given that substantial subsequent changes in these programs will not occur, nor that subsequent payments will remain at levels comparable to the present level.

In the State of New York, Medicaid is a jointly funded federal-state-county program administered by the state by which hospitals receive reimbursement for services provided to eligible infants, children, adolescents and indigent adults. The federal share of the State's Medicaid expenditures is approximately 50%. Since its application for a federal Medicaid waiver under Section 1115 of the Social Security Act was first approved in 1997, the State of New York has mandated that a significant portion of its Medicaid population be assigned and enrolled into private managed care plans. Under the waiver, Medicaid recipients are required to enroll in one of several managed care options, unless they fall into an exempt or excluded category enumerated in the New York statute. See "Reimbursement Methodologies – Managed Care" herein.

Effective December 1, 2009, DOH implemented the All Patient Refined Diagnosis Related Groups ("APR-DRGs") payment methodology to reimburse hospitals for inpatient services furnished to Medicaid beneficiaries. Many Medicaid managed care, workers' compensation and no-fault insurance programs also reimburse providers for inpatient services under an APR-DRG payment methodology. APR-DRGs expand the basic DRG structure by adding four subclasses to each DRG to incorporate severity of illness ("SOI"). APR-DRGs are assigned to each case based on the reason for admission and the SOI. Each DRG SOI combination is associated with a specific relative weight. The rate of reimbursement for each case is calculated by multiplying the relative weight by a statewide operating cost-based price, which is adjusted by certain hospital-specific factors (e.g., a wage equalization factor and indirect medical education percentage) and then increased to provide additional reimbursement for certain other factors, such as direct medical education and certain "non-comparable adjustments" (e.g., ambulance services).

Beginning in 2011, the New York State Budget included reductions in reimbursements to providers in a wide variety of areas. In addition, many modifications occurred as a result of the recommendations of the "Medicaid Redesign Team." One of the key provisions is an overall state spending cap, which if exceeded, will result in further reimbursement cuts. To date, Medicaid spending in New York State has remained below the cap. Nevertheless, it remains uncertain whether the state will be able to keep spending below the limit in future years without resorting to additional rate cuts.

Since 2012, NYULH has been reimbursed for hospital outpatient services, including emergency departments and ambulatory surgery departments, furnished to Medicaid beneficiaries under a payment methodology based on Ambulatory Patient Groups ("APGs"). Some hospital outpatient services furnished to Medicaid managed care beneficiaries or services certified under the Mental Hygiene Law are exempted from this payment methodology. The APG methodology reimburses NYULH and other acute care prospective payment hospitals in New York, based on patients' conditions and the severity of those conditions. It packages the cost of certain ancillary laboratory and radiology services into the overall payment. Provider payments are directly related to the actual services provided based on patient diagnosis and the codes reported on the Medicaid claim. Medical services requiring a higher level of professional and ancillary care are paid at a higher rate than those of lower intensity.

Effective since 2010, DOH implemented a Medicaid inpatient psychiatric exempt unit reimbursement methodology based on a per diem rate method which uses the APR-DRG patient classification system, per diem service intensity weights and various payment factors to reimburse hospitals for services provided in inpatient psychiatric exempt units. New York State also moved from a fee-for-service reimbursement methodology for outpatient psychiatric services retroactive to October 2010.

Payments made to health care providers under the Medicaid program are subject to change as a result of federal or state legislative and administrative actions, including changes in the methods for calculating payments, the amount of payments that will be made for covered services and the types of services that will be covered under the program. Such changes have occurred in the past and may be expected to occur in the future, particularly in response to federal and state budgetary constraints.

There are various proposals at the federal and state levels that could, among other things, significantly reduce reimbursement rates or modify reimbursement methods. The ultimate outcome of these proposals and other market changes cannot presently be determined. Future changes in the Medicaid program and any reduction of funding could have an adverse impact on NYULH.

Managed Care

NYULH has contracts with all of the major managed care companies which cover most products (health maintenance organization (“HMO”), point of service, preferred provider organization (“PPO”), exclusive provider organization and payor types (Medicare, Medicaid and commercial)). Empire Blue Cross, Oxford Health Plans, Aetna US Healthcare, CIGNA and United Healthcare are the largest payors for NYULH. Most managed care reimbursement arrangements are on a discounted fee-for-service basis. Financial terms are established based upon the size of health plan membership and the ability of the company to direct patients to NYULH, with separate rates for each product line (Medicare, Medicaid and commercial). Most commercial inpatient contracts are based on current CMS methodology with additional outlier per diem payments for long stay cases that exceed a DRG specific length of stay target and a case rate structure for maternity with outlier per diem payments beyond a defined length of stay threshold. Some services are negotiated on a per diem basis, and implantable and specialty drugs generally require separate payments. Global rates, which are composite rates that include hospital and physician services, have been established for select transplant services. Outpatient services are reimbursed based on a combination of a percent of charges, fixed fee schedules, case rates and unit rates.

Most Medicaid managed care members are enrolled in Prepaid Health Service Plans (“PHSP”), which are managed care plans New York State enabled to enroll eligible Medicaid patients pursuant to a federal waiver. NYULH has taken steps to respond to the implementation of mandatory Medicaid enrollment in New York City by purchasing an ownership interest in Healthfirst, Inc. (“HealthFirst”), a Medicaid HMO owned collectively by a consortium of hospitals in the region and one of the largest PHSPs in New York City. NYULH has over 50,000 attributed lives with HealthFirst and 50,000 additional lives with other Medicaid managed care payers in value based agreements.

NYULH has implemented a number of initiatives to address the payment reform movement. NYUPN, the joint collaboration of NYULH and UPN, includes approximately 500 primary care physicians and 3,000 specialists across New York City, Westchester and Nassau Counties who manage and coordinate the care for participating patients. NYUPN has entered into shared savings contracts with most large commercial health plans in the New York metropolitan area carrying an attributed population of more than 280,000 patients. NYUPN receives bonus payments under these arrangements if the total cost of care for the attributed population in the measurement period is less than the targeted amount established using a base period. NYUPN has been the recipient of aggregate net bonus payments from payors every year since 2014, and annual bonus amounts ranged from \$1.5 million to \$14.3 million.

NYULH is the lead hospital in the NYU Langone PPS, a network of hospitals, primary care practices and other healthcare providers participating in the DSRIP Program. The DSRIP Program is a New York State initiative to restructure the health care delivery system by reinvesting in the Medicaid program, with the primary goal of reducing avoidable hospital use by 25% over five years ending in March 2020. After Lutheran Medical Center merged into NYULH, NYULH met the criteria of a safety net provider to participate as a performing provider in the DSRIP Program, as it meets the percentage requirements for Medicaid patients (35% for outpatient and 30% for inpatient). Up to \$6.42 billion dollars has been allocated to the DSRIP Program, of which approximately \$127.8 million was earmarked to the NYU Langone PPS, with payouts to participating providers to be based upon achieving predefined results in system transformation, clinical management and population health. Through year four of the DSRIP Program, NYU Langone PPS has received \$126.2 million, with an additional \$14 million projected for year five, of which \$31 million was earned by NYULH through September 30, 2019, and an additional \$10 million anticipated through the end of year five. In addition, in July 2018, the NYU Langone PPS received approximately \$26.6 million from a grant from the Capital Restructuring Finance Program in support of the DSRIP Program to fund the NYU Langone PPS enterprise clinical platform implementation. DOH has asked CMS to extend the DSRIP Program through 2024.

The Parent has also formed an independent practice association to serve as the contracting entity with Medicaid managed care organizations on behalf of NYULH, physicians and other providers participating in the network.

Financial Assistance Policy

NYULH offers reduced fees and flexible payment plans for medically necessary outpatient, emergency and inpatient care to New York State residents regardless of their ability to pay. Fees are based on the ability to pay, as measured by income and/or assets, family size and place of residence. A sliding scale fee applies to inpatient stays, clinic visits and emergency room visits. Fees are based on need as defined by federal guidelines. NYULH's policy is more generous than the requirements for providing financial assistance to low-income, uninsured patients enacted by the New York State Legislature.

Licensure and Accreditation

NYULH is licensed by DOH and accredited by The Joint Commission and the Commission on the Accreditation of Rehabilitation Facilities. NYULH is also certified by the United States Department of Health and Human Services ("DHHS") for participation in the Medicare and Medicaid programs.

Professional and General Liability Insurance Program

NYULH carries the following coverages: all-risk property insurance on its buildings and contents, including fire and allied lines and boiler and machinery written on a replacement cost basis (with a \$700 million sublimit on flood damage); commercial general liability insurance with a combined single limit of \$2 million per occurrence and \$5 million annual aggregate limit for third party property damage and bodily injury; vehicle liability (and is self-insured for physical damage insurance covering its leased and owned vehicles); commercial crime and fidelity insurance; directors and officers liability insurance; and miscellaneous errors and omissions coverage. NYULH also carries excess umbrella liability policies with a combined limit of \$550 million per occurrence/aggregate above the general liability policy. In addition to these policies, NYULH is self-insured for statutory workers' compensation and disability insurance as required by law. NYULH maintains professional liability insurance, which consists of a combination of captive insurance and commercial insurance. See footnote 8 in Appendix B of the Official Statement for information concerning NYULH's professional liability insurance program, actuarial estimates relating to loss reserves, and the status of deferred premiums.

Litigation and Investigations

Professional and general liability claims have been asserted against NYULH by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. The outcome of these actions cannot be predicted with certainty by management or by counsel to NYULH or by the respective insurance companies handling such matters.

In January 2020, NYULH received a subpoena from the Office of the Inspector General of DHHS (the "OIG"), working in conjunction with the U.S. Department of Justice, for information relating to NYULH's Medicare cost reports for the years 2010-2019, in connection with an investigation of possible false or otherwise improper claims submitted for payment under Title XVIII (Medicare) and Title XIX (Medicaid) of the Social Security Act. NYULH understands the investigation relates to a targeted review of Medicare payments made to NYULH as reimbursement for its IME expenses. The subpoena requests documents and data used to calculate NYULH's IME adjustment factor, which is based in part on the number of hospital residents in accredited training programs to available inpatient beds at the hospital as reported by NYULH each year on its Medicare cost report. The investigation is at a preliminary phase, and no demand for repayment has been received. NYULH cannot predict the outcome of this matter.

In addition to the matters described above, there are known incidents that may result in the assertion of additional claims, and such other claims may arise. There is no litigation pending or threatened against NYULH (other than claims against which NYULH is insured) that, in the opinion of management, would materially adversely affect NYULH's ability to meet its obligations with respect to the Series 2020A Bonds.

Bondowners' Risks and Matters Affecting the Health Care Industry

Introduction

NYULH operates in a heavily regulated, highly competitive, and geographically concentrated market, all of which poses a number of risks for NYULH. The following discussion of risks to holders of the Series 2020A Bonds is not intended to be exhaustive, but rather to summarize certain matters that could affect payment of the Series 2020A Bonds, in addition to other risks described throughout the Official Statement and this Appendix A. The following risk factors and regulatory considerations are described in the context of NYULH as the sole current Member of the Obligated Group. To the extent that additional entities become Members of the Obligated Group in the future, these risk factors and regulatory considerations would generally be applicable to the Obligated Group as a whole.

National Health Reform

Multiple candidates for the U.S. presidency have listed national health reform as a major priority, including the concept of “Medicare for All.” The proposals vary among the candidates and do not include extensive detail. However, in general these proposals suggest a major change in federal health policy and if implemented would fundamentally change the structure and level of payment to hospitals such as NYULH.

Economy of New York Metropolitan Area and New York State

NYULH is dependent on the financial health of patients and employers of the New York metropolitan area as well as health plans that do business in that metropolitan area and the state of New York. In the event of a material deterioration in the financial health of the region or state, NYULH would be adversely affected. The recent limitation on the deductibility of state and local income taxes for federal income tax purposes has adversely affected the economy of the region, and this and other events may further erode the financial health of NYULH’s patients, employers, and contracting health plans.

New York State Budget Crisis

DOH recently announced a 1% reduction in Medicaid payments to providers effective January 1, 2020 to help reduce a multi-billion dollar projected state budget gap. Governor Andrew Cuomo has stated that he would like to impose a “savings plan” that reduces the current state fiscal year Medicaid spending by \$1.8 billion and that additional, larger reductions will be made in future years. Such significant reductions in funding may have a material adverse effect on NYULH.

Payor Concentration

NYULH receives over 60% of its net patient service revenue from commercial insurance payors and is dependent on that revenue to cross subsidize governmental payors, who typically pay substantially below commercial payors and in many cases below cost. There are a limited number of payors of material scale in the New York Metropolitan Area, and there is substantial competition among hospitals within that area. As a result, New York payors are able to put pricing pressure on hospitals, which in turn may result in recovery from such payors at levels that do not provide sufficient funding to cover losses on governmentally covered patients. New York State’s budget pressures, described above, may increase the significance of this risk. Loss of established commercial insurance contracts could also adversely affect the future revenues of NYULH.

Section 340B Drug Pricing Program

Hospitals that participate the 340B Program are able to purchase certain outpatient prescription drugs for their patients at a reduced cost. This program has provided substantial financial support to hospitals in general, including NYULH. In 2018 and 2019, CMS attempted to implement significant reductions in payments for the 340B Program, and a federal district court ruled that CMS exceeded its statutory authority in implementing these reductions and remanded the rules back to CMS to craft appropriate remedial measures. CMS may still appeal this decision and

there can be no assurances that CMS's revised rules will not contain material financial reductions in payments. Congress is also considering significant changes to the 340B Program.

Certain groups representing hospitals that participate in the 340B Program are considering litigation to prevent the 340B Program cuts from going into effect. There can be no assurance, however, that efforts to prevent the cuts from taking effect, or that beneficial congressional changes to the 340B Program, will be timely or successful.

New Business Models

A number of large, well-capitalized companies have announced efforts to establish new business models intended to reduce health care costs for their employees and in some cases establish different payment models for non-employee populations. J.P. Morgan Chase, Berkshire Hathaway, and Amazon announced one such joint venture, now known as Haven, and Haven has announced that it intends to share its innovations and solutions with other entities and individuals over time. Any material change in how major employers pay for health care could have a material adverse effect on NYULH.

General Industry Challenges

The receipt of future revenues by NYULH is subject to, among other factors, federal and state regulations and policies affecting the health care industry, the policies and practices of managed care organizations ("MCOs"), private insurers and other third-party payors, and private purchasers of health care services. The effect on NYULH of future changes in federal, state and private policies cannot be determined at this time. Future revenues and expenses of NYULH may be affected by demand for health care services; the capability of the management of NYULH; the receipt of grants and contributions; referring physicians' and self-referred patients' confidence in NYULH; and increased use of contracted discounted payment schedules or risk based contracts with MCOs. Other factors that may affect revenues and expenses include the ability of NYULH to provide services required by patients; the relationship of NYULH with physicians; the success of NYULH's strategic plans; the degree of cooperation among and competition with other providers in NYULH's area; changes in levels of private philanthropy; malpractice claims, investigations, audits and other litigation; economic and demographic developments in the United States and in the service areas in which NYULH facilities are located; changes in investment results; and changes in rates, costs, third-party reimbursements (including, without limitation, Medicare and Medicaid program payment) and governmental regulations concerning payment. All of the above referenced factors could affect NYULH's ability to make payments with respect to the Series 2020A Bonds. See the consolidated financial statements, related notes and other financial information included in Appendix B of the Official Statement.

Affordable Care Act and Health Care Reform Initiatives

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the "Affordable Care Act" or the "ACA"), was enacted in 2010, with a primary goal of making health care insurance available to otherwise uninsured or underinsured consumers, including by premium subsidies for consumers who fall below certain income levels.

The ACA made far-reaching changes to various aspects of the health care system, including substantial adjustments to Medicare reimbursement, establishment of individual and employer mandates for health insurance coverage, extension of Medicaid coverage to certain populations, provision of incentives for employer-provided health care insurance, restrictions on physician-owned hospitals, and increased efficiency and oversight provisions. The provisions of the ACA were structured to take effect over time, ranging from immediately upon passage to ten years from passage. Most of the significant health insurance coverage reforms began in 2014. The ACA also requires the promulgation of substantial regulations with significant effects on the health care industry.

The ACA provides for: state organized insurance markets in which individuals and small employers can purchase health care insurance; income-based subsidies for premium costs to individuals and families; various insurance reforms, such as prohibiting denials of coverage for pre-existing conditions; and expansion of existing public

programs, such as Medicaid. The ACA also imposed new requirements on employers who provide health insurance to their employees and dependents.

Some of the specific provisions of the ACA that may affect hospital operations, financial performance or financial conditions are described below. This listing is not exhaustive. The ACA is complex, and includes many new programs and initiatives and changes to existing programs, policies, practices and laws. Further, as discussed below, President Trump's stated goal is to roll back implementation of key elements of the ACA, or to repeal it entirely.

- Annual inflation adjustments to Medicare payments have been reduced.
- Many state Medicaid programs have expanded to a broader population.
- Medicare has begun reducing payments to hospitals found to have an excess readmissions ratio for certain conditions.
- To reduce waste, fraud, and abuse in public programs, the ACA provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.
- Medicare payments to certain hospitals to cover conditions acquired during hospitalization have been reduced and federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited.
- A value-based purchasing program has been established under the Medicare program. Under this program, hospital payments will increase or decrease depending on a hospital's performance vis- a-vis established quality measures.
- Medicaid Disproportionate Share Hospital ("DSH") allotments to each state have also been reduced, based on state-wide reduction in uninsured and uncompensated care.

While the provisions of the ACA that encourage health care coverage for individuals, to the extent not modified by subsequent legislation, were intended to increase demand for health care and reduce the amount of uncompensated care that hospitals, including certain Members of NYULH, provide, the ACA did not ensure that reimbursement paid by the payers covering the newly insured would be adequate to cover costs. Other provisions have significantly modified coverage of, or payment for, hospital services, and some of these changes have reduced payments.

Federal and state actions affecting the health care delivery system, and the practical consequences of such actions, cannot be foreseen. In particular, any legal, legislative or executive action that delays reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, limits coverage for health care services or otherwise significantly alters the health care delivery system or insurance markets, could have a material adverse effect on NYULH.

Challenges to the Affordable Care Act

The ACA has been subject to significant opposition in the political and judicial arenas. Multiple lawsuits challenging the constitutionality of the ACA have been filed by private and state parties in federal courts. In 2012, the U.S. Supreme Court largely upheld the ACA as constitutional. However, in the same decision it limited the scope of the ACA by restricting the federal government's ability to condition Medicaid funding on states' participation in the ACA's anticipated Medicaid expansion. As a result, states effectively have the option but not the obligation to extend Medicaid coverage to the indigent adult population specified in the ACA. In 2015, the Supreme Court rejected

an effort to limit federal subsidies only to exchanges that were established directly by the states and not through the federal government.

Many issues remain to be determined about the ACA's impact, and it seems likely that continuing litigation and political strategies will seek to undermine portions, perhaps significant portions, of the ACA. President Trump and Republican leaders of Congress have repeatedly cited health care reform, and particularly, repeal and replacement of the ACA, as a key goal. Several legislative efforts to further this agenda have so far failed, although there has been recent and continuing litigation concerning the ACA. NYULH cannot predict with any certainty whether or when the ACA or any specific provision or implementing measure will be repealed, withdrawn or modified in any significant respect.

In addition to the legislative changes discussed above, ACA implementation and the ACA insurance exchange markets can be significantly affected by executive branch actions. In 2017, President Trump issued an executive order requiring all federal agencies with authorities and responsibilities under the ACA to "exercise all authority and discretion available to them to waive, defer, grant exemptions from, or delay" parts of the ACA that place "unwarranted economic and regulatory burdens" on states, individuals or health care providers.

Management cannot predict the effect of challenges to the ACA on NYULH's business or financial condition, though such effects could be material.

Other Legislative and Regulatory Matters Affecting Revenue

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

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

Legislation is periodically introduced in Congress and in the New York State Legislature that could result in limitations on NYULH's revenue, third-party payments, and costs or charges, or that could result in increased competition or an increase in the level of indigent care required to be provided by NYULH. From time to time, legislative proposals are made at the federal and state level to engage in broader reform of the health care industry, including proposals to promote competition in the health care industry, to contain health care costs, to provide national health insurance and to impose additional requirements and restrictions on health care insurers, providers and other health care entities. The effects of future reform efforts on NYULH cannot be predicted.

State Budget

In 2011, Governor Andrew M. Cuomo issued an Executive Order creating the Medicaid Redesign Team and setting in motion a process of substantial reform of New York's Medicaid program. The majority of the Medicaid Redesign Team's recommendations included multi-billion dollar cost reductions in Medicaid funding as well as a variety of administrative and structural reforms. The 2019-2020 Final Budget, signed into law on March 31, 2019,

included additional recommendations, such as expanding managed care plan services and integrating physical and behavioral health services. The 2019-2020 final budget included reductions in payment for long-term care services and funding for efforts to reduce health care utilization. As noted above (see “Bondowners’ Risks and Matters Affecting the Health Care Industry – New York State Budget Crisis” herein) Governor Cuomo’s administration has announced further significant reductions in state Medicaid funding for the balance of state fiscal year 2019 and additional cuts in future years.

Each of the state budgets in the last decade have assumed a targeted growth rate for Medicaid equal to the ten-year average change of the medical component of the Consumer Price Index and grant DOH and the State Department of Budget authority to hold Medicaid spending to this rate. If spending is projected to exceed the budget cap, DOH and the State Department of Budget have the authority to develop and implement a plan of action to bring spending in line with the cap, which could include modifying or reducing reimbursement methods or program benefits. The global spending cap has increased from \$15.9 billion for the 2012-2013 Final Budget to \$20.8 billion for the 2018-2019 Final Budget. Although successful in meeting the budget cap in prior years, various factors, including higher-than-average Medicaid enrollment, threaten the ability of DOH to continue to meet the ambitious savings goal in future years. As noted above, additional significant reductions in the current and future fiscal years have been proposed by the Cuomo administration. Finally, state lawmakers may at any time legislate to raise or lower these spending caps or to otherwise adjust Medicaid reimbursement rates, which could have material positive or negative effects on NYULH’s finances that are not possible to predict.

The effect of the Medicaid redesign process on NYULH will depend significantly on participation in new models of integrated care delivery, the ability to collaborate with different types of providers and relationships with Medicaid managed care plans, as those plans will play an increasingly larger role over the next several years. It is not possible for NYULH to predict, at the present time, how New York may alter its Medicaid program in future years; therefore, NYULH cannot predict how such changes may or may not have a material impact on NYULH’s finances.

Medicare and Medicaid Reimbursement

A material portion of NYULH’s revenue is derived from the Medicare and Medicaid programs (see “Reimbursement Methodologies” herein). Health care providers have been and will likely continue to be affected significantly by changes in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The ACA has continued a trend toward greater cost containment and performance-based payments. See “Bondowners’ Risks and Matters Affecting the Health Care Industry – Affordable Care Act and Health Care Reform Initiatives” herein. Diverse and complex statutory and regulatory mechanisms, the effect of which is to limit the amount of money paid to health care providers under both the Medicare and Medicaid programs, have been enacted and approved in recent years. It is impossible to predict what effect, if any, current and future legislative initiatives related to Medicare and Medicaid may have on the operations of NYULH.

The Trump administration has publicly supported converting the Medicaid program into a block grant-based program. If a block grant-based program were implemented, available Medicaid funding could be reduced, resulting in decreased payments to providers or reduction in the services covered by the Medicaid program, which could have an adverse financial effect on NYULH.

Regulatory Reviews and Audits

Hospitals that participate in the Medicare and Medicaid programs are subject from time-to-time to audits and other investigations relating to various aspects of their operations and billing practices, as well as to retroactive audit adjustments with respect to reimbursements claimed under these programs. Medicare and Medicaid regulations also provide for withholding reimbursement payments in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs. Medicare and Medicaid Managed Care plans and commercial payors also conduct routine and targeted pre- and post-payment audits of claims that may result in recoupment or overpayment demands.

Audits may result in reduced reimbursement or repayment obligations related to past alleged overpayments and may also delay Medicare or Medicaid payments to health care providers pending resolution of the appeals process. The ACA explicitly gives DHHS the authority to suspend Medicare and Medicaid payments to a health care provider or supplier during a pending investigation of fraud. The ACA also amended certain provisions of the False Claims Act to include retention of overpayments as a violation. It also added provisions respecting the timing of the obligation to identify, report and reimburse overpayments.

New York State's program for mandatory Medicaid managed care enrollment, the Partnership Plan (also known as the 1115 Waiver), was approved by CMS in July 1997, allowing the State to begin enrolling most Medicaid recipients in managed care plans. Mandatory Medicaid managed care enrollment programs were instituted throughout New York City, and a significant portion of the Medicaid eligible population has been enrolled in managed care plans. Since 1997, the Partnership Plan 1115 Waiver has been extended several times, most recently through March 31, 2021. The latest amendments to the Partnership Plan 1115 Waiver have further extended the groups eligible and required to enroll in Medicaid managed care, which will likely result in an increase in Medicaid managed care admissions.

As of April 14, 2014, the Partnership Plan was amended to allow the State to reinvest over a five-year period up to \$8 billion of the \$17.1 billion in federal savings generated by State Medicaid reforms. Up to \$6.42 billion of this amount was targeted to the DSRIP Program, which has a goal of reducing avoidable Medicaid hospitalizations and hospital emergency visits by 25% over five years. The DSRIP Program payments are to be made to providers who collaborate in some fashion to achieve this goal and are to be paid based on performance. NYULH is the lead hospital in the NYU Langone PPS, a network of hospitals, primary care practices and other healthcare providers participating in the DSRIP Program. The future impact of the 1115 Waiver, DSRIP payments to be received by the DSRIP Program PPS and any potential loss in revenue from decreased hospitalizations and emergency room utilization on the financial performance of NYULH cannot be determined at this time. The allocation of any DSRIP Program awards among the participants in the DSRIP Program PPS has not yet been determined, and it is expected that the allocations may vary by award category, clinical or operational performance, and various other factors. As a result, management cannot determine at this time what portion, if any, of these awards may ultimately be paid to NYULH.

Sites of Service

Federal, state, and private payers of healthcare costs have increasingly sought to perform services in the least costly setting and to pay similar rates for similar services performed in different settings. For example, beginning in 2018, CMS began to pay for total knee replacements performed in the outpatient setting (previously only inpatient settings were eligible for reimbursement). In 2017, CMS reduced payments at satellite outpatient departments (those not located on the same campus as their affiliated inpatient hospital) at the lower Physician Fee Schedule rate, rather than a higher Outpatient Prospective Payment System rate. These and other similar efforts, changes, and regulations now and in the future may have a material adverse effect on NYULH's revenues.

Medicare Trust Funds

Two trust funds are maintained as part of the Medicare Program. Hospital Insurance ("HI") or Medicare Part A, helps to pay for hospital, home health, skilled nursing facility, and hospice care for the aged and disabled and is financed primarily by payroll taxes paid by workers and employers. The Medicare Board of Trustees annual report to Congress in April 2019 (the "Medicare Annual Report") indicated that the HI Trust Fund is not adequately financed and is projected to be exhausted in 2026, the same year as in the prior year report. The other trust fund and various other components of the Medicare Program also have significant funding challenges. The trustees recommended that Congress and the executive branch work closely together with a sense of urgency to address the depletion of the HI Trust Fund and the projected growth in hospital and other expenditures. Accordingly, it is likely that statutory and regulatory attempts to contain increases in Medicare costs will continue in the future.

Competition

Payments to the hospital industry have undergone rapid and fundamental change triggered by the deregulation of the acute care hospital reimbursement system and the requirement to negotiate all non-government

contracts and prices. Such changes may further increase competitive pressures on acute care hospitals, including NYULH. NYULH faces and will continue to face competition from other hospitals, integrated delivery systems and ambulatory care providers that offer similar health care services.

There are many limitations on the ability of a hospital to increase volume and control costs, and there can be no assurance that volume increases or expense reductions needed to maintain the financial stability of NYULH will occur.

Management believes that governmental payors, insurers, and MCOs will encourage competition among hospitals and providers on the basis of price, payment terms and quality. Payors have used the threat of patient steerage, restrictive physician contracting, carve outs, and network exclusion to drive provider prices lower. This may lead to increased competition among hospitals based on price where payors attempt to steer patients to the hospitals that have the most favorable contracts.

Workforce Shortages

Workforce shortages are affecting health care organizations at the local, regional and national level. There can be no assurance that such workforce shortages will not continue or increase over time and adversely affect NYULH's ability to control costs and its financial performance.

In order to recruit and retain professional and nursing staff to strengthen clinical services, NYULH has offered, and in the future intends to offer, competitive salaries to both newly recruited individuals and existing staff. In some years such salaries have increased, and in the future may continue to increase, more than the rate of inflation. Such increases in the future may exceed increases in NYULH's rates of payment.

Labor Relations and Collective Bargaining

Hospitals and other health care providers often are large employers with a wide diversity of employees. Increasingly, employees of hospitals and other providers are becoming unionized, and many hospitals and other providers, including NYULH, have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to NYULH. In addition, employee strikes or other adverse labor actions may have an adverse impact on NYULH.

Multiemployer Pension Plans

Certain of the employees of NYULH are covered by a defined benefit multiemployer pension plan (the "Plan") to which NYULH makes contributions pursuant to collective bargaining agreements. The Plan covers employees of multiple unrelated employers, and employers do not typically have access to complete and current information concerning the funding status of the Plan. Plans carry with them the risk that benefit liabilities associated with one participating employer may, over time, be shouldered by other participating employers through increased contributions payable by them, for example where a participating employer is unable to make its required contributions (*e.g.*, due to bankruptcy). Further, under pension regulations, all members of a "controlled group," including such a participating employer, determined under Internal Revenue Service rules, generally are jointly and severally liable together with such participating employer to make contributions to the Plan.

If NYULH withdraws from the Plan in a complete or partial withdrawal, NYULH and all members of NYULH's "controlled group" may be jointly and severally liable for withdrawal liability to the Plan. Such withdrawal liability typically is in addition to the collectively bargained obligation to contribute and represents NYULH's share, computed under rules established by the Plan pursuant to applicable law, of the aggregate unfunded vested benefit liabilities of the Plan.

NYULH, and members of NYULH's "controlled group," are subject to various risks, including but not limited to lack of transparency concerning the full extent of the funding status of the Plan; lack of transparency

concerning creditworthiness of other employers participating in the Plan (and attendant risk liability for shortfalls in funding by such other employers); unpredictable spikes in pension cost upon renewal of collective bargaining agreements due to underfunding of the Plan resulting from failure by other employers to contribute to the Plan as required or other causes such as adverse investment results with respect to Plan assets or increases in Plan liabilities due to benefit increases or changes in actuarial assumptions; withdrawal liabilities as described above; and other factors which may be outside the knowledge or control of NYULH.

Under current generally accepted accounting principles, the extent of any funding shortfall in a Plan is not recorded as a liability of a participating employer on its financial statements, although the amount of such funding shortfall that may be allocated to such participating employer may be material. For further information, see “Multi-employer Plans” under footnote 9 in Appendix B to the Official Statement.

Fraud Enforcement

Federal “Fraud and Abuse” Laws and Regulations

Fraud in government funded health care programs is a significant concern of DHHS and many states, including New York, and is one of the federal government’s prime law enforcement priorities. Federal and state governments impose a wide variety of complex and technical requirements intended to prevent over-utilization based on economic inducements, misallocation of expenses, overcharging and other forms of fraud in state and federally-funded health care programs, including the Medicare and Medicaid programs. Fraud regulation affects a broad spectrum of hospital and other health care provider activity, including billing, accounting, recordkeeping, medical staff oversight, physician contracting and recruiting, cost allocation, clinical trials, discounts and other functions and transactions. Violations carry significant civil, criminal and administrative sanctions and may result in temporary or permanent exclusion from participation in Medicare, Medicaid and other federally-funded health care programs. Health care providers may reduce their financial exposure for fraud and abuse law violations through prompt repayment of sums received as a result of violations of applicable laws, prompt voluntary reporting to the government of illegal arrangements and implementation of effective corporate compliance programs. This financial exposure is generally uninsured.

In addition, much of this risk cannot be assessed accurately due to broadly worded prohibitions, limited case law and a lack of material guidance by CMS and the OIG.

Anti-Kickback Law

The federal anti-kickback statute (“AKS”) makes it a criminal offense to knowingly and willfully offer, pay, solicit or receive remuneration in return for or to induce referrals for any item or service that may be paid for, in whole or in part, under a federal health care program including, but not limited to, the Medicare or Medicaid programs. Activities subject to the AKS include almost any arrangement between a hospital and a person or entity in a position to generate business for the hospital or benefit from business from the hospital. The ACA amended the AKS to provide that a claim that includes items or services resulting from a violation of the AKS now constitutes a false or fraudulent claim for purposes of the federal False Claims Acts. In recent years, the government has aggressively enforced the AKS,

Violation of the AKS can result in a felony conviction, fines, imprisonment, civil monetary penalties, and exclusion from the Medicare and Medicaid programs. Violation or alleged violation of the AKS most often results in settlements that require significant (often multi-million) dollar payments and mandatory compliance agreements that typically include costly audit requirements. Safe harbor regulations, promulgated by the OIG, provide protections from prosecution or administrative enforcement action for a limited scope of arrangements. The safe harbors are narrow and a wide range of business arrangements common to most hospitals, physicians and other health care providers are not protected thereunder. However, because a violation of the AKS requires intent, failure to satisfy the conditions of a safe harbor does not necessarily indicate a violation of the applicable AKS provision.

False Claims Acts

The federal False Claims Acts are criminal and civil statutes that prohibit a person from knowingly presenting or causing to be presented a false or fraudulent claim for payment or approval to the federal government and from knowingly making, using or causing to be made a false record or statement to get a false or fraudulent claim paid or approved by the federal government. These prohibitions extend to claims submitted to federal health care programs including, but not limited to, Medicare and Medicaid. The terms “knowing” and “knowingly” are broadly defined and do not require proof of a specific intent to defraud in order to prove that the law has been violated. The ACA amended the False Claims Acts to expressly state that claims for items or services resulting from violations of the AKS are false or fraudulent for purposes of the False Claims Acts. Additionally, providers may be liable for the submission of false claims when they are not in full compliance with applicable legal and regulatory standards. Both the Fraud Enforcement and Recovery Act of 2009 and the ACA significantly expanded the scope of the False Claims Acts by subjecting to them (a) conspiracy to commit any substantive violation of the False Claims Acts, (b) knowingly retaining an overpayment from a federal health care program, and (c) payments made by, through or in connection with a health insurance exchange.

The State of New York also has a False Claims Act that closely tracks the civil FCA (the “New York State FCA”). It imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from any state or local government, including health care programs such as Medicaid. The civil FCA and New York State FCA also permit individuals to initiate actions on behalf of the government in lawsuits called *qui tam* actions. These *qui tam* plaintiffs, or “whistleblowers,” can share in the damages recovered by the government.

Violations of the civil FCA and New York State FCA can result in penalties up to triple the actual damages incurred by the government, significant monetary penalties and exclusion. Private individuals may also bring suit under the *qui tam* provisions of the civil False Claims Act and may be eligible for incentive payments for providing information that leads to recoveries or sanctions that arise in a variety of contexts in which hospitals and health care providers operate. The ACA also eased the requirements for private individuals to bring suit under the civil False Claims Act.

Stark Law

The federal statute commonly known as the Stark Law prohibits a physician or an immediate family member of such physician from referring a Medicare or Medicaid patient for certain designated health services to an entity with which the referring person has a financial relationship. It also prohibits a hospital or other provider furnishing the designated services from billing the Medicare and Medicaid program for services performed pursuant to a prohibited referral. Unlike the AKS, neither knowledge nor intent is required to find a violation of the Stark Law. If certain substantive and technical requirements are not met, many ordinary business practices and economically desirable arrangements between hospitals and physicians will likely constitute “financial relationships” within the meaning of the Stark Law, thus triggering the prohibition on referrals and billing. Most providers of designated health services with physician relationships have some exposure to liability under the Stark Law.

Designated health services include clinical laboratory services, physical and occupational therapy services, radiology services, radiation therapy services and supplies, durable medical equipment, parenteral and enteral nutrients, including equipment and supplies, orthotic and prosthetic devices, speech language pathology, home health services, outpatient prescription drugs and inpatient and outpatient hospital services. The Stark Law defines a financial relationship as either an ownership or investment interest in the entity that provides designated health services or a compensation arrangement with such entity.

Many ordinary business practices and arrangements with physicians would trigger the prohibition on referrals and billing under the Stark Law. There are certain statutory and regulatory exceptions to the prohibition, but these exceptions are narrow and exacting to meet. Violations of the Stark Law can result in denial of payment, or a refund of amounts paid for the designated health services, substantial civil monetary penalties and exclusion from the Medicare and Medicaid programs, which could have a material adverse impact on a hospital. In certain circumstances, knowing violations may also create liability under the False Claims Acts.

CMS has established a voluntary self-disclosure program under which hospitals and other entities may report Stark Law violations in an effort to reduce potential refund obligations. Members of NYULH may make self-disclosures under this program as it deems appropriate from time to time.

The New York Health Care Practitioner Referral Law (the “State Provisions”) is similar to the Stark Law; however, it covers all patients (irrespective of payor) and prohibits practitioners from referring a patient to a health care provider for clinical laboratory services, x-ray imaging services, radiation therapy services, physical therapy, or pharmacy services if the referring practitioner (or an immediate family member) has a financial interest in the health care provider.

Civil Monetary Penalties Act

The federal Civil Monetary Penalties Act (“CMPA”) provides for administrative sanctions, including civil money penalties and treble damages, against health care providers for a broad range of billing and other financial abuses. For example, a health care provider is liable under the CMPA if it knowingly presents, or causes to be presented, improper claims for reimbursement under Medicare, Medicaid and other federal health care programs or if it gives benefits or other inducements to Medicare or Medicaid beneficiaries that the provider knows or should know are likely to induce the beneficiaries to choose the provider for their care. In addition, a hospital that participates in arrangements (known as “gainsharing”) under which a physician is paid to limit or reduce needed services to Medicare fee-for-service beneficiaries would be subject to CMPA penalties. The ACA added new exceptions to the CMPA permitting, among other things, arrangements that promote access to care and pose a low risk of harm to patients and the federal health care programs.

Health care providers may be found liable under the CMPA even when they did not have actual knowledge of the impropriety of their action. The imposition of civil money penalties on a health care provider could have a material adverse impact on the provider’s financial condition.

OIG Compliance Guidance

The OIG has encouraged all health care providers to adopt and implement programs to promote compliance with federal and state laws, including the False Claims Acts, the AKS and the Stark Law. The OIG’s Compliance Program Guidance (“CPG”) and Supplemental Compliance Program Guidance provide recommendations to hospitals for adopting and implementing effective compliance programs. The CPG also identifies significant risk areas for hospitals. The ACA requires the establishment of a compliance program as a condition of enrollment under the Medicare and Medicaid programs. The OIG is expected to implement further regulations regarding industry-specific compliance plan requirements. The OIG will consider the existence of an effective compliance program that predated any governmental investigation when addressing the appropriateness of administrative penalties. However, the presence of a compliance program is not an assurance that a health care provider will not be investigated by one or more federal or state agencies that enforce health care fraud and abuse laws or that it will not be required to make repayments to various health care insurers, including Medicare and/or Medicaid. Hospitals are also required to create a Medicaid Compliance Plan and to educate staff, agents and contractors about state and federal anti-fraud and abuse laws.

New York also requires hospitals to have an effective compliance program. The compliance program must include, among other things, a chief compliance officer, written policies and the conduct of audits after the identification of risk areas. It is expected that the OMIG will conduct audits of compliance programs and assess their effectiveness.

Enforcement Activity

Federal and state governments are intensifying their efforts to investigate and prosecute waste, fraud and abuse in both government and private health care programs, and pursuant to the ACA and other legislation, significant additional federal monies have been made available for these enforcement efforts. Enforcement activity against health care providers, such as investigations, audits or inquiries, has increased, and enforcement authorities are adopting more aggressive approaches. Enforcement authorities are sometimes in a position to compel settlements by providers

charged with, or being investigated for, violations of the various federal and state fraud and abuse or false claims laws and regulations by threatened penalties, including withholding Medicare, Medicaid or similar payments or the possibility of a criminal action. The cost, time and management attention of defending or responding to an investigation or alleged violation and the facts of a particular case may dictate settlement, resulting in additional costs. Prolonged and publicized investigations could damage the reputation, business and credit of a provider, regardless of the outcome. Settlements, fines, prospective restrictions or other results of settlement agreements and negative publicity may have a materially adverse impact on a hospital's operations, financial condition and reputation.

The federal government has significant authority to enforce laws and regulations governing the conduct of clinical trials at hospitals. The DHHS Office of Human Research Protection ("OHRP") is one of the agencies with responsibility for monitoring federally-funded research. In recent years, OHRP has been pressured by both Congress and the OIG to strengthen protections for human subjects and to ensure its independence and the effectiveness of its enforcement efforts. While recently OHRP has been conducting fewer compliance evaluations, OHRP has reportedly increased the use of other mechanisms, such as contacting research institutions directly, to address allegations of noncompliance. The FDA also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. The FDA has the authority to conduct both announced and unannounced inspections of clinical investigator sites. Reportedly, the FDA has a renewed focus on compliance with human subject protection regulations. In 2015, DHHS published the first substantial revision in 25 years to regulations governing human subject protections. Though these regulations went into effect in January 2018, implementation was delayed until January 21, 2019. Similarly, the federal 21st Century Cures Act included provisions to modernize clinical research oversight and to harmonize FDA and DHHS human subject protection regulations. The status of these new requirements is unclear, creating ambiguity for research institutions such as NYULH and for its clinical investigators.

Moreover, the OIG, in past "Work Plans" has included several enforcement initiatives related to reimbursement for experimental drugs and devices (including kickback concerns) and has issued compliance program guidance directed at recipients of extramural research awards from the NIH and other agencies of the United States Public Health Service. NYULH receives payments for health care items and services under many of these grants and is subject to complex and ambiguous coverage principles and rules governing billing for items or services it provides to patients participating in clinical trials funded by governmental agencies and private sponsors. These agencies' enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs, and errors in the billing of the Medicare Program for care provided to patients enrolled in clinical trials that are not eligible for Medicare reimbursement can subject NYULH to sanctions as well as repayment obligations

NYULH conducts a variety of activities that pose varying degrees of risk under the foregoing federal and state fraud and abuse laws and accompanying regulations, federal laws and regulations governing the conduct of clinical trials at hospitals, and under the Health Insurance Portability and Accountability Act ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH"). While management believes that NYULH is in material compliance with such laws and regulations and is not aware of any current compliance investigations or proceedings except as set forth in under "Litigation and Investigations", there can be no assurance that a federal or state investigation or enforcement action may not commence in the future. Any such investigation or enforcement action, if it resulted in an adverse outcome, could have a material adverse effect on NYULH.

Regulation of Patient Transfer

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

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

Exclusions from Medicare or Medicaid Participation

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

Research Funding

Future funding of NYULH’s research depends upon the continued availability of funding from the federal government and other public, private and commercial sources as well as the ability of NYULH researchers to compete successfully for such funds. Federal legislation and policies to control the federal deficit, as well as other factors, could result in future reduction in research funding available from the federal government.

Department of Health Regulations

NYULH is subject to the regulations of DOH. Compliance with such regulations may require substantial expenditures for administrative or other costs. NYULH’s ability to add services or beds and to modify existing services materially is also subject to DOH review and approval. Approvals can be highly discretionary, may involve substantial delay, and may require substantial changes in the proposed request. Accordingly, NYULH’s ability to make changes to its service offerings and respond to changes in the regulatory environment may be limited.

New York State Executive Order

Since 2012, pursuant to an executive order and implementing regulations, service providers that receive above a defined threshold of state funding (including Medicaid), such as NYULH, are subject to limits on spending for administrative costs and executive compensation. The order has been subject to multiple legal challenges; most recently, the New York Court of Appeals held in 2018 that, while certain caps on executive compensation from any funding source was promulgated in excess of DOH authority, DOH’s caps on the use of state funds for executive compensation and for administrative expenses were permissible. These limitations may make it more difficult for NYULH to pay for its operations or to adequately compensate and retain management, and, accordingly, may have a material adverse impact on NYULH’s finances.

Other Governmental Regulation

NYULH is subject to regulatory actions and policy changes by those governmental and private agencies that administer the Medicare and Medicaid programs and actions by, among others, the National Labor Relations Board, professional and industrial associations of staff and employees, applicable professional review organizations, The Joint Commission, the Environmental Protection Agency, the Internal Revenue Service (“IRS”) and other federal, state and local governmental agencies, and by the various federal, state and local agencies created by the National Health Planning and Resources Development Act and the Occupational Safety Health Act.

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

Tax Matters

Tax Reform

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act. The Tax Cuts and Jobs Act lowered corporate and individual tax rates and eliminated certain tax preferences and other tax expenditures. It included a limitation on deductions of state and local taxes above \$10,000 per year, which has had a particularly adverse effect on states, such as New York, that have a relatively higher tax burden than other states. The Tax Cuts and Jobs Act also eliminated, effective 2019, the tax penalties associated with failure to comply with the ACA's individual mandate. The elimination of the individual mandate may result in a higher uninsured rate, which may adversely affect the financial condition of NYULH.

The Tax Cuts and Jobs Act also eliminates the issuance of tax-exempt bonds to advance refund outstanding tax-exempt bonds; imposes an excise tax on exempt entities' executive compensation in excess of \$1,000,000 per year; requires that the tax on an exempt organization's unrelated business income be computed separately for each line of business; requires the inclusion of certain fringe benefits in the calculation of unrelated business income tax; and limits the use of net operating losses in computing unrelated business income tax, each of which may, collectively or individually, adversely affect the financial condition or operations of NYULH.

Not-for-Profit Status

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

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

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

Community Benefit

The IRS has also undertaken a community benefit initiative directed at hospitals. The most recent IRS report on this initiative determined that a lack of uniformity in definitions of community benefit used by reporting hospitals, including those regarding uncompensated care and various types of community benefit, made it difficult for the IRS to assess whether any particular hospital is in compliance with current law. The revised Form 990 includes a new schedule, Schedule H, which hospitals must use to report their community benefit activities, including the cost of providing charity care and other information. Proposals have also been made within Congress to codify the requirements for hospitals' tax-exempt status, including requirements to provide minimum levels of charity care.

The national health reform legislation imposes four new requirements on non-profit hospitals in order to maintain their tax-exempt status. First, each hospital must conduct a community health needs assessment at least once every three taxable years and adopt an implementation strategy to meet the needs identified, or be subject to an excise tax penalty of \$50,000. Hospitals must disclose a summary of the assessment and implementation strategy and audited financial statements on the IRS Form 990. The Secretary of the Treasury must review the community benefit activities of each tax-exempt hospital at least once every three years. Second, each hospital must adopt, implement and publicize a financial assistance policy and a policy relating to emergency medical care. Third, hospitals must limit the charges for emergency or other medically necessary care provided to individuals eligible for assistance under the financial assistance policy to not more than the amounts generally billed to individuals who have insurance that covers such care. Finally, a hospital may not engage in extraordinary collection actions before making reasonable efforts to determine whether an individual is eligible for assistance under the organization's financial assistance policy.

In addition, the Treasury Department is required to review information about each tax-exempt hospital's community benefit activities at least once every three years, as well as to submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, unreimbursed costs of government programs, and costs incurred by tax-exempt hospitals for community benefit activities. The periodic reviews and reports to Congress regarding the community benefits provided by 501(c)(3) hospitals may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

Private Inurement and Excess Benefit Transactions.

The Internal Revenue Code of 1986, as amended (the "Code"), contains restrictions on the issuance of tax-exempt bonds for the purpose of financing and refinancing different types of health care facilities for not-for-profit organizations, including facilities generating taxable income. Consequently, the Code could adversely affect NYULH's ability to finance its future capital needs and could have other adverse effects on NYULH that cannot be predicted at this time. The Code continues to subject unrelated business income of nonprofit organizations to taxation.

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

Section 501(c)(3) of the Code specifically conditions the continued exemption of all Section 501(c)(3) organizations upon the requirement, among others, that no part of the net earnings of the organization inure to the benefit of any private individual. Any violation of the prohibition against private inurement may cause the organization to lose its tax-exempt status under Section 501(c)(3) of the Code. The IRS has issued guidance in informal private letter rulings and general counsel memoranda on some situations that give rise to private inurement, but there is no definitive body of law and no regulations or public advisory rulings that address many common arrangements between exempt health care providers and nonexempt individuals or entities. There can be no assurance

concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by NYULH.

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

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

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

Tax Audits

Taxing authorities historically have conducted tax audits of non-profit organizations to confirm that such organizations are in compliance with applicable tax rules and in some instances have collected significant payments as part of the settlement process. NYULH is not currently under audit.

Antitrust

Enforcement of the antitrust laws against health care providers is becoming more common. Antitrust liability may arise in a wide variety of circumstances including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, and certain pricing and salary setting activities. Actions can be brought by federal and state enforcement agencies seeking criminal and civil penalties and, in some instances, by private litigants seeking damages for harm arising out of allegedly anti-competitive behavior. Common areas of potential liability include joint action among providers with respect to payor contracting, medical staff credentialing, and issues relating to market share. Liability in any of these or other trade regulation areas may be substantial, depending on the facts and circumstances of each case. With respect to payor contracting, NYULH, from time to time, may be involved in joint contracting activity with hospitals or other providers. The degree to which these or similar joint contracting activities may expose a participant to antitrust risk from governmental or private sources is dependent on a myriad of factors that may change from time to time. If any provider with which NYULH is or becomes affiliated is determined to have violated the antitrust laws, NYULH may be subject to liability as a joint actor.

Some judicial decisions have permitted physicians who are subject to disciplinary or other adverse actions by a hospital at which they practice, including denial or revocation of medical staff privileges, to seek treble damages from the hospital under the federal antitrust laws. The Federal Health Care Quality Improvement Act of 1986 provides immunity from liability for discipline of physicians by hospitals under certain circumstances, but courts have differed over the nature and scope of this immunity. In addition, hospitals occasionally indemnify medical staff members who incur costs as defendants in lawsuits involving medical staff privilege decisions. Some court decisions have also

permitted recovery by competitors claiming harm from a hospital's use of its market power to obtain unfair competitive advantage in expanding into ancillary health care businesses. Antitrust liability in any of these contexts can be substantial, depending upon the facts and circumstances involved. There can be no assurance that a third party reviewing the activities of NYULH would find such activities to be in full compliance with the antitrust laws.

Health Insurance Portability and Accountability Act

HIPAA established civil and criminal sanctions for health care fraud, which expanded upon prior health care fraud laws and applies to health care benefit programs, whether public or private.

HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, securities, premiums, credits, property or other assets of a health care benefit program. A health care provider convicted of health care fraud could be subject to mandatory exclusion from the Medicare program.

HIPAA also required DHHS to adopt national standards for electronic health care transactions, including federal privacy standards for the protection of health information kept by health care providers, among others, that conduct certain financial and administrative transactions electronically (the "Privacy Rule") and standards relating to the security of such health information (the "Security Rule"). Compliance with the requirements of the Privacy Rule, the Security Rule and other HIPAA requirements has required NYULH to develop and use policies and procedures designed to inform patients about their privacy rights and how their protected health information may be used, to keep protected information secure, to train employees so that they understand the privacy procedures and practices of NYULH and to designate a privacy officer responsible for seeing that privacy procedures are adopted and followed. HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information.

The HITECH Act expands the scope and application of the administrative simplification provisions of HIPAA, and its implementing regulation, in particular by: (i) extending the reach of the Privacy Rule and Security Rule to business associates, (ii) imposing a written notice obligation upon covered entities for security breaches involving "unsecured" protected health information, (iii) limiting certain uses and disclosures of protected health information, (iv) increasing individuals' rights with respect to protected health information, (v) increasing penalties for violations, and (vi) providing for enforcement of violations by State attorneys general.

The DHHS Office for Civil Rights, the agency tasked with enforcement of HIPAA, HITECH and implementing guidance relating to HIPAA (collectively the "HIPAA Laws"), has increasingly pursued enforcement actions and penalties for violations of these regulations. The obligations imposed by the HIPAA Laws could have a material adverse effect on the financial condition of NYULH.

Security Breaches and Unauthorized Releases of Personal Information

State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a health care provider's reputation and materially adversely affect business operations.

Environmental Matters

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These requirements govern medical and toxic or hazardous waste management, air and water quality control, notices to employees and the public and training requirements for employees. As an owner and operator of properties and facilities, NYULH may be subject to potentially material liability for costs of investigating and remedying the release of any such substances either on, or that have migrated off, its property. Typical health care provider operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care provider operations are particularly susceptible to the practical, financial and legal risks associated with the obligations imposed by applicable environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance. There can be no assurance that NYULH will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of NYULH.

Construction and Project Risk

Uncontrollable delays are common in the construction industry. Such delays caused by, for example, strikes, weather, or unavailability of materials, may delay completion of the projects, result in cost overruns or even prevent completion of the projects.

Affiliation, Merger, Acquisition and Divestiture

As part of its ongoing planning and property management functions, NYULH reviews the use, compatibility and financial viability of many of its operations, and from time-to-time, may pursue changes in the use, or disposition, of its facilities. Likewise, NYULH may receive offers from, or conduct discussions with, third parties about the potential acquisition of operations or properties that may become part of NYULH in the future, or about the potential sale of some of the operations and properties of NYULH. Discussions with respect to affiliation, merger, acquisition, disposition, or change of use, including those that may affect NYULH, are held on an intermittent, and usually confidential, basis. NYULH evaluates affiliation opportunities as they arise. Any affiliation or other similar transaction would be completed in compliance with the covenants in the Master Indenture.

Any affiliation, merger, or similar transaction may involve a period of integration between or among the parties to such transaction. There can be no assurance that any such integration will be successful and may result in material adverse consequences to the operations or financial condition of NYULH.

Information Technology

EHR is increasingly being used in clinical operations, including the conversion from paper to EHR, computerization of order entry functions and the implementation of clinical decision-support software. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers. NYULH has implemented the Epic electronic medical record system throughout inpatient and ambulatory settings across the Manhattan, Brooklyn and Long Island Sites. For more information, see “Strategic Initiatives” herein.

Professional Liability Claims and General Liability Insurance

The dollar amounts of patient damage recoveries remain potentially significant. A number of insurance carriers have withdrawn from this segment of the insurance market citing underwriting losses, and premiums have increased in the last several years. The effect of these developments has been to significantly increase the operating costs of hospitals, including NYULH.

NYULH currently carries malpractice, directors' and officers' liability and general liability insurance, which management of NYULH considers adequate, but no assurance can be given that NYULH will maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover all malpractice judgments rendered against NYULH or settlements of any such claims or that such coverage will be available at a reasonable cost in the future. For a discussion of the insurance coverage of NYULH, see "Professional and General Liability Insurance Program" herein.

Funding from FEMA

NYU Langone Health was awarded approximately \$1.1 billion from FEMA for Superstorm Sandy-related repairs. For more information on FEMA funds received to date, see "Management's Discussion of Recent Financial Performance – Effects of Superstorm Sandy" herein. FEMA recipients are subject to post-award compliance obligations, including financial reporting and audit requirements. In the case of non-compliance, recipients may be subject to various enforcement actions, including the recoupment of disbursed funds, the withholding, suspension or disallowance of future payments, and suspension of or debarment from eligibility for FEMA assistance. Although NYULH plans to comply with all terms and conditions associated with FEMA funding, there can be no assurance that NYULH will not be subject to one or more of these enforcement actions in the future.

Certain Accreditations

NYULH is subject to periodic review by The Joint Commission. NYULH has received accreditation from The Joint Commission through March 24, 2021. See "Licensure and Accreditation" herein. No assurance can be given as to the effect on future operations of existing, or subsequently amended, laws, regulations and standards for certification or accreditation.

Funding of NYUGSOM

NYULH has committed to provide financial support to NYUGSOM for joint clinical, research, and teaching programs contingent on NYULH meeting certain operating income targets. Management believes that given the close interconnection between NYULH and NYUGSOM and the importance of NYUGSOM to NYULH's strategic plans, it is possible that NYULH may decide to increase future funding to NYUGSOM. The Faculty Group Practice has increased hiring, particularly in Brooklyn and on Long Island and the historic level of subsidy to the Faculty Group Practice for joint program support has increased materially. Accordingly, NYULH may need to increase support to NYUGSOM. Any such increase in funding to NYUGSOM would result in a reduction in the Hospital's financial performance, and the increase in funding may be material. For more information, see "Affiliation with NYU Grossman School of Medicine and NYU Long Island School of Medicine" and "Financial Support of NYU Grossman School of Medicine" herein.

Increased Costs and State-Regulated Reimbursement

In recent years, substantial cutbacks in personnel and other cost-cutting measures have been instituted at hospitals throughout the State of New York. Generally, these cutbacks have been instituted to address the disparity between rising medical costs and state-regulated reimbursement formulas, including those for Medicaid, Blue Cross and Blue Shield, and other third-party payors. Rising health care costs resulted from, among other factors, health care costs exceeding inflation, staff shortages, pharmaceutical costs and the highly technical nature of the industry. NYULH has been affected by the impact of such rising costs, and there can be no assurance that NYULH would not be similarly affected by the impact of additional unreimbursed costs in the future.

Secondary Market

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2020A Bonds. From time to time there may be no market for them depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of NYULH's capabilities and the financial conditions and results of operations of NYULH.

Realization of Value on Mortgaged Property

The Mortgaged Property is not comprised of general purpose buildings and would not generally be suitable for industrial or commercial use. Consequently, it would be difficult to find a buyer or lessee for the Mortgaged Property if it were necessary to foreclose on the Mortgaged Property. Thus, upon any default, it may not be possible to realize the outstanding interest on and principal on the Series 2020A Bonds from a sale or lease of the Mortgaged Property. In addition, in order to operate the Mortgaged Property as health care facilities, a purchaser of the Mortgaged Property at a foreclosure sale would under present law have to obtain a certificate of need from the DOH and licenses for the facilities. Further, the dollar value secured by the Mortgages is less than the aggregate par amount of all Obligations Outstanding under the Master Indenture. No additional title insurance is being purchased in connection with the Mortgage.

In addition, under applicable environmental law, in the event of any past or future releases of pollutants or contaminants on or near the Mortgaged Property, a lien superior to the lien of the Mortgages could attach to the Mortgaged Property to secure the costs of removing or otherwise treating such pollutants or contaminants. Such a lien would adversely affect the ability of the Master Trustee (as defined in the forepart of the Official Statement) to realize sufficient amounts to pay the Obligations in full. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Mortgaged Property, the Master Trustee may have to take into account the potential liability of any owner of the Mortgaged Property, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants. No environmental assessment of the Mortgaged Property has been made prior to the issuance of the Series 2020A Bonds. See "INTRODUCTION – The Mortgages" and "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Obligations under the Master Indenture – The Mortgages" in the forepart of the Official Statement.

Enforceability of Lien on Gross Receipts

The Loan Agreement and the Resolution (each as defined in the forepart of the Official Statement) provide that NYULH shall make payments sufficient to pay the Series 2020A Bonds and the interest thereon as the same become due. The obligation of NYULH to make such payments is secured by the Series 2020A Obligation (as defined in the forepart of the Official Statement), which, in turn, is secured by, among other things, a security interest granted to the Master Trustee in the Gross Receipts of NYULH. The lien on Gross Receipts may become subordinate to certain Permitted Liens under the Master Indenture. Gross Receipts paid by NYULH to other parties in the ordinary course might no longer be subject to the lien on the Master Indenture and might therefore be unavailable to the Master Trustee.

To the extent that Gross Receipts are derived from payments by the federal or state government under the Medicare or Medicaid program, any right to receive such payments directly may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care or NYULH providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables may be subject to provisions of the Assignment of Claims Act of 1940, which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and Gross Receipts not subject to the Lien, the Master Trustee would occupy the position of an unsecured creditor. Counsel to NYULH has not provided an opinion with regard to the enforceability of the Lien on Gross Receipts of NYULH, where such Gross Receipts are derived from the Medicare and Medicaid programs.

In the event of bankruptcy of NYULH, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Receipts on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court, may be subject to

avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Receipts to meet expenses of NYULH before paying debt service on the Series 2020A Bonds.

Pursuant to the New York Uniform Commercial Code, a security interest in the proceeds of Gross Receipts may not continue to be perfected if such proceeds are not paid over to the Master Trustee by NYULH under certain circumstances. If any required payment is not made when due, NYULH must transfer or pay over immediately to the Master Trustee any Gross Receipts with respect to which the security interest remains perfected pursuant to law. Any Gross Receipts thereafter received shall upon receipt by NYULH be transferred to the Master Trustee without such Gross Receipts being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the missed payment.

The value of the security interest in the Gross Receipts could be diluted by the incurrence of additional Indebtedness secured equally and ratably with the Series 2020A Bonds as to the security interest in the Gross Receipts or by the issuance of debt secured on a basis senior to the Series 2020A Bonds.

Enforceability of the Master Indenture

Currently, NYULH is the sole Member of the Obligated Group. To the extent that there are future Members of the Obligated Group, the following may apply. Under New York law, a not-for-profit corporation may guarantee the debt of another corporation only if such guaranty is in furtherance of the corporate purposes of such guarantor not-for-profit corporation. In addition, it is possible that the security interest granted by a Member and the joint and several obligation of Members to make payments due under an Obligation, including the Series 2020A Obligation, relating to bonds issued for the benefit of another Member, may be declared void in an action brought by a third-party creditor pursuant to the New York fraudulent conveyance statutes or may be avoided by a Member or a trustee in bankruptcy in the event of the bankruptcy of the Member from which payment is requested. An obligation may be voided under the federal Bankruptcy Code or under the New York fraudulent conveyance statute, if (a) the obligation was incurred without receipt by the obligor of “fair consideration” or “reasonably equivalent value,” and (b) the obligation renders the obligor “insolvent,” as such terms are defined under the applicable statute. Interpretation by the courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. For example, a Member’s joint and several obligation under the Master Indenture to make all payments thereunder, including payments in respect of funds used for the benefit of the other Members, may be held to be a “transfer” which makes such Member “insolvent” in the sense that the total amount due under the Master Indenture could be considered as causing its liabilities to exceed its assets. Also, one of the Members may be deemed to have received less than “fair consideration” for such obligation because none or only a portion of the proceeds of the indebtedness are to be used to finance projects occupied or used by such Member. While the Members may benefit generally from the projects financed from the indebtedness for the other Members, the actual cash value of this benefit may be less than the joint and several obligation. The rights under the New York fraudulent conveyance statutes may be asserted for a period of up to six years from the incurring of the obligations or granting of security under the Master Indenture.

In addition, the assets of any Member may be held by a court to be subject to a charitable trust which prohibits payments in respect of obligations incurred by or for the benefit of others if a Member has insufficient assets remaining to carry out its own charitable functions or, under certain circumstances, if the obligations paid by such Member were issued for purposes inconsistent with or beyond the scope of the charitable purposes for which the Member was organized. The enforceability of similar master trust indentures has been challenged in jurisdictions outside of the state. In the absence of clear legal precedent in this area, the extent to which the assets of any Member can be used to pay Obligations issued by or on behalf of others cannot be determined at this time.

In addition, there exists common law authority and authority under state statutes for the ability of the state courts to terminate the existence of a not-for-profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court’s own motion or pursuant to a petition of the state attorney general or such other persons who have interests different from those of the general public, pursuant to common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

An action to enforce a charitable trust and to see to the application of its funds could also arise if an action to enforce the obligation to make payments on an Obligation issued for the benefit of NYULH would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by NYULH from which payment is requested.

Exercise of Remedies Under Master Indenture

“Events of Default” under the Master Indenture include the failure of NYULH to make payments on any Obligation Outstanding under the Master Indenture (such as the Series 2020A Obligation) and may include nonpayment related defaults under documents such as the Loan Agreement or the Mortgage. The Master Indenture provides that upon an “Event of Default” thereunder, the Master Trustee may in its discretion, by notice in writing to NYULH, declare the principal of all (but not less than all) Obligations Outstanding thereunder to be due and payable immediately and may exercise other remedies thereunder. However, the Master Trustee is not required to declare amounts under the Master Indenture to be due and payable immediately unless requested to do so by the holders of not less than 25% in aggregate principal amount of all Obligations then Outstanding under the Master Indenture. Consequently, upon the occurrence of an “Event of Default” under the Loan Agreement with respect to the Series 2020A Bonds and an acceleration of the maturity of the Series 2020A Bonds, the Master Trustee is not required to accelerate the maturity of all Obligations Outstanding under the Master Indenture upon direction from the Trustee unless (i) the principal amount of Bonds Outstanding is at least equal to 25% of the principal amount of all Obligations Outstanding under the Master Indenture, or (ii) the Trustee and all other holders of Obligations requesting such acceleration hold at least 25% of all Obligations Outstanding under the Master Indenture.

Bankruptcy

The Series 2020A Bonds are payable from the sources and are secured as described in the Official Statement. The practical realization of value from the collateral for the Series 2020A Bonds described herein upon any default will depend upon the exercise of various remedies specified by the Loan Agreement, the Mortgage and the Master Indenture. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Loan Agreement, the Mortgage and the Master Indenture may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinion to be delivered concurrently with the delivery of the Series 2020A Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors’ rights generally.

The rights and remedies of the holders of the Series 2020A Bonds are subject to various provisions of Title 11 of the United States Code (the “Bankruptcy Code”). If NYULH were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay the commencement or continuation of any judicial or other proceedings against NYULH and its property, including the commencement of foreclosure proceedings under the Mortgage. NYULH would not be permitted or required to make payments of principal or interest under the Loan Agreement and the Obligations, unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court, the automatic stay may serve to prevent the Authority or the Trustee from applying amounts on deposit in certain funds and accounts held under the Loan Agreement or the Resolution from being applied in accordance with the provisions of the Loan Agreement and the Resolution, including the transfer of amounts on deposit in the funds held thereunder, and the application of such amounts to the payment of principal of, and interest on, the Series 2020A Bonds. Moreover, any motion for an order canceling the automatic stay and permitting such funds and accounts to be applied in accordance with the provisions of the Loan Agreement and the Resolution would be subject to the discretion of the United States Bankruptcy Court, and may be subject to objection and/or comment by other creditors of NYULH, which could affect the likelihood or timing of obtaining such relief. The commencement of a bankruptcy case by or against NYULH may also extinguish the Master Trustee’s continuing security interest in NYULH’s Gross Receipts arising subsequent to the filing of the bankruptcy petition, adversely affect the ability of the Master Trustee to exercise remedies upon default, including the acceleration of all amounts payable by NYULH under the Obligations, the Master Indenture, the Mortgage, and the

Loan Agreement, and may adversely affect the Master Trustee's or the Trustee's ability to take all steps necessary to file a claim under the applicable documents on a timely basis.

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

Considerations Relating to Additional Debt

Subject to the coverage and other tests set forth therein, the Master Indenture permits NYULH to incur additional indebtedness, including additional Bonds. Such indebtedness would increase NYULH's debt service and repayment requirements and may adversely affect debt service coverage on the Series 2020A Bonds.

Risks Related to Interest Rate Swap Agreements

NYULH is not currently party to any interest rate swap agreements. However, subject to compliance with the provisions of the Master Indenture, NYULH may, in the future, enter into interest rate swap agreements with respect to its outstanding debt.

Risks Related to Outstanding Line of Credit Obligations.

NYULH has three unsecured lines of credit totaling \$600.0 million. As of November 30, 2019, NYULH had an aggregate outstanding balance on these lines of approximately \$336.5 million. Each line of credit is subject to the risk that the applicable lender may not renew or in certain circumstances may terminate the line of credit. In the event of non-renewal or termination of a line of credit by the applicable lender, NYULH will no longer be permitted to borrow from the line of credit and would be obligated to repay all unpaid principal, together with accrued and unpaid interest, of the line of credit.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operations of health care providers, including NYULH, or the market value of the Series 2020A Bonds, to an extent that cannot be determined at this time:

- Adoption of legislation that would establish a national or statewide single-payor health program or that would establish national, statewide or otherwise regulated rates.
- Increased unemployment or other economic conditions in the service area of NYULH, which could increase the proportion of patients who are unable to pay fully for the cost of their care.
- Efforts by insurers and governmental agencies to limit the cost of hospital and physician services, to reduce the number of beds and to reduce the utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety and outpatient care, or comparable regulations or attempts by third-party payors to control or restrict the operations of certain health care facilities.
- Termination, non-renewal or renegotiation of provider participation agreements with third-party payers could reduce demand for NYULH's services, resulting in reduced market share, reduced net patient services revenues and reduced net income.

- Reduced demand for the services of NYULH that might result from decreases in population or innovations in technology.
- Bankruptcy of an indemnity/commercial insurer, managed care plan or other payor.
- The occurrence of a natural or man-made disaster, including but not limited to weather as it may be affected by climate change (including floods such as occurred during Superstorm Sandy), acts of God or acts of terrorists, that could damage the facilities of NYULH, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair the operations and the generation of revenues from NYULH's facilities.
- A change in federal income tax law or replacement of the federal income tax with another form of taxation, which, among other consequences, might adversely affect the market value of the Series 2020A Bonds and the level of charitable donations to NYULH.

Appendix B

NYU Langone Hospitals Consolidated Financial Statements August 31, 2019 and 2018

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NYU Langone Hospitals
Consolidated Financial Statements and
Supplemental Information
August 31, 2019 and 2018

NYU Langone Hospitals
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August 31, 2019 and 2018

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Report of Independent Auditors

To the Board of Trustees of
NYU Langone Health System

We have audited the accompanying consolidated financial statements of NYU Langone Hospitals and its subsidiaries, which comprise the consolidated balance sheets as of August 31, 2019 and 2018, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NYU Langone Hospitals and its subsidiaries as of August 31, 2019 and 2018, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 2 to the consolidated financial statements, the Company changed the manner in which it presents net assets and reports certain aspects of its consolidated financial statements as a not-for-profit entity and the manner in which it accounts for revenue from contracts with customers in 2019. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, changes in net assets and cash flows of the individual companies.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers", is written over a faint, larger version of the PwC logo.

New York, New York
December 13, 2019

NYU Langone Hospitals
Consolidated Balance Sheets
August 31, 2019 and 2018

<i>(in thousands)</i>	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 796,624	\$ 395,076
Short-term investments	610,855	576,294
Assets limited as to use	14,325	22,196
Patient accounts receivable, net	808,186	765,682
Contributions receivable	28,801	56,308
Insurance receivables - billed	90,730	73,124
Due from related organizations, net	40,064	17,234
Inventories	114,956	99,040
Other current assets	188,500	154,580
Total current assets	2,693,041	2,159,534
Long-term investments	121,084	46,915
Assets limited as to use, less current portion	728,714	579,779
Contributions receivable, less current portion	17,543	24,565
Professional liabilities insurance recoveries receivable	104,063	117,049
Other assets	89,059	98,342
Due from related organizations, less current portion	9,500	57,420
Property, plant and equipment, net	4,643,348	4,545,009
Total assets	\$ 8,406,352	\$ 7,628,613
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 62,422	\$ 88,961
Accounts payable and accrued expenses	388,445	402,243
Accrued salaries and related liabilities	279,918	204,141
Accrued interest payable	15,483	15,902
Current portion of accrued postretirement liabilities	2,913	2,525
Current portion of professional liabilities	7,244	14,871
Deferred revenue	156,350	99,561
Due to related organizations, net	53,481	34,463
Other current liabilities	97,411	102,317
Total current liabilities	1,063,667	964,984
Long-term debt, less current portion	2,425,877	2,409,329
Professional liabilities, less current portion	710,037	625,851
Accrued pension liabilities	735,948	384,504
Accrued postretirement liabilities, less current portion	100,509	79,290
Due to related organizations, less current portion	-	52,440
Other liabilities	307,253	273,490
Total liabilities	5,343,291	4,789,888
Net assets		
Net assets without donor restrictions	2,955,894	2,693,997
Net assets with donor restrictions	107,167	144,728
Total net assets	3,063,061	2,838,725
Total liabilities and net assets	\$ 8,406,352	\$ 7,628,613

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

NYU Langone Hospitals
Consolidated Statements of Operations
Years Ended August 31, 2019 and 2018

<i>(in thousands)</i>	2019	2018
Operating revenues and other support		
Net patient service revenue	\$ 6,087,828	\$ 5,647,849
Grants and sponsored programs	29,686	36,937
Insurance premiums earned	97,117	115,545
Contributions	6,571	9,326
Endowment distribution and return on short-term investments	69,684	25,933
Other revenue	429,758	207,302
Net assets released from restrictions for operating purposes	43,685	12,978
Total operating revenues and other support	<u>6,764,329</u>	<u>6,055,870</u>
Operating expenses		
Salaries and wages	2,064,960	2,169,073
Employee benefits	679,543	668,350
Supplies and other	2,931,477	2,628,914
Depreciation and amortization	380,436	305,759
Interest	101,706	86,153
Total operating expenses	<u>6,158,122</u>	<u>5,858,249</u>
Gain from operations	606,207	197,621
Other items		
Other component of pension and postretirement costs	12,763	14,298
Investment return in excess of endowment distribution, net	2,032	14,764
Mission based payment to NYUGSoM	(50,000)	(50,000)
Grants for capital acquisitions	6,134	31,077
Other	3,467	(212)
Excess of revenue over expenses	580,603	207,548
Other changes in net assets without donor restrictions		
Changes in pension and postretirement obligations	(382,430)	14,150
Contributions for capital asset acquisitions	1,060	2,311
Equity transfers from (to) related organizations, net	27,025	(134,268)
Net assets released from restrictions for capital purposes	35,639	272,569
Net assets reclassification related to cy-pres	-	8,692
Net increase in net assets without donor restrictions	<u>\$ 261,897</u>	<u>\$ 371,002</u>

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

NYU Langone Hospitals
Consolidated Statements of Changes in Net Assets
Years Ended August 31, 2019 and 2018

<i>(in thousands)</i>	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at August 31, 2017	<u>\$ 2,322,995</u>	<u>\$ 389,707</u>	<u>\$ 2,712,702</u>
Excess of revenue over expenses	207,548	-	207,548
Net assets released from restrictions for operating purposes	-	(12,978)	(12,978)
Net assets released from restrictions for capital purposes	272,569	(272,569)	-
Change in pension and postretirement obligation	14,150	-	14,150
Net assets reclassification related to cy-pres	8,692	(8,692)	-
Equity transfers to related organizations, net	(134,268)	-	(134,268)
Investment return, net	-	3,375	3,375
Appropriation of endowment distribution	-	(1,403)	(1,403)
Gifts, bequests and other items	2,311	47,288	49,599
Total changes in net assets	<u>371,002</u>	<u>(244,979)</u>	<u>126,023</u>
Net assets at August 31, 2018	2,693,997	144,728	2,838,725
Excess of revenue over expenses	580,603	-	580,603
Net assets released from restrictions for operating puposes	-	(43,685)	(43,685)
Net assets released from restrictions for capital purposes	35,639	(35,639)	-
Change in pension and postretirement obligation	(382,430)	-	(382,430)
Equity transfers from related organizations, net	27,025	-	27,025
Investment return, net	-	215	215
Appropriation of endowment distribution	-	(771)	(771)
Gifts, bequests and other items	1,060	42,319	43,379
Total changes in net assets	<u>261,897</u>	<u>(37,561)</u>	<u>224,336</u>
Net assets at August 31, 2019	<u>\$ 2,955,894</u>	<u>\$ 107,167</u>	<u>\$ 3,063,061</u>

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

NYU Langone Hospitals

Consolidated Statements of Cash Flows

Years ended August 31, 2019 and 2018

<i>(in thousands)</i>	2019	2018
Cash flows from operating activities		
Changes in net assets	\$ 224,336	\$ 126,023
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	380,436	305,759
Loss on disposal of property plant and equipment	279	6,168
Post-retirement and pension benefit adjustment	382,430	(14,150)
Equity transfers (from) to related organizations, net	(27,025)	134,268
Cash contributions restricted for capital	(15,331)	(8,938)
Donated securities liquidated to cash and restricted for capital	(15,430)	(14,584)
Gain on settlement	(62,414)	-
Payments received for commercial insurance and disaster recovery award for future mitigation	(8,709)	(5,558)
Write-off of contribution receivable	2,013	23
Net unrealized and realized gain on investments and assets limited as to use	(40,633)	(21,058)
Changes in operating assets and liabilities		
Patient accounts receivable, net	(42,504)	(30,734)
Non-capital contributions receivable	32,516	8,188
Insurance receivables – billed	(17,606)	(7,014)
Accounts payable and accrued expenses	16,892	12,548
Accrued salaries and related liabilities	75,777	19,200
Accrued interest payable	(419)	675
Due to related organizations, net	(8,332)	85,092
Professional liabilities, net	89,545	16,184
Accrued pension obligation	(12,382)	(25,578)
Accrued postretirement obligation	3,003	3,834
Other operating assets, liabilities and deferred revenue	102,121	(8,272)
Net cash provided by operating activities	<u>1,058,563</u>	<u>582,076</u>
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(459,282)	(777,212)
Purchases of investments	(573,454)	(65,427)
Sales of investments	468,212	217,705
Commercial insurance proceeds for capital	3,761	5,558
Changes in assets limited as to use, net	(103,919)	(67)
Net cash used in investing activities	<u>(664,682)</u>	<u>(619,443)</u>
Cash flows from financing activities		
Equity transfers from (to) related organizations, net	11,541	(134,268)
Cash contributions and proceeds from donated securities restricted for capital	30,761	23,522
Payments received for disaster recovery award for future mitigation	4,948	-
Principal payments on long-term debt and capital leases	(64,583)	(66,696)
Proceeds from borrowing on lines of credit	25,000	281,519
Payments on lines of credit	-	(25,000)
Net cash provided by financing activities	<u>7,667</u>	<u>79,077</u>
Net increase in cash and cash equivalents	401,548	41,710
Cash and cash equivalents		
Beginning of year	395,076	353,366
End of year	<u>\$ 796,624</u>	<u>\$ 395,076</u>
Supplemental information		
Cash paid for interest	\$ 114,061	\$ 101,949
Assets acquired under capital leases	31,378	89,130
Change in non-cash acquisitions of property, plant and equipment	(13,694)	(3,199)

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

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies

Organization

NYU Langone Hospitals (“Langone Hospitals”) owns and operates five inpatient acute care facilities and over 35 ambulatory facilities in Manhattan, Brooklyn, and Long Island. The Manhattan inpatient facilities are the Kimmel Pavilion (which also houses the Hassenfeld Children’s Hospital) and Tisch Hospital, located on the main campus at First Avenue and 34th Street with 844 licensed beds; NYU Langone Orthopedic Hospital, a 225 bed facility specializing in orthopedic, neurologic, and rheumatologic services; NYU Langone Hospital-Brooklyn (“Brooklyn”), a 450 bed facility in the Sunset Park section of Brooklyn; and NYU Winthrop Hospital (“Winthrop”), a 591 bed facility located in Mineola, New York. Ambulatory facilities include the Laura and Isaac Perlmutter Cancer Center, the Ambulatory Care Center, the Outpatient Surgery Center, the Orthopedic Center, a free-standing Emergency Department in the Cobble Hill section of Brooklyn, the Brooklyn Endoscopy and Ambulatory Surgery Center in the Midwood section of Brooklyn and Levit Medical, a diagnostic and treatment facility with three locations in Brooklyn.

Langone Hospitals is a Section 501(c)(3) organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code and from New York State and City income taxes.

Langone Hospitals owns Winthrop Clinical Partners, Inc. (“WCP”), a not-for-profit entity which invests in joint ventures with medical facilities; Winthrop-University Hospital Services Corp. (“WUHSC”), a real estate holding company, and various faculty, community and hospital-based physician service organizations. Langone Hospitals owns CCC550 Insurance, SCC. (“CCC550”) which provides professional liability insurance to Langone Hospitals, physicians employed by NYU Robert I. Grossman School of Medicine (“NYUGSoM”) and other non-employed physicians (Note 8). CCC550 is subject to taxation in accordance with section 29 of the Exempt Insurance Act in Barbados.

Langone Hospitals is controlled by NYU Langone Health System (the “Health System”), which is a subsidiary of New York University (the “University”). The University does not assume any responsibility or liability for the financial obligations of the Health System or Langone Hospitals. NYUGSoM and the newly opened NYU Long Island School of Medicine (“NYULISoM”) are schools within the University, but not separate legal entities. Langone Hospitals, the Health System, NYUGSoM and NYULISoM are collectively referred to as NYU Langone Health. The University Board of Trustees appoints the members of the Health System Board, the Langone Hospitals’ Board and the NYUGSoM Advisory Board, who are the same individuals.

Merger with NYU Winthrop Hospital

On April 1, 2017, the Health System and Winthrop-University Hospital Association completed the first phase of a two-phase affiliation when the Health System became the sole corporate member of Winthrop and its subsidiaries. On April 8, 2019, the Health System and Winthrop received a Certificate of Need approval from the New York State Department of Health for a full asset merger (the “Merger”). On August 1, 2019 the second phase of the affiliation was completed when the renamed NYU Winthrop Hospital and its subsidiaries merged into Langone Hospitals.

The Merger was accounted for under Accounting Standards Codification (“ASC”) Topic 805-50, *Business Combinations*. As Langone Hospitals and Winthrop were under common control as of the affiliation date of April 1, 2017, the accompanying financial statements as of and for the years ended August 31, 2019 and 2018 reflect Winthrop’s financial position, results of its operations, changes in net assets and cash flows as if the Merger had been completed at the beginning of the previous year (September 1, 2017).

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of Langone Hospitals, CCC550, and the Winthrop subsidiaries (WUHSC and WCP). Accordingly, amounts due from or to and the transactions between these entities have been eliminated in consolidation.

Related Organizations

Transactions among Langone Hospitals' related organizations relate principally to the sharing of certain services, facilities, equipment and personnel and are accounted for on the basis of allocated cost, as agreed among the parties (primarily NYUGSoM). The amounts due from or to related organizations for operating activities do not bear interest. Additionally, Langone Hospitals has established guidelines for reimbursement, on a fee-for-service basis, for services provided to or by its related organizations.

Langone Hospitals has an existing affiliation agreement with Sunset Park Health Council, Inc., a New York not-for-profit corporation, d/b/a Family Health Centers at NYU Langone ("FHC"). FHC is a designated Level 3 Medical Home and co-operates a Federally Qualified Health Center ("FQHC") with Langone Hospitals under Langone Hospitals' operating certificate. The affiliation agreement will remain in effect for as long as Langone Hospitals remains a co-operator of the FQHC.

Authoritative Pronouncements

New Authoritative Pronouncements adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU implements a single framework for revenue recognition ensuring that revenue is recognized in a manner which reflects the consideration to which the entity expects to be entitled to in exchange for goods and services. Langone Hospitals adopted ASU 2014-09 in fiscal year 2019. Adoption did not have a material impact on Langone Hospital's consolidated financial statements and changes have been applied to on a full retrospective basis (Note 2).

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not for Profit Entities*. Langone Hospitals has adopted this standard retrospectively in fiscal year 2019. Under the new guidance, the existing three category classification of net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) are replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." Unrestricted net assets have been renamed "net assets without donor restriction." The guidance also enhances disclosures about liquidity and expenses by both natural and functional classification (Notes 4 and 10, respectively). Adoption did not have a material impact on Langone Hospital's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance, and for determining whether a contribution is conditional or unconditional. Langone Hospitals adopted ASU 2018-08 in fiscal year 2019 on a modified prospective basis and adoption did not have a material impact on the consolidated financial statements.

Authoritative Pronouncements not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, to provide an additional transition method to adopt the guidance by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative effect to the opening balance of net assets. The standard is effective for fiscal years beginning after December 15, 2018. Langone Hospitals expects adoption to have a material impact on the consolidated balance sheet as of August 31, 2020, as it will record additional right-of-use lease assets and lease liabilities with respect to its current operating leases.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid financial instruments purchased with a maturity of three months or less, excluding those held in its investment portfolio and assets limited as to use. Langone Hospitals maintains its deposits with high credit quality financial institutions and has balances in these financial institutions that exceed federal depository insurance limits. Management does not believe the credit risk related to these deposits to be significant.

Investments and Assets Limited as to Use

Investments

Short-term investments consist of cash and cash equivalents and marketable securities classified as trading. Langone Hospitals classifies investments based on their availability for use rather than on the timing of their intended use. Return on these investments are included in operating revenues on the consolidated statements of operations.

Long-term investments include funds held in a pooled investment portfolio maintained by the University (Note 3), and certain donor-restricted funds of Winthrop which are held in a separate pooled account. The University's investment pool is managed to maximize the prudent long-term return and the University's Board of Trustees has authorized a policy designed to allow asset growth while providing a predictable flow of return to support operations. Distributions from the long term investments held by the endowment to support operations (approximately 4.5% in 2019 and 2018) are calculated using the prior year distribution adjusted for the change in the New York Metro Area Consumer Price Index (CPI). Endowment distributions are reported within operating revenues in the consolidated statements of operations. Investment return greater or less than the University's approved endowment distribution is reported within other items in the consolidated statements of operations.

Assets limited as to use

Assets limited as to use consist of externally restricted assets held under long-term debt agreements (Note 7), assets limited as to use for deferred retirement benefits, assets held by CCC550 (Note 8), and assets advanced and restricted under the FEMA Capped Grant program (Note 15). These assets include cash and cash equivalents, U.S. government and corporate bonds, money market funds and equity securities and contain both marketable and nonmarketable securities (Note 3). Investment return for the years ending August 31, 2019 and 2018 is reported as operating revenues in the consolidated statements of operations.

Fair Value Measurements

Fair Value Accounting establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined as the exit price, representing the amount that would be received to sell an asset or paid to

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transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

As a basis for comparing assumptions, accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1 Financial instruments for which quoted market prices are available in active markets. Market price data is generally obtained from exchange or dealer markets.
- Level 2 Financial instruments for which there are inputs, other than the quoted prices in active markets, that are observable either directly or indirectly. These investments can also be valued by the investment portfolio managers utilizing a portfolio system. NYU Langone Hospitals reviews the results of these valuations in assessing its fair value of investments.
- Level 3 Financial instruments for which there are unobservable inputs, in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors.

The following is a description of the methods and assumptions used to estimate fair value of NYU Langone Hospitals' assets limited as to use and investments. There have been no changes in valuation methods and assumptions used at August 31, 2019 and 2018.

U.S. Government Obligations, Fixed Income, and Equity Investments

Valued on the basis of the quoted market prices at year-end (Level 1). If quoted market prices are not available for the investments, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings (Level 2).

Cash and Cash Equivalents

Consist primarily of U.S. Government debt securities with maturities less than three months from year-end. These investments are valued on the basis of the quoted market prices at year-end. If quoted market prices are not available for the investments, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings (and are classified as Level 2).

Real Estate

Real estate includes public and private investments in real estate (Level 2).

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Investments held in University pooled investment portfolio

The fair value of the investments held in the University's pooled investment portfolio is based on values reported by the University's respective external investment managers, and consist of both marketable and nonmarketable securities. As the fair value of Langone Hospitals' units held in the University's pool investment portfolio cannot be corroborated by observable market data as of August 31, 2019 and 2018, it is classified as Level 3.

Inventories

Langone Hospitals' inventories are carried at the lower of cost or market using the FIFO (first-in, first-out) method. Inventories are used in the provision of patient care and generally are not held for sale.

Property, Plant and Equipment

Property, plant and equipment is carried at cost. The carrying amounts of assets and the related accumulated depreciation and amortization are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in operations. Annual provisions for depreciation are made based primarily upon the straight-line method over the estimated useful lives of the assets as follows:

Land improvement	20 years
Building improvement	10-25 years
Buildings	40-60 years
Fixed and moveable equipment	3-20 years

Equipment under capital leases is recorded at present value at the inception of the lease and is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. The amortization of assets recorded under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations. Repairs and maintenance expenditures are expensed as incurred.

Asset Retirement Obligation

Langone Hospitals recorded an asset retirement obligation liability related to the estimated future costs to remediate asbestos. At August 31, 2019 and 2018, the liability was approximately \$58.0 million and \$43.1 million, respectively, and is included in other liabilities in the consolidated balance sheets.

Net Assets

Net assets with donor restrictions include gifts, pledges, trusts, and gains whose use by Langone Hospitals have been limited by donors to a specific time period and/or purpose. Contributions receivable that do not carry a purpose restriction are deemed to be time restricted. Donor restrictions are removed either through the passage of time or because certain actions are taken by Langone Hospitals that fulfill the restrictions. Contributions to construct long lived assets are released when the asset is placed into service. Certain donor restrictions are perpetual in nature while allowing the use of the investment return for general or specific purpose, in accordance with donor provisions.

Net assets without donor restriction are the remaining net assets of Langone Hospitals that are used to carry out its mission and are not subject to donor restrictions.

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Contributions

Contributions, including unconditional promises or pledges to give cash or donate securities and other assets, are reported at fair value on the date received. Contributions receivable are reported at their discounted present value and an allowance for amounts estimated to be uncollectible is applied. Conditional promises to give are not recognized as revenue until they become unconditional, that is when the conditions on which they depend are substantially met.

The gifts are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

During the years ended August 31, 2019, and 2018, Langone Hospitals received contributed securities of \$49.5 million and \$17.7 million which were subsequently liquidated before August 31, 2019, and 2018, respectively.

Grants and Sponsored Programs

Grants and sponsored programs revenues represent reimbursements of costs incurred in direct support of sponsored activities. Operating revenue recorded from grants and sponsored programs amounted to \$29.7 million and \$36.9 million for the years ended August 31, 2019 and 2018, respectively.

Included in grants and sponsored programs revenue is reimbursement related to the Delivery System Reform Incentive Payment (“DSRIP”) Program. The DSRIP program is a five-year program funded by New York State intended to promote community-level collaborations to focus on health system reform and enhance the value provided by the health care system. DSRIP funding is available to certain hospitals and providers participating in networks (referred to as Performing Provider Systems, PPS) that are able to establish performance improvement activities in certain predefined clinical improvement areas. The PPS that Langone Hospitals coordinates has submitted plans for clinical improvement projects in order to be eligible for payments under the DSRIP program. Langone Hospital recorded DSRIP revenue of \$18.2 million and \$30.7 million for the years ended August 31, 2019 and August 31, 2018, respectively.

Grants for Capital Acquisitions

In 2016, Langone Hospitals received two awards totaling \$26.6 million as part of DSRIP's Capital Restructuring Financing Program to fund the NYU Langone PPS projects at the Brooklyn campus, which was recognized as revenue within other items in the consolidated statements of operation during the year ended August 31, 2018.

Uncompensated Care

As a matter of policy, Langone Hospitals provides significant amounts of partially or totally uncompensated patient care. For accounting purposes, such uncompensated care is treated as charity care.

Federal and state law requires that hospitals provide emergency services regardless of a patient's ability to pay. In accordance with these laws, Langone Hospitals has implemented a discount policy and financial aid program that is consistent with the mission, values, and capacity of Langone Hospitals, while considering an individual's ability to contribute to his or her care. Under this policy, the discount offered to uninsured patients is reflected as a reduction to net patient service revenue at the time the uninsured billings are recorded.

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Uninsured patients seen in the emergency department, including patients subsequently admitted for inpatient services, often do not provide information necessary to allow Langone Hospitals to qualify such patients for charity care. Net patient service revenue related to uninsured patients who do not qualify for either Medicaid assistance or Langone Hospitals' financial aid program is recognized for the amount of consideration to which Langone Hospitals expects to be entitled in exchange for providing patient care, net of implicit price concessions based on historical collections. Implicit price concession rates for uninsured patients are refined on an annual basis.

Langone Hospitals' charity care policy, in accordance with the New York State Department of Health's guidelines, ensures the provision of quality health care to the community served while carefully considering the ability of the patient to pay. The policy has sliding fee schedules for inpatient, ambulatory and emergency services provided to the uninsured and under-insured patients that qualify. Patients are eligible for the charity care fee schedule if they meet certain income tests. Since payment of the difference between Langone Hospitals' standard charges and the charity care fee schedules is not sought, these forgone charges for charity care are not reported as revenue. Total forgone charges for charity care totaled \$102.9 million and \$94.7 million for the years ended August 31, 2019 and 2018, respectively. This equated to an approximate cost of \$21.8 million and \$20.6 million for the years ended August 31, 2019 and 2018, respectively, which is based on a ratio of cost to charges.

New York State regulations provide for the distribution of funds from an indigent care pool, which is intended to partially offset the cost of uncompensated care and service provided to uninsured. The funds are distributed to Langone Hospitals based on an uninsured methodology. Subsidy payments recognized as revenue amounted to approximately \$60.9 million and \$58.1 million for the years ended August 31, 2019 and 2018, respectively, and are included in net patient service revenue in the accompanying consolidated statements of operations. At August 31, 2019 and 2018, receivables from indigent care pools totaled \$28.3 million and \$47.9 million, respectively, and are included in other current assets on the consolidated balance sheets. Langone Hospitals has paid \$60.6 million and \$55.4 million into the indigent care pool for the years ended August 31, 2019 and 2018, respectively.

Performance Indicator

The consolidated statements of operations include excess of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from excess of revenue over expenses, consistent with industry practice, include changes in pension and postretirement obligations, contributions for capital asset acquisitions, equity transfers from (to) related organizations, net assets released from restrictions for capital purposes, and net asset reclassifications related to cy-pres.

Langone Hospitals differentiates its operating activities through the use of gain from operations as an intermediate measure of operations. For the purpose of display, items which management does not consider to be components of Langone Hospitals' operating activities are excluded from the gain from operations and reported as other items in the consolidated statements of operations. These include other components of pension and postretirement costs, investment return in excess of endowment distribution, net, mission based payment to NYUGSoM, grants for capital acquisitions, and other.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated contractual discounts on accounts receivable for services to patients, and liabilities, including estimated settlements with third party

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payors, professional insurance liabilities, and pension and postretirement benefit liabilities. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

Income Taxes

The FASB guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as “more likely than not” that the position is sustainable, based on its technical merits. The guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the consolidated financial statements. Uncertain income tax positions did not have a significant impact on Langone Hospitals’ consolidated financial statements during the years ended August 31, 2019 and 2018.

2. Net Patient Service Revenue and Accounts Receivable

Langone Hospitals has agreements with third-party payors that provide for payments to Langone Hospitals at amounts different from its established rates (i.e., gross charges). Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Langone Hospitals grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Langone Hospitals bills patients and third-party payors several days after the services are performed and/or the patient is discharged. Patient service revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected charges. Generally, performance obligations over time relate to patients receiving inpatient acute care services or patients receiving services in Langone Hospitals’ outpatient and ambulatory care centers. Langone Hospitals measures the performance obligation from admission into the hospital or the commencement of an outpatient or physician service to the point when it is no longer required to provide services to that patient, which is generally the time of discharge or the completion of the outpatient or physician visit.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, Langone Hospitals has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) *Revenue from Contracts with Customers* and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Billings related to services rendered are recorded as net patient service revenue in the period in which the service is performed and reflects the consideration to which Langone Hospitals expects to be paid in exchange for providing patient care. Langone Hospitals determines the transaction price based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors based on contractual agreements, discounts provided to uninsured patients in accordance with Langone Hospitals’ policy, and implicit concessions provided to uninsured patients. The adoption of ASU 2014-09 resulted in changes to the presentation and disclosure of revenue primarily related to uninsured or underinsured patients. For the years ended August 31, 2019, and 2018, Langone Hospitals recorded \$49.0 and \$42.3 of implicit price concessions as a

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direct reduction to net patient service revenue that would have been recorded as provisions for bad debts prior to the adoption of ASU 2014-09.

Langone Hospitals estimates its implicit price concessions using a quarterly standardized approach to review historical collections based on major payor classification as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical collection trends, the financial statement effects of using this practical expedient are not materially different from an individual contract approach. In addition, Langone Hospitals assesses the current state of its billing functions in order to identify any known collection or reimbursement issues and assess the impact, if any, on estimates. Langone Hospitals believes that the collectability of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services it provides. Subsequent changes to the estimate of transaction price are recorded as adjustments to net patient service revenue in the period of the change.

Certain net patient service revenues received are subject to retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The net amounts recorded, related to prior years and changes in estimates increased the performance indicator by approximately \$8.1 million and \$13.5 million for the years ended August 31, 2019 and 2018, respectively.

A summary of the payment arrangements with major third-party payors follows:

Medicare Reimbursement

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The current Medicare severity adjusted diagnosis related groups ("MS - DRGs") reflect changes in technology and current methods of care delivery. The MS-DRG system is intended to ensure that payments more accurately reflect the costs of services provided by hospitals by better recognizing the severity of a patient's illness. The MS-DRGs also require identification of conditions that are present upon admission. Inpatient rehabilitation cases are grouped into case-mix groups. Outpatients are assigned to ambulatory payment classification groups. The Centers for Medicare and Medicaid Services issues annual updates to payment rates and patient classification groups.

NonMedicare Reimbursement

The New York Health Care Reform Act of 1996, as updated, governs payments to hospitals in New York State. Under this system, hospitals and all nonMedicare payors, except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospital's payment rates. If negotiated rates are not established, payors are billed at hospitals established charges. Medicaid, workers' compensation and no-fault payors pay hospital rates promulgated by the New York State Department of Health ("NYS DOH") on a prospective basis. Adjustments to current and prior year' rates for these payors will continue to be made in the future.

There are also various other proposals at the federal and state level that could, among other things, reduce payment rates. The ultimate outcome of these proposals, regulatory changes, and other market conditions cannot presently be determined.

Langone Hospitals has established estimates, based on information presently available, of amounts due to or from Medicare and nonMedicare payors for adjustments to current and prior year payment rates, based on industry-wide and hospital-specific data. The net amount due to

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third party payors is \$76.0 million and \$70.4 million at August 31, 2019 and 2018, respectively and is included in other assets and other liabilities on the consolidated balance sheets. Additionally, certain payors' payment rates for various years have been appealed by Langone Hospitals. If the appeals are successful, additional income applicable to those years will be realized.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Langone Hospitals' Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2014; however, final settlements are pending for 2003 and 2004. Brooklyn's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2015; however, final settlements are pending for the years 2008 to 2013. Winthrop's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2016 and there are no final settlements pending.

Patient service revenue, net of contractual adjustments and discounts and implicit price concessions is as follows for the years ended August 31, 2019 and 2018:

<i>(in thousands)</i>	2019	2018
Gross charges	\$ 29,702,740	\$ 27,124,247
Contractual discounts and implicit price concessions	<u>(23,614,912)</u>	<u>(21,476,398)</u>
Total net patient service revenue	<u>\$ 6,087,828</u>	<u>\$ 5,647,849</u>

The mix of net patient service revenue for the years ended August 31, 2019 and 2018 is as follows:

	2019	2018
Medicare	16 %	18 %
Medicaid	2	2
Medicare and Medicaid managed care	17	17
Blue Cross	26	24
Commercial insurance and managed care	<u>39</u>	<u>39</u>
	<u>100 %</u>	<u>100 %</u>

The mix of net patient accounts receivables at August 31, 2019 and 2018 is as follows:

	2019	2018
Medicare	9 %	11 %
Medicaid	2	2
Medicare and Medicaid managed care	21	20
Blue Cross	21	19
Commercial insurance and managed care	<u>47</u>	<u>48</u>
	<u>100 %</u>	<u>100 %</u>

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3. Investments and Assets Limited as to Use

The composition and fair value hierarchy of investments and assets limited as to use measured at fair value on a recurring basis at August 31, 2019 and 2018, is set forth in the following tables:

<i>(in thousands)</i>	August 31, 2019			Total
	Level 1	Level 2	Level 3	
Investments				
Cash and cash equivalents	\$ -	\$ 399,907	\$ -	\$ 399,907
Equity	187,667	-	-	187,667
Fixed income	27,805	11,412	-	39,217
Investments held in University pooled investments	-	-	105,148	105,148
Total investments	<u>\$ 215,472</u>	<u>\$ 411,319</u>	<u>\$ 105,148</u>	731,939
Less: Short-term investments				<u>(610,855)</u>
Total long term investments				<u>\$ 121,084</u>
Assets limited as to use				
Cash and cash equivalents	\$ 74,277	\$ -	\$ -	\$ 74,277
Equity	72,745	2,326	1,062	76,133
Fixed income	17,240	571,257	-	588,497
Real Estate	92	599	-	691
Sub-total assets limited as to use	<u>\$ 164,354</u>	<u>\$ 574,182</u>	<u>\$ 1,062</u>	739,598
Stable value fund held at contract value				<u>3,441</u>
Total assets limited as to use				743,039
Less: Current portion				<u>(14,325)</u>
Total long term assets limited as to use				<u>\$ 728,714</u>

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<i>(in thousands)</i>	August 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments				
Equity	\$ 180,661	\$ -	\$ -	\$ 180,661
Fixed income	399,080	10,191	-	409,271
Investments held in University pooled investments	-	-	30,603	30,603
Total non cash investments	<u>\$ 579,741</u>	<u>\$ 10,191</u>	<u>\$ 30,603</u>	620,535
Cash and cash equivalents				2,674
Total investments				623,209
Less: Short-term investments				(576,294)
Total long term investments				<u>\$ 46,915</u>
Assets limited as to use				
Cash and cash equivalents	\$ 47,812	\$ -	\$ -	\$ 47,812
U.S. government obligations	10,321	-	-	10,321
Fixed income	14,919	446,440	-	461,359
Equity	76,171	2,225	1,035	79,431
Real Estate	-	512	-	512
Sub-total assets limited as to use	<u>\$ 149,223</u>	<u>\$ 449,177</u>	<u>\$ 1,035</u>	599,435
Stable value fund held at contract value				2,540
Total assets limited as to use				601,975
Less: Current portion				(22,196)
Total long term assets limited as to use				<u>\$ 579,779</u>

The following table provides a roll forward of the fair value of Level 3 investments for the years ended August 31, 2019 and 2018:

<i>(in thousands)</i>	2019	2018
Fair value at beginning of year	\$ 31,638	\$ 28,436
Purchases	72,917	-
Transfers in	-	1,035
Realized and unrealized gains	2,743	2,241
Liquidations	(1,088)	(74)
Fair value at end of year	<u>\$ 106,210</u>	<u>\$ 31,638</u>

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Investment return consisted of the following for the years ended August 31, 2019 and 2018:

<i>(in thousands)</i>	2019	2018
Dividends and interest	\$ 30,798	\$ 22,520
Realized and unrealized gains, net	40,633	21,058
Investment expenses	<u>(271)</u>	<u>(909)</u>
Total investment return, net	<u>\$ 71,160</u>	<u>\$ 42,669</u>
Endowment distribution and return on short-term investments	\$ 69,684	\$ 25,933
Investment return in excess of endowment distribution, net	2,032	14,764
Investment return on net assets with donor restriction	215	3,375
Appropriation of endowment distribution on net assets with donor restriction	<u>(771)</u>	<u>(1,403)</u>
Total investment return, net	<u>\$ 71,160</u>	<u>\$ 42,669</u>

Langone Hospitals' assets limited as to use can be categorized as limited for the following purposes:

<i>(in thousands)</i>	2019	2018
Assets held under long-term debt agreements (Note 7)		
Construction funds	\$ -	\$ 76
Debt service funds	7,082	7,325
Debt service reserve funds	<u>4,467</u>	<u>4,455</u>
	11,549	11,856
Assets limited as to use-Deferred benefits	44,027	44,019
Self-insurance trust funds (Note 8)	57,898	58,627
Assets held by CCC550 (Note 8)	609,708	467,206
Assets limited as to use- other restrictions (Note 15)	<u>19,857</u>	<u>20,267</u>
Total assets limited as to use	743,039	601,975
Less: Current portion	<u>(14,325)</u>	<u>(22,196)</u>
Long term portion	<u>\$ 728,714</u>	<u>\$ 579,779</u>

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4. Liquidity and Availability of Resources

Financial assets and resources available to meet the cash needs for general expenditures within one year of the date of the consolidated balance sheets were as follows:

<i>(in thousands)</i>	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 796,624	\$ 395,076
Short-term investments	610,855	576,294
Patient accounts receivable, net	808,186	765,682
Contributions receivable	28,801	56,308
Insurance receivables - billed	90,730	73,124
Due from related organizations, net	5,776	-
Other current assets	54,989	71,584
Subsequent year endowment distribution	1,259	1,087
Funds functioning as endowment available for operations	<u>85,764</u>	<u>12,528</u>
	2,482,984	1,951,683
Liquidity resources:		
Lines of credit (undrawn)	263,481	113,481
	<u>\$ 2,746,465</u>	<u>\$ 2,065,164</u>

As part of Langone Hospitals' liquidity management, it is policy to classify financial assets based on their availability for use rather than on the timing of their intended use. The table above excludes the current portion of externally restricted assets limited as to use that are available for use within one year of the date of the consolidated statement of financial position totaling \$14.3 million and \$22.2 million as of August 31, 2019 and 2018, respectively (refer to Note 3 for disclosures about assets limited to use).

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5. Contributions Receivable

Unconditional promises to give are recorded when the gift intent is made known in writing. A receivable has been established and net assets have been increased by the time-discounted value of the unconditional promises. Estates are estimated and recorded at the conclusion of probate.

Langone Hospitals has received numerous unconditional promises to give and estimates the year of receipt to the extent possible. Contributions receivable recorded within the accompanying consolidated balance sheet are recorded net of both a present value discount and an allowance for uncollectable pledges.

The anticipated payments of the receivables are as follows:

<i>(in thousands)</i>	2019	2018
Amounts to be collected in		
Less than one year	\$ 28,801	\$ 56,308
One to five years	25,057	32,699
More than five years	-	300
	<u>53,858</u>	<u>89,307</u>
Discount	(750)	(3,006)
Allowance for uncollectible amounts	<u>(6,764)</u>	<u>(5,428)</u>
Contributions receivable, net	<u>\$ 46,344</u>	<u>\$ 80,873</u>

Contributions receivable activity for the years ended August 31, 2019 and 2018 was as follows:

<i>(in thousands)</i>	2019	2018
Contributions receivable at beginning of year, gross	\$ 89,307	\$ 106,945
New pledges received (undiscounted)	33,845	9,512
Write-offs	(2,013)	(23)
Pledge payments received	<u>(67,281)</u>	<u>(27,127)</u>
Contributions receivable at end of year, gross	53,858	89,307
Deduct discount and allowance for uncollectables	<u>(7,514)</u>	<u>(8,434)</u>
Contributions receivable at end of year, net	<u>\$ 46,344</u>	<u>\$ 80,873</u>

Conditional promises to give, not included in these financial statements, were \$25.3 million and \$29.6 million at August 31, 2019 and 2018, respectively.

Expenses related to fundraising activities were \$12.0 million and \$5.9 million for the years ended August 31, 2019 and 2018, respectively.

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6. Property, Plant and Equipment

A summary of property, plant and equipment is as follows at August 31, 2019 and 2018:

	2019	2018
Land and improvements	\$ 182,584	\$ 167,022
Buildings and improvements	4,212,376	3,907,538
Capital leases	206,079	240,105
Fixed and movable equipment	<u>1,152,855</u>	<u>1,109,607</u>
	5,753,894	5,424,272
Less: Accumulated depreciation	<u>(1,598,530)</u>	<u>(1,354,668)</u>
	4,155,364	4,069,604
Capital projects in progress	<u>487,984</u>	<u>475,405</u>
Property, plant and equipment, net	<u>\$ 4,643,348</u>	<u>\$ 4,545,009</u>

Depreciation expense for the years ended August 31, 2019 and 2018 was \$378.3 million and \$303.7 million, respectively.

Substantially all property, plant and equipment have been pledged as collateral under various debt agreements (excluding working capital lines of credit).

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7. Long-Term Debt

Langone Hospitals has various bond issuances outstanding which are issued through Langone Hospitals' obligated group. On August 1, 2019, as a result of the Merger, Winthrop became part of the Langone Hospitals' Obligated Group for its outstanding bond issuances and bond holders of legacy Winthrop debt are now governed by the Master Trust Indenture of Langone Hospitals.

Langone Hospitals' Obligated Group issues taxable bonds directly or tax exempt bonds through the Dormitory Authority of the State of New York ("DASNY"). Two issuances of tax exempt bonds issued by Winthrop prior to the Merger were issued through the Nassau County Local Economic Assistance Corporation ("NCLEAC"). Langone Hospitals' legally Obligated Group for these bond issuances excludes CCC550, WUHSC, WCP and any other Langone Hospitals or Health System subsidiary entities.

A summary of long-term debt is as follows at August 31, 2019 and 2018:

<i>(in thousands)</i>	2019	2018
Series 2011A ^(a)	\$ 4,220	\$ 8,240
Series 2014 ^(b)	69,395	72,275
Series 2014 S2 ^(c)	100,260	103,005
Series 2016A ^(a)	134,570	142,570
Winthrop NCLEAC Series 2012 ^(d)	111,415	114,230
Winthrop NCLEAC Series 2014 ^(e)	32,872	34,332
Taxable Series 2012A ^(f)	250,000	250,000
Taxable Series 2013A ^(g)	350,000	350,000
Taxable Series 2014A ^(h)	300,000	300,000
Taxable Series 2017A ⁽ⁱ⁾	600,000	600,000
Lines of credit ^(j)	336,519	311,519
Mortgages payable ^(k)	20,292	24,430
Commercial loan ^(l)	16,802	17,575
Capital leases and equipment loans ^(m)	124,994	130,909
	<u>2,451,339</u>	<u>2,459,085</u>
Add: Unamortized bond premium	49,721	52,510
Less: Unamortized bond discount	(2,986)	(3,111)
Less: Deferred financing fees	(9,775)	(10,194)
Less: Current portion	(62,422)	(88,961)
	<u>\$ 2,425,877</u>	<u>\$ 2,409,329</u>
Long term debt, less current portion		

Interest expense on long-term debt totaled \$101.7 million and \$86.2 million for the years ended August 31, 2019 and 2018, respectively. This excludes \$6.0 million and \$15.6 million of capitalized interest for the years ended August 31, 2019 and 2018, respectively, which is included in property, plant and equipment, net.

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- a. In 2016, Langone Hospitals issued, through DASNY, the Series 2016A revenue bonds totaling \$157.3 million. The Series 2016A bonds are payable at varying dates through July 2040 at fixed rates varying from 2.75% to 5.00%. The proceeds of the Series 2016A bonds were used to advance refund Langone Hospitals' outstanding indebtedness on its Series 2006A bonds and a portion of the Series 2011A bonds.
- b. In 2014, Langone Hospitals issued through DASNY, Series 2014 bonds totaling \$77.7 million. The Series 2014 bonds are payable at varying dates through July 2036 at rates varying from 2.0% to 5.0%. The proceeds from Series 2014 bonds were used to advance refund Langone Hospitals' outstanding indebtedness on its Series 2007B bonds.
- c. In 2015, Langone Hospitals issued through DASNY, Series 2014 S2 bonds totaling \$117.3 million. The Series 2014 S2 bonds are payable at varying dates through July 2035 at rates varying from 3.75% to 4.95%. The proceeds from Series 2014 S2 bonds was used to advance refund Langone Hospitals' outstanding indebtedness on its Series 2007A bonds.
- d. In 2012, Winthrop issued its Series 2012 Bonds totaling \$130.2 million through NCLEAC. The Series 2012 bonds are payable at varying dates through July 2042 at rates from 3.0% to 5.0%. The proceeds from Series 2012 bonds were used to advance refund its DASNY Series 2001A and 2003A Revenue Bonds and to raise funds for the construction of a new research building.
- e. In 2014, Winthrop issued its Series 2014 Bonds totaling \$39.8 million through NCLEAC. The Series 2014 bonds are payable at varying dates through July 2036 at a fixed rate of 3.0%. The proceeds from Series 2014 bonds were used for additional construction related to the new research institute as well as various information technology projects.
- f. In 2012, Langone Hospitals issued Series 2012A taxable bonds totaling \$250.0 million. The Series 2012A bonds required annual interest payments through July 2042 at a fixed rate of 4.4%. Principal on this bond is payable in full in 2042. The proceeds of the Series 2012A bonds are to be used to pay the costs of various construction, renovation and equipment projects, repay certain outstanding lines of credit and for working capital and other eligible corporate purposes.
- g. In 2013, Langone Hospitals issued Series 2013A taxable bonds totaling \$350.0 million. The Series 2013A bonds required annual interest payments through July 2043 at a fixed rate of 5.75%. Principal on this bond is payable in full in 2043. The proceeds of the Series 2013A bonds are to be used to pay the costs of various construction, renovation and equipment projects, repay certain outstanding lines of credit and for working capital and other eligible corporate purposes.
- h. In 2014, Langone Hospitals issued Series 2014A Taxable Bonds totaling \$300.0 million. The Series 2014 Taxable bonds require annual interest payments through July 2044 at a fixed rate of 4.78%. Principle on this bond is payable in full in 2044. The proceeds of the Series 2014 Taxable Bonds are to be used to pay the costs of various construction, renovation and equipment projects, repay certain outstanding lines of credits and for working capital and other eligible corporate purposes.
- i. In 2017, Langone Hospitals issued Series 2017A Taxable Bonds totaling \$600.0 million. The Series 2017A taxable bonds are payable at varying dates through August 2047 at fixed rates varying from 4.17% to 4.37%. The proceeds of the Series 2017A bonds were used to repay a bank loan and certain outstanding lines of credit, as well as to pay the costs of various

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construction, renovation and equipment projects, and for working capital and other eligible corporate purposes.

- j. At August 31, 2019, Langone Hospitals has three unsecured lines of credit totaling \$600.0 million which expire from September 2020 to May 2022. The interest is accrued for all three lines of credit based on London Interbank Offered Rate (LIBOR) rates plus 60 basis points.
- k. In 2013, WUHSC refinanced a mortgage and commercial loan of Winthrop totaling \$40.0 million. The mortgage loan matures in December 2023 and bears a fixed interest rate of 3.56%. In 2016, WUHSC financed the acquisition of an office building through a mortgage loan \$1.5 million. The mortgage loan matures in May 1, 2026 and bears a fixed interest rate of 2.89%.
- l. In 2014, Winthrop entered into a commercial loan agreement with a financial institution for capital construction purposes totaling \$20.3 million. The loan matures in August 2024 and bears a fixed interest rate of 4.3%.
- m. Langone Hospitals has several capital leases and loan agreements under which it can purchase various capital equipment. The agreements have interest rates and imputed interest rates varying from 1.4% through 13.9%.

In conjunction with the former and current debt agreements, Langone Hospitals has pledged as collateral various types of assets, which include an interest in Langone Hospitals' property, plant and equipment, gross receipts and limitations on the use of certain assets, including the transfer of assets to entities outside Langone Hospitals. Under the terms of the various agreements listed above, Langone Hospitals is required to maintain certain financial ratios. Compliance with these financial covenants is measured on a fiscal year basis only. Langone Hospitals' most restrictive covenants are meeting minimum requirements for debt service coverage ratio, days cash on hand and a cushion ratio. During 2019 and 2018, Langone Hospitals was in compliance with all financial ratio covenants.

Principal payments on long-term debt and capital leases in future fiscal years are as follows:

<i>(in thousands)</i>	Debt and Other	Capital Leases	Total
2020	\$ 27,625	\$ 36,859	\$ 64,484
2021	62,207	32,313	94,520
2022	338,705	28,650	367,355
2023	30,581	28,881	59,462
2024	28,721	4,109	32,830
Thereafter	1,838,506	6,291	1,844,797
Total principal payments	2,326,345	137,102	2,463,447
Unamortized premiums and discounts, net	46,735	-	46,735
Deferred financing fees	(9,775)	-	(9,775)
Less: Imputed interest	-	(12,108)	(12,108)
Total Debt	\$ 2,363,305	\$ 124,994	\$ 2,488,299

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8. Professional Liabilities

Langone Hospitals' professional liabilities are reported on a discounted basis and comprise estimates for known reported losses and loss expenses plus a provision for losses incurred but not reported. Losses are actuarially determined and are based on the loss experience of the insured. In management's opinion, recorded reserves for both self-insured and commercially insured exposures are adequate to cover the ultimate net cost of losses incurred to date; however, the provision is based on estimates and may ultimately be settled for a significantly greater or lesser amount.

Professional liabilities recorded on the consolidated balance sheets as of August 31 are as follows:

<i>(in thousands)</i>	2019	2018
CCC550 professional liabilities ^(a)	\$ 545,627	\$ 453,472
Commercially insured liabilities ^(b)	104,063	117,049
Self-insured liabilities ^(c)	<u>67,591</u>	<u>70,201</u>
Total professional liabilities	<u>\$ 717,281</u>	<u>\$ 640,722</u>

- a. Langone Hospitals has been self-insured for professional liabilities since 2005 through its wholly owned, segregated cell captive company, CCC550, which provides coverage on an occurrence basis (Cells 1, 2 and 3).

CCC550 also provides insurance coverage to certain voluntary attending physicians ("VAPs") servicing NYUGSoM and Langone Hospitals as well as other non-employed physicians. The cost of this insurance coverage is the responsibility of such physicians. For the years ended August 31, 2019 and 2018, CCC550 recorded revenue for insurance premiums earned of \$97.1 million and \$115.5 million, respectively, related to these policies.

During the year ended August 31, 2017, CCC550 activated Cell 3 in order to provide professional and general liability insurance coverage to Winthrop and certain of its employed physicians (on an occurrence basis starting July 1, 2017). During the year ended August 31, 2019, all VAPs servicing Winthrop with primary coverage were taken out of Cell 3 and placed into Cell 1. As of August 31, 2019, Cell 3 only provides coverage to Winthrop physicians.

CCC550 has cash and cash equivalents and investments totaling \$609.7 million and \$467.2 million at August 31, 2019 and 2018, to fund related obligations, respectively. CCC550 has total obligations for insurance exposures of \$545.6 million and \$453.5 million as of August 31, 2019 and 2018, respectively. Including investment assets, CCC550 has total assets of \$809.7 million and \$660.4 million at August 31, 2019 and 2018, respectively. Including obligations for insurance exposures, CCC550 has total liabilities of \$689.1 million and \$596.0 million at August 31, 2019 and 2018, respectively. After eliminating entries, total liabilities and net assets on the consolidated balance sheets relating to CCC550 are \$530.6 million and \$478.2 million at August 31, 2019 and 2018, respectively.

- b. Commercially insured liabilities primarily relate to policies purchased by Brooklyn and Winthrop (for certain of its physicians) covering periods prior to October 1, 2016 and July 1, 2017, respectively. Langone Hospitals recorded a corresponding insurance recovery receivable for claims covered by these policies on the consolidated balance sheet.

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- c. Winthrop is self-insured for professional liabilities for all claims occurring before July 1, 2017 and has designated funds in a revocable trust for satisfaction of claims and expenses (Note 3).

In October 2018, Langone Hospitals received cash and recorded revenue of \$102.4 million resulting from the closing of a sale of Medical Liability Mutual Insurance Company ("MLMIC") to National Indemnity Company, as subsidiary of Berkshire Hathaway. Brooklyn and Winthrop were holders of various professional liability insurance policies from MLMIC and in order to complete the demutualization, policy holders received a payout of 1.9 times the amount paid in premiums during the three-year period leading up to July 2016, when the MLMIC board approved the sale. Langone Hospitals recorded the income within other revenue on the consolidated statement of operations.

9. Pension and Postretirement Benefit Plans

Substantially all of Langone Hospitals employees are covered by retirement plans. These plans include various defined contribution plans, defined benefit plans and multi-employer plans for both pension and postretirement benefits.

Defined Contribution Pension Plans

Langone Hospitals contributes to its defined contribution plans based on rates required by union or other contractual arrangements. Expenses related to Langone Hospitals' defined contribution plans are \$55.8 million and \$43.8 million for the years ended August 31, 2019 and 2018, respectively, and are reflected in employee benefits expense on the consolidated statements of operations.

Defined Benefit Pension Plans

Langone Hospitals has three defined benefit pension plans: a legacy Langone Hospitals plan, a Brooklyn plan and a Winthrop plan. The legacy Langone Hospitals plan and the Winthrop plan were frozen as of June 30, 2000, and December 31, 2008 respectively and are no longer available to any new participants. The Brooklyn plan was frozen as of July 1, 2006 and is no longer available to new participants with the exception of certain nurses. Participants of the plans as of those dates continue to accrue benefits.

Contributions to the three defined benefit plans are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Contributions to the defined benefit plans are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 plus such additional amounts as Langone Hospitals (the plans' sponsor) may deem appropriate, from time to time. Pension benefits under legacy Langone Hospitals plan and the Brooklyn plan are based on participants' final average compensation levels and years of service. Benefits under the Winthrop plan are based on participants' career average compensation and years of service.

Defined Benefit Postretirement Plans

Langone Hospitals' health and welfare plans provide certain health care and life insurance benefits for eligible retired employees through multi-employer plans or its Langone Hospitals-sponsored defined benefit plan. The cost related to the plans are accrued during the period the employees provide service to Langone Hospitals.

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The following tables provide information with respect to Langone Hospitals' defined benefit pension and postretirement benefit plans for the years ended August 31:

Plans' Funded Status

<i>(in thousands)</i>	Defined benefit pension plans		Defined benefit postretirement plans	
	2019	2018	2019	2018
Change in benefit obligation				
Benefit obligation, beginning of year	\$ 1,652,374	\$ 1,617,779	\$ 82,119	\$ 82,796
Service cost	34,396	36,232	1,846	1,921
Interest cost	66,273	56,540	3,284	2,868
Actuarial loss (gain)	329,600	(2,975)	18,850	(3,853)
Benefits paid	(59,750)	(55,202)	(3,546)	(2,836)
Participant contributions	-	-	869	997
Retiree drug subsidy receipts	-	-	-	226
Benefit obligation, end of year	<u>2,022,893</u>	<u>1,652,374</u>	<u>103,422</u>	<u>82,119</u>
Change in fair value of plan assets				
Fair value of plan assets, beginning of year	1,267,870	1,198,044	-	-
Actual return on plan assets	48,342	81,028	-	-
Employer contributions	30,483	44,000	2,677	1,613
Benefits paid	(59,750)	(55,202)	(3,546)	(2,610)
Participant contributions	-	-	869	997
Fair value of plan assets, end of year	<u>1,286,945</u>	<u>1,267,870</u>	<u>-</u>	<u>-</u>
Accrued pension liabilities	<u>\$ 735,948</u>	<u>\$ 384,504</u>	<u>\$ 103,422</u>	<u>\$ 82,119</u>
Benefit obligation range of assumptions as of August 31				
Discount rate	3.08% - 3.21%	4.27% - 4.34%	3.13%	4.30%
Rate of increase in compensation levels	3.00% - 3.50%	3.00% - 5.25%	N/A	N/A

Net Periodic Benefit Cost

<i>(in thousands)</i>	Defined benefit pension plans		Defined benefit postretirement plans	
	2019	2018	2019	2018
Components of net periodic benefit cost				
Operating expense - Service cost	\$ 34,396	\$ 36,232	\$ 1,846	\$ 1,921
Nonoperating expense				
Interest cost	66,273	56,540	3,284	2,868
Expected return on plan assets	(91,713)	(86,768)	-	-
Amortization of prior service cost	-	-	(74)	(74)
Amortization of actuarial loss	9,147	12,385	320	752
Total nonoperating expense	<u>(16,293)</u>	<u>(17,843)</u>	<u>3,530</u>	<u>3,546</u>
Net periodic benefit cost	<u>\$ 18,103</u>	<u>\$ 18,389</u>	<u>\$ 5,376</u>	<u>\$ 5,467</u>
Other changes recognized in net assets without donor restriction				
Actuarial net loss (gain) arising during period	\$ 372,973	\$ 2,765	\$ 18,850	\$ (3,853)
Amortization of prior service cost	-	-	74	74
Amortization of actuarial loss	(9,147)	(12,385)	(320)	(752)
Total recognized in nonoperating activities	<u>\$ 363,826</u>	<u>\$ (9,620)</u>	<u>\$ 18,604</u>	<u>\$ (4,531)</u>
Net periodic benefit cost range of assumptions				
Discount rate	4.00-4.34%	4.15% - 4.29%	3.13%	4.03 - 4.15%
Rate of increase in compensation levels	3.00 % - 4.00%	3.00 % - 4.00%	N/A	N/A
Expected long-term rate of return on plan assets	7.00% - 7.75%	7.00% - 7.75%	N/A	N/A
Initial health-care cost trend	N/A - OPEB Only	N/A - OPEB Only	5.25%-7.25%	5.50%-7.50%
Ultimate retiree health-care cost trend	N/A - OPEB Only	N/A - OPEB Only	4.50%	4.50%
Year ultimate trend rate is achieved	N/A - OPEB Only	N/A - OPEB Only	2024 & 2031	2024 & 2031

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The accumulated benefit obligation for the pension plans was \$1.9 billion and \$1.6 billion at August 31, 2019 and 2018, respectively.

Amounts not yet reflected in net periodic benefit cost and included in net assets without donor restriction for the defined benefit pension plans and postretirement plans totaled \$530.5 million and \$148.1 million for the years ended August 31, 2019 and 2018, respectively.

Amounts in net assets without donor restriction expected to be recognized in net periodic pension cost in the next fiscal year for the defined benefit pension plans totaled \$23.1 million and \$9.4 million for the years ended August 31, 2019 and 2018, respectively. Amounts in net assets without donor restriction expected to be recognized in net periodic pension cost in the next fiscal year for postretirement plan totaled \$1.0 million and \$13.1 million for the years ended August 31, 2019 and 2018, respectively.

In 2019 and 2018, the effect of a 1% change in the health care cost trend rate related to the postretirement plan is as follows:

<i>(in thousands)</i>	2019		2018	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 1,132	\$ (833)	\$ 1,116	\$ (816)
Effect on postretirement benefit obligation	18,823	(14,010)	15,334	(11,247)

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Plan Assets

Langone Hospitals' defined benefit postretirement plan does not have any plan assets.

Langone Hospitals' valuation methods and assumptions for determining the fair value of the pension assets are consistent with those described in Note 1. The following tables set forth by level, within the fair value hierarchy, the Plans' investments at fair value as of August 31, 2019 and 2018:

	2019			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 21,433	\$ -	\$ -	\$ 21,433
Fixed income	378,595	153,865	-	532,460
Equity	423,244	-	-	423,244
International equity fund	233,047	-	-	233,047
Total	<u>\$ 1,056,319</u>	<u>\$ 153,865</u>	<u>\$ -</u>	<u>\$ 1,210,184</u>
Alternative investments measured at NAV as a practical expedient				<u>76,761</u>
				<u>\$ 1,286,945</u>

	2018			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 9,814	\$ -	\$ -	\$ 9,814
Fixed income	315,324	102,430	-	417,754
Equity	478,765	-	-	478,765
International equity fund	267,836	-	-	267,836
Total	<u>\$ 1,071,739</u>	<u>\$ 102,430</u>	<u>\$ -</u>	<u>1,174,169</u>
Alternative investments measured at NAV as a practical expedient				<u>93,701</u>
				<u>\$ 1,267,870</u>

The plans' investment objectives seek a positive long-term total rate of return after inflation to meet Langone Hospitals' current and future plan obligations. Asset allocations for the plan combines tested theory and informed market judgments to balance investment risks with the need for high returns. Langone Hospitals' target asset allocations at the funded level are 55-70% in equity securities and 30-45% in fixed income securities.

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The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, weighting the asset class returns by the plans' investment in each class, and taking into account expected volatility and correlation between the returns of various asset classes. Langone Hospitals' management believes 7.0-7.75% is reasonable long-term rates of return on plan assets for 2019 and will continue to evaluate the actuarial assumptions and adjust the assumptions as necessary.

Contributions

Annual contributions to the defined benefit pension plans are determined based upon calculations prepared by the Plans' actuaries. Expected contributions for fiscal year 2020 are \$82.6 million.

Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year Ending August 31	Defined benefit pension plans	Defined benefit postretirement plans
2020	\$ 63,748	\$ 3,287
2021	67,940	3,555
2022	72,192	3,909
2023	77,257	4,271
2024	82,113	4,606
2025-2029	476,805	28,672

Multi-employer Plans

Langone Hospitals participates in multi-employer pension and postretirement plans. Langone Hospitals makes cash contributions to these plans under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours worked per week by the covered employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and (3) if Langone Hospitals chooses to stop participating in some of its multi-employer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Langone Hospitals does not have a minimum funding requirement for its multi-employer retirement plans.

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Langone Hospitals expenses for the multi-employer retirement plans noted in the table below are as follows:

	2019	2018
1199 SEIU Health Care Employees Health & Welfare Fund ^(a)	\$ 113,164	\$ 125,536
1199 SEIU Health Care Employees Pension Fund	50,557	41,391
United Federation of Teachers Welfare Fund ^(b)	19,171	15,980
Local 810 Health & Welfare Fund ^(a)	4,606	4,344
Local 810 United Wire, Metal & Machine Pension Fund	1,917	1,958
	<u>\$ 189,415</u>	<u>\$ 189,209</u>

(a) These benefit funds provide medical benefits (health, dental, prescription, vision) for active employees and retirees. Eligibility for benefit coverage level and type is dependent upon their status as an active employee or retiree.

(b) The benefit funds provide health and welfare and related benefits for the registered nurses on whose behalf contributions are made.

The Pension Protection Act (PPA) zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (yellow or red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP). The following table includes information for related pension funds for the plan years ended December 31, 2018 and December 31, 2017:

Pension Plan Name	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2018	2017			
1199 Pension Fund	13-3604862/001	Green	Green	N/A	No	September 2021
Local 810 United Wire Pension Fund	13-6596940/001	Red	Red	Yes	Yes	June 2024

Langone Hospitals' contributions represent greater than 5% of total plan contributions of both plans, based on the most recent Form 5500s available.

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10. Functional Expenses

The consolidated statement of operations reports certain expense categories that are attributable to both health care related services and general and administrative functions. Therefore, the natural expenses require allocation on a reasonable basis across functional expense categories. Salaries and wages are allocated based on a percent-to-total of health care related services salaries and general and administrative salaries. Expenses that can be identified with specific health care related services are charged directly. Other expenses including depreciation, amortization and interest, are allocated by various statistical bases. Expenses by functional and natural classification are as follows for the years ended August 31, 2019 and 2018:

(in thousands)

	2019		
	Health Care Related Services	General and administrative	Total
Salaries and wages	\$ 1,762,063	\$ 302,897	\$ 2,064,960
Employee benefits	563,630	115,913	679,543
Supplies and other	2,126,572	804,905	2,931,477
Depreciation and amortization	371,345	9,091	380,436
Interest	99,745	1,961	101,706
Total expenses	<u>4,923,355</u>	<u>1,234,767</u>	<u>6,158,122</u>
Mission based payment to NYUGSoM	50,000	-	50,000
Other components of net periodic benefit cost	<u>(11,233)</u>	<u>(1,530)</u>	<u>(12,763)</u>
Total	<u>\$ 4,962,122</u>	<u>\$ 1,233,237</u>	<u>\$ 6,195,359</u>
	2018		
	Health Care Related Services	General and administrative	Total
Salaries and wages	\$ 1,850,904	\$ 318,169	\$ 2,169,073
Employee benefits	554,346	114,004	668,350
Supplies and other	1,907,084	721,830	2,628,914
Depreciation and amortization	298,452	7,307	305,759
Interest	84,492	1,661	86,153
Total expenses	<u>4,695,278</u>	<u>1,162,971</u>	<u>5,858,249</u>
Mission based payment to NYUGSoM	50,000	-	50,000
Other components of net periodic benefit cost	<u>(12,574)</u>	<u>(1,724)</u>	<u>(14,298)</u>
Total	<u>\$ 4,732,704</u>	<u>\$ 1,161,247</u>	<u>\$ 5,893,951</u>

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11. Related Organizations

Langone Hospitals shares various services with the University, NYUGSoM and the Health System. The due from (to) related organizations balances at August 31, 2019 and 2018 consists of the following:

<i>(in thousands)</i>	2019	2018
Due from Health System and other affiliates	\$ 6,178	\$ 17,234
Due from NYUGSoM	33,886	-
Due from related organizations, current	<u>40,064</u>	<u>17,234</u>
Due from NYUGSoM	\$ 9,500	\$ 9,500
Due from Health System	-	47,920
Due from related organizations, long-term	<u>9,500</u>	<u>57,420</u>
Due to University	\$ 12,765	\$ 8,003
Due to Health System and other affiliates	27,596	6,891
Due to NYUGSoM	13,120	19,569
Due to related organizations, current	<u>53,481</u>	<u>34,463</u>
Due to Health System	\$ -	\$ 52,440
Due to related organizations, long term	<u>-</u>	<u>52,440</u>

Prior to the Merger (Note 1), as part of the affiliation agreement between the Health System and Winthrop, the Health System agreed to provide at least \$100 million of funding to Winthrop to construct projects on the campuses of Winthrop and its subsidiaries. At August 31, 2018, \$0.5 million had been funded. During the year ended August 31, 2019, the loan was forgiven when the Merger was implemented, in accordance with the terms of the Affiliation Agreement.

Additionally, in September and October 2017, the parties entered into two loans under which Langone Hospitals agreed to loan Winthrop up to \$48.1 million and \$45.0 million, respectively, for equipment purchases, renovations, electronic medical record implementation and IT integration. The interest rate on these loans was based on LIBOR plus 65 basis points. As of August 31, 2018, Langone Hospitals had advanced the Health System \$47.9 million on these commitments from proceeds from draws on the lines of credit and working capital. Similar to the funding under the affiliation agreement, both loans were forgiven with the implementation of the Merger in August 2019.

During the years ended August 31, 2019 and 2018, Langone Hospitals' supplies and other expenses on the consolidated statements of operations include \$952.4 million and \$744.3 million, respectively, of expenses for shared services allocated from NYUGSoM and other programmatic support provided to NYUGSoM. Langone Hospitals' also recognized \$36.0 million and \$38.4 million in operating revenues for shared services received from NYUGSoM for the years ended August 31 2019 and 2018, respectively.

In addition, Langone Hospitals transferred \$50.0 million in both 2019 and 2018, to NYUGSoM to support certain joint strategic programs that are expected to promote the common missions of Langone Hospitals and NYUGSoM, respectively. This amount is included as an expense in the other items section in the consolidated statements of operations.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2019 and 2018

Langone Hospitals recorded equity transfers during the years ended August 31 2019 and 2018 as follows:

<i>(in thousands)</i>	2019	2018
Equity transfer to NYUSoM	\$ (20,400)	\$ (139,063)
Equity transfer from Health System and other affiliates	<u>47,425</u>	<u>4,795</u>
	<u>\$ 27,025</u>	<u>\$ (134,268)</u>

During the year ended August 31, 2019, the Health System transferred proceeds from the sale of certain affiliated entity assets to Langone Hospitals in satisfaction of a portion of its intercompany balance. During the year ended August 31, 2018, NYUGSoM transferred property to Langone Hospitals to satisfy a portion of its intercompany balance. Langone Hospitals recorded the difference between the estimated fair value of the property and the net book value as an equity transfer to NYUGSoM which totaled \$139.1 million.

12. Commitments and Contingencies

Litigation

Langone Hospitals is a defendant in various legal actions arising out of the normal course of its operations, the final outcome of which cannot presently be determined. Management is of the opinion that the ultimate liability, if any, with respect to all of these matters will not have a material adverse effect on Langone Hospitals' consolidated balance sheet.

Operating Leases

Future minimum lease payments under noncancelable operating leases with initial or remaining terms of one years or more at August 31, 2019 consisted of the following:

<i>(in thousands)</i>	
2020	\$ 63,123
2021	56,282
2022	45,311
2023	40,155
2024	39,882
Thereafter	1,144,366

Total rent expense for 2019 and 2018 was \$95.7 million and \$93.9 million, respectively.

Other

Langone Hospitals provides emergency department ("ED") services at the site of the former Long Island College Hospital ED pursuant to an agreement with the State University of New York ("SUNY") and a real estate development company (the "Company"). Pursuant to the agreement with SUNY and the Company, following demolition and remediation of adjacent premises, SUNY will deed the cleared site to Langone Hospitals at no cost and Langone Hospitals will construct on the site a four-story medical services building including a freestanding ED and other medical services. As of August 31, 2019, demolition is substantially complete and Langone Hospitals expects the property transfer to occur in 2020 and anticipates that significant construction will begin thereafter.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2019 and 2018

Langone Hospitals, excluding Winthrop, is self-insured for workers' compensation benefits. In connection with being self-insured, Langone Hospitals has stand-by letters of credit aggregating approximately \$42.7 million and \$31.6 million at August 31 2019 and 2018, respectively.

Winthrop has workers' compensation insurance coverage (written on an occurrence basis) through a third party insurer in effect for the years ended August 31, 2019 and 2018, for which it recorded an estimated liability and corresponding insurance recovery of \$21.4 million and \$21.6 million as of August 31, 2019 and 2018, respectively, which are included in other assets and other liabilities on the consolidated balance sheet.

13. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at August 31, 2019 and 2018:

<i>(in thousands)</i>	2019	2018
Contributions and earnings for operating purposes	\$ 47,582	\$ 80,013
Contributions for building and equipment	33,590	18,702
Disaster recovery award for future mitigation (Note 15)	4,947	25,113
Donor-restricted endowment funds	<u>21,048</u>	<u>20,897</u>
Total	<u>\$ 107,167</u>	<u>\$ 144,725</u>

Donor-restricted endowment funds are included in long-term investments on the consolidated balance sheet, which have fair values of \$121.1 million and \$46.9 million at August 31, 2019 and 2018, respectively.

14. Endowments

Langone Hospitals' portion of the University's endowment consists of approximately 55 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by management to function as endowments, including Winthrop's donor-restricted endowment gifts and certain donor-restricted contributions held in a separate pooled investment account. As required by Generally Accepted Accounting Principles ("GAAP"), net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2019 and 2018

The fair value of Langone Hospitals' endowments consisted of the following at August 31, 2019 and 2018:

<i>(in thousands)</i>	August 31, 2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Long-term investments	\$ 85,764	\$ 35,320	\$ 121,084

	August 31, 2018		
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Long-term investments	\$ 12,528	\$ 34,387	\$ 46,915

In 2018, Langone Hospitals released \$8.7 millions of net assets with donor restrictions pursuant to a New York State Supreme Court order.

The University Board has interpreted the State of New York's enacted version of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the University (and therefore, Langone Hospitals), absent of explicit donor stipulations to the contrary, to act in good faith and with care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds. This includes taking into account both its obligation to preserve the value of the endowment and its obligation to use the endowment to achieve the purpose for which it was donated. The net assets without donor restriction portion of the endowment includes certain funds which have been invested by management to function as a fund of permanent duration (quasi-endowment).

15. Superstorm Sandy

On October 29, 2012, Superstorm Sandy struck New York City causing widespread damage to NYU Langone Health's main campus facilities at First Avenue in Manhattan. NYU Langone Health incurred business interruption losses during the period that facilities were shut down or being repaired and incurred (and continues to incur) costs to replace and repair damage or demolish properties.

Commercial Insurance

NYU Langone Health had insurance policies in effect at the time of Superstorm Sandy for business interruption, property, casualty, and other insurance coverage subject to various limitations and deductibles. The University, on behalf of NYU Langone Health has initiated lawsuits to recover additional insurance proceeds but the ultimate outcome cannot be determined at this time and therefore, no revenue has been recorded for the years ended August 31, 2019 and 2018.

Federal Disaster Recovery Assistance

The Federal Emergency Management Agency ("FEMA") committed significant aid to NYU Langone Health to assist in the recovery process and to mitigate losses which may occur as a result of future storms. In 2014, FEMA awarded NYU Langone Health a fixed capped Public Assistance Grant (the "Capped Grant") for the performance of an agreed upon scope of work ("SoW") less amounts received from commercial insurance. This agreed upon SoW is for the repair and replacement of eligible damage and for hazard mitigation projects for NYU Langone Health

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

properties. As of August 31, 2019, the total Capped Grant award is \$1.1 billion, of which NYU Langone Health will receive 90% (\$982.4 million).

Through August 31, 2019, NYU Langone Health has received payments totaling \$924.4 million under the Capped Grant, leaving \$58.0 million available for drawdown for eligible expenditures (between NYUGSoM and Langone Hospitals). The remaining funds available for drawdown relate to the future mitigation component of the Capped Grant, which was recognized as a donor restricted contribution in fiscal 2014. The net assets are released from restriction as the costs are incurred. For the years ended August 31, 2019 and 2018, Langone Hospitals released \$20.1 million and \$34.4 million from restriction for hazard mitigation included within net assets released from restrictions for capital purposes on the statement of operations, leaving \$5.0 million and \$25.1 million in net assets with donor restrictions as of August 31, 2019 and 2018, respectively (Note 13).

16. Subsequent Events

Langone Hospitals performed an evaluation of subsequent events through December 13, 2019, which is the date the consolidated financial statements were issued.

Events Subsequent to Original Issuance of Financial Statements (Unaudited)

In connection with the reissuance of the consolidated financial statements, Langone Hospitals has evaluated subsequent events through January 21, 2020, the date the consolidated financial statements were available to be reissued.

On December 19, 2019, Langone Hospitals entered into a 35 year lease of a building with 265,449 rentable square feet, which is expected to be available for occupancy in 2020. The estimated present value of the lease liability to be recorded under this agreement is approximately \$170 million.

Effective December 31, 2019, the Winthrop defined benefit pension and a portion of the Brooklyn defined benefit pension plan were merged into the legacy Langone Hospitals defined benefit pension plan. Additionally, the NYUGSoM defined benefit pension plan was also merged into the legacy Langone Hospitals defined benefit pension plan effective December 31, 2019.

Supplemental Schedules

NYU Langone Hospitals
Consolidating Balance Sheet
August 31, 2019

(in thousands)

	NYU Langone Hospitals	CCC550	Winthrop Subsidiaries	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 785,154	\$ -	\$ 11,470	\$ -	\$ 796,624
Short-term Investments	610,855	-	-	-	610,855
Assets limited as to use	14,325	-	-	-	14,325
Patient accounts receivable, net	808,186	-	-	-	808,186
Contribution receivable	28,801	-	-	-	28,801
Insurance receivables - billed	-	196,955	-	(106,225)	90,730
Due from related organizations, net	40,064	-	7,037	(7,037)	40,064
Inventories	114,956	-	-	-	114,956
Other current assets	185,930	3,039	350	(819)	188,500
Total current assets	2,588,271	199,994	18,857	(114,081)	2,693,041
Long-term Investments	121,084	-	-	-	121,084
Assets limited as to use, less current portion	119,006	609,708	-	-	728,714
Contributions receivable, less current portion	17,543	-	-	-	17,543
Professional liabilities insurance recoveries receivable	104,063	-	-	-	104,063
Other assets	212,199	-	2,413	(125,553)	89,059
Due from related organizations	9,500	-	-	-	9,500
Property, plant and equipment, net	4,577,427	-	65,921	-	4,643,348
Total assets	\$ 7,749,093	\$ 809,702	\$ 87,191	\$ (239,634)	\$ 8,406,352
Liabilities and net assets					
Current liabilities					
Current portion of long-term debt	\$ 58,135	\$ -	\$ 4,287	\$ -	\$ 62,422
Accounts payable and accrued expenses	382,719	5,341	397	(12)	388,445
Accrued salaries and related liabilities	279,918	-	-	-	279,918
Accrued interest payable	15,483	-	-	-	15,483
Current portion of accrued postretirement liabilities	2,913	-	-	-	2,913
Current portion of professional liabilities	7,244	-	-	-	7,244
Deferred revenue	69,418	138,088	-	(51,156)	156,350
Due to related organizations, net	53,481	-	807	(807)	53,481
Other current liabilities	125,537	-	-	(28,126)	97,411
Total current liabilities	994,848	143,429	5,491	(80,101)	1,063,667
Long-term debt, less current portion	2,409,872	-	16,005	-	2,425,877
Professional liabilities	164,410	545,627	-	-	710,037
Accrued pension liabilities	735,948	-	-	-	735,948
Accrued postretirement liabilities, less current portion	100,509	-	-	-	100,509
Due to related organizations, less current portion	7,037	-	-	(7,037)	-
Other liabilities	328,265	-	5,931	(26,943)	307,253
Total liabilities	4,740,889	689,056	27,427	(114,081)	5,343,291
Net assets					
Net assets without donor restrictions	2,901,037	120,646	59,764	(125,553)	2,955,894
Net assets with donor restrictions	107,167	-	-	-	107,167
Total net assets	3,008,204	120,646	59,764	(125,553)	3,063,061
Total liabilities and net assets	\$ 7,749,093	\$ 809,702	\$ 87,191	\$ (239,634)	\$ 8,406,352

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals
Consolidating Balance Sheet
August 31, 2018

(in thousands)

	NYU Langone Hospitals	CCC550	Winthrop Subsidiaries	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 383,802	\$ -	\$ 11,274	\$ -	\$ 395,076
Short-term Investments	576,294	-	-	-	576,294
Assets limited as to use	22,196	-	-	-	22,196
Patient accounts receivable, net	765,682	-	-	-	765,682
Contribution receivable	56,308	-	-	-	56,308
Insurance receivables - billed	-	190,955	-	(117,831)	73,124
Due from related organizations, net	17,234	-	8,513	(8,513)	17,234
Inventories	99,040	-	-	-	99,040
Other current assets	152,226	2,285	398	(329)	154,580
Total current assets	<u>2,072,782</u>	<u>193,240</u>	<u>20,185</u>	<u>(126,673)</u>	<u>2,159,534</u>
Long-term Investments	46,915	-	-	-	46,915
Assets limited as to use, less current portion	112,573	467,206	-	-	579,779
Contributions receivable, less current portion	24,565	-	-	-	24,565
Professional liabilities insurance recoveries receivable	117,049	-	-	-	117,049
Other assets	165,048	-	2,414	(69,120)	98,342
Due from related organizations	57,420	-	-	-	57,420
Property, plant and equipment, net	4,484,450	-	60,559	-	4,545,009
Total assets	<u>\$ 7,080,802</u>	<u>\$ 660,446</u>	<u>\$ 83,158</u>	<u>\$ (195,793)</u>	<u>\$ 7,628,613</u>
Liabilities and net assets					
Current liabilities					
Current portion of long-term debt	\$ 84,823	\$ -	4,138	\$ -	\$ 88,961
Accounts payable and accrued expenses	400,973	223	1,047	-	402,243
Accrued salaries and related liabilities	204,141	-	-	-	204,141
Accrued interest payable	15,902	-	-	-	15,902
Current portion of accrued postretirement liabilities	2,525	-	-	-	2,525
Current portion of professional liabilities	14,871	-	-	-	14,871
Deferred revenue	44,018	139,317	-	(83,774)	99,561
Due to related organizations, net	35,939	-	329	(1,805)	34,463
Other current liabilities	99,317	3,000	-	-	102,317
Total current liabilities	<u>902,509</u>	<u>142,540</u>	<u>5,514</u>	<u>(85,579)</u>	<u>964,984</u>
Long-term debt, less current portion	2,389,037	-	20,292	-	2,409,329
Professional liabilities, less current portion	172,379	453,472	-	-	625,851
Accrued pension liabilities	384,504	-	-	-	384,504
Accrued postretirement liabilities, less current portion	79,290	-	-	-	79,290
Due to related organizations, less current portion	59,477	-	-	(7,037)	52,440
Other liabilities	306,999	-	547	(34,056)	273,490
Total liabilities	<u>4,294,195</u>	<u>596,012</u>	<u>26,353</u>	<u>(126,672)</u>	<u>4,789,888</u>
Net assets					
Net assets without donor restrictions	2,641,879	64,434	56,805	(69,121)	2,693,997
Net assets with donor restrictions	144,728	-	-	-	144,728
Total net assets	<u>2,786,607</u>	<u>64,434</u>	<u>56,805</u>	<u>(69,121)</u>	<u>2,838,725</u>
Total liabilities and net assets	<u>\$ 7,080,802</u>	<u>\$ 660,446</u>	<u>\$ 83,158</u>	<u>\$ (195,793)</u>	<u>\$ 7,628,613</u>

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals
Consolidating Statement of Operations
Year Ended August 31, 2019

(in thousands)

	NYU Langone Hospitals	CCC550	Winthrop Subsidiaries	Eliminations	Total
Operating revenues and other support					
Net patient service revenue	\$ 6,087,828	\$ -	\$ -	\$ -	\$ 6,087,828
Grants and sponsored programs	29,686	-	-	-	29,686
Insurance premiums earned	-	164,033	-	(66,916)	97,117
Contributions	6,571	-	-	-	6,571
Endowment distribution and return on short-term investments	32,956	36,728	-	-	69,684
Other revenue	485,289	-	12,260	(67,791)	429,758
Net assets released from restrictions for operating purposes	43,685	-	-	-	43,685
Total operating revenues and other support	6,686,015	200,761	12,260	(134,707)	6,764,329
Operating expenses					
Salaries and wages	2,064,187	-	773	-	2,064,960
Employee benefits	679,391	-	152	-	679,543
Supplies and other	2,859,923	144,549	5,500	(78,495)	2,931,477
Depreciation and amortization	378,070	-	2,366	-	380,436
Interest	100,919	-	787	-	101,706
Total operating expenses	6,082,490	144,549	9,578	(78,495)	6,158,122
Gain from operations	603,525	56,212	2,682	(56,212)	606,207
Other items					
Other component of pension and postretirement costs	12,763	-	-	-	12,763
Investment return in excess of endowment distribution, net	2,032	-	-	-	2,032
Mission based payment to NYUGSoM	(50,000)	-	-	-	(50,000)
Grants for capital acquisitions	6,134	-	-	-	6,134
Other	3,689	-	-	(222)	3,467
Excess of revenue over expenses	578,143	56,212	2,682	(56,434)	580,603
Other changes in net assets without donor restrictions					
Changes in pension and postretirement obligations	(382,430)	-	-	-	(382,430)
Contributions for capital asset acquisitions	1,060	-	-	-	1,060
Equity transfers from related organizations, net	26,746	-	279	-	27,025
Net assets released from restrictions for capital purposes	35,639	-	-	-	35,639
Net increase in net assets without donor restrictions	\$ 259,158	\$ 56,212	\$ 2,961	\$ (56,434)	\$ 261,897

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals
Consolidating Statement of Operations
Year Ended August 31, 2018

(in thousands)

	NYU Langone Hospitals	CCC550	Winthrop Subsidiaries	Eliminations	Total
Operating revenues and other support					
Net patient service revenue	\$ 5,647,849	\$ -	\$ -	\$ -	\$ 5,647,849
Grants and sponsored programs	36,937	-	-	-	36,937
Insurance premiums earned	-	138,230	-	(22,685)	115,545
Contributions	9,326	-	-	-	9,326
Endowment distribution and return on short-term investments	24,030	1,903	-	-	25,933
Other revenue	261,427	-	11,464	(65,589)	207,302
Net assets released from restrictions for operating purposes	12,978	-	-	-	12,978
Total operating revenues and other support	5,992,547	140,133	11,464	(88,274)	6,055,870
Operating expenses					
Salaries and wages	2,168,392	-	681	-	2,169,073
Employee benefits	668,210	-	140	-	668,350
Supplies and other	2,571,930	85,446	5,125	(33,587)	2,628,914
Depreciation and amortization	303,559	-	2,200	-	305,759
Interest	85,206	-	947	-	86,153
Total operating expenses	5,797,297	85,446	9,093	(33,587)	5,858,249
Gain from operations	195,250	54,687	2,371	(54,687)	197,621
Other items					
Other component of pension and postretirement costs	14,298	-	-	-	14,298
Investment return in excess of endowment distribution, net	14,764	-	-	-	14,764
Mission based payment to NYUGSoM	(50,000)	-	-	-	(50,000)
Grants for capital acquisitions	31,077	-	-	-	31,077
Other	148	-	-	(360)	(212)
Excess of revenue over expenses	205,537	54,687	2,371	(55,047)	207,548
Other changes in net assets without donor restrictions					
Changes in pension and postretirement obligations	14,150	-	-	-	14,150
Contributions for capital asset acquisitions	2,311	-	-	-	2,311
Equity transfers to related organizations, net	(134,268)	-	-	-	(134,268)
Net assets released from restrictions for capital purposes	272,238	-	331	-	272,569
Net assets reclassification related to cy-pres	8,692	-	-	-	8,692
Net increase in net assets without donor restrictions	<u>\$ 368,660</u>	<u>\$ 54,687</u>	<u>\$ 2,702</u>	<u>\$ (55,047)</u>	<u>\$ 371,002</u>

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals

Note to Consolidating Supplemental Information

August 31, 2019 and 2018

1. Basis of Presentation – Consolidating Supplemental Information

The consolidating supplemental schedules (“consolidating schedules”) presented on pages 39-42 were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies within Langone Hospitals and is not a required part of the consolidated financial statements. The individual companies within Langone Hospitals as presented within the consolidating schedules are disclosed within Note 1 to the consolidated financial statements.

The consolidating financial statements were prepared on an accrual basis of accounting, consistent with the consolidated financial statements (Note 1). All transactions between and amounts due to (from) Langone Hospitals, CCC550 and the Winthrop subsidiaries (WUHSC and WCP) have been eliminated within the consolidating supplemental schedules.

Appendix C
Certain Definitions

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CERTAIN DEFINITIONS

In addition to the other terms defined in this Official Statement, when used herein and in the summaries of the provisions of the Resolution and the Loan Agreement, the following terms have the meanings ascribed to them below.

Act means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, and constituting Title 4 of Article 8 of the Public Authorities Law), as the same may be amended from time to time, including, but not limited to, the Health Care Financing Consolidation Act and as incorporated thereby the New York State Medical Care Facilities Finance Agency Act being Chapter 392 of Laws of New York 1973, as amended;

Annual Administrative Fee means the annual fee for the general administrative expenses of the Authority in the amount or percentage stated in the Loan Agreement;

Applicable means (i) with respect to any Construction Fund, Arbitrage Rebate Fund, Debt Service Fund, Debt Service Reserve Fund or any other fund, the fund so designated and established by a Series Resolution authorizing a Series of Bonds relating to a particular Project(s), (ii) with respect to any Debt Service Reserve Fund Requirement, the said Requirement established in connection with a Series of Bonds by the related Series Resolution or Bond Series Certificate, (iii) with respect to any Series Resolution, the Series Resolution relating to a particular Series of Bonds, (iv) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for particular Projects, (v) with respect to any Loan Agreement, the Loan Agreement by and between the Authority and any one or more Institutions and the contractual obligations contained therein relating to particular Projects for each such Institution, (vi) with respect to any Institution, the Institution identified in the related Series Resolution, (vii) with respect to a Bond Series Certificate, such certificate authorized pursuant to a related Series Resolution, (viii) with respect to any Credit Facility, if any, or Credit Facility Issuer, if any, the Credit Facility or Credit Facility Issuer relating to a particular Series of Bonds and (ix) with respect to a Supplemental Indenture and an Obligation authorized to be issued thereunder, the Supplemental Indenture entered into pursuant to an Obligation issued under the Master Indenture for the purpose of securing a Series of Bonds;

Arbitrage Rebate Fund means each fund so designated and established by the Applicable Series Resolution pursuant to the Resolution with respect to a Series of Tax-Exempt Bonds;

Authority means the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Act, or any body, agency or instrumentality of the State which succeeds to the rights, powers, duties and functions of the Authority;

Authority Fee means a fee payable to the Authority equal to the payment to be made upon the issuance of a Series of Bonds in an amount set forth in the Applicable Loan Agreement, unless otherwise provided in the Applicable Series Resolution;

Authorized Newspaper means The Bond Buyer or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority;

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance and Portfolio Monitoring, the Managing Director of Construction, the General Counsel and any other person authorized by a resolution or the by-laws of the Authority, from time to time, to perform any specific act or execute any specific document; (ii) in the case of an Institution, the person or persons authorized by a resolution or the by-laws of such Institution to perform any act or execute any document; (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of such Trustee or the by-laws of such Trustee; and (iv) in the case

of a Credit Facility Issuer, a Vice President, a Senior Vice President, an Administrative Vice President, an Executive Vice President and the President of such Credit Facility Issuer, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of such Credit Facility Issuer or the by-laws of such Credit Facility Issuer;

Bond or *Bonds* means any of the bonds of the Authority authorized pursuant to the Resolution and issued on behalf of the Institution pursuant to an Applicable Series Resolution;

Bond Counsel means an attorney or a law firm, appointed by the Authority with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds;

Bond Series Certificate means a certificate of the Authority fixing terms, conditions and other details of Bonds of an Applicable Series in accordance with the delegation of power to do so under an Applicable Series Resolution as it may be amended from time to time;

Bond Year means, unless otherwise stated in the Applicable Series Resolution or Applicable Bond Series Certificate, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year;

Bondholder, Holder of Bonds, Holder, owner or any similar term, when used with reference to a Bond or Bonds of a Series, means the registered owner of any Bonds of such Series, except as provided in the Resolution;

Business Day means a day other than (a) a Saturday and Sunday or (b) a day on which any of the following are authorized or required to remain closed: (i) banks or trust companies chartered by the State of New York or the United States of America, (ii) the Trustee, or (iii) the New York Stock Exchange;

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder;

Construction Fund means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution;

Contract Documents means any general contract or agreement for the construction of a Project, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the Institution or a Member relating to the construction of a Project, and any amendments to the foregoing;

Cost of Issuance means the items of expense incurred in connection with the authorization, sale, issuance and delivery of a Series of Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee and any Credit Facility Issuer and Remarketing Agent, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, costs and expenses of refunding such Bonds, commitment fees or similar costs in connection with obtaining any Credit Facility and any Liquidity Facility, Reserve Fund Facility, or a Hedge Agreement, costs and expenses of refunding of other bonds or notes of the Authority with proceeds of such Series including termination fees for any Hedge Agreement in connection with such refunding such Bonds and other costs, charges and fees, including those of the Authority, incurred in connection with the foregoing;

Cost of the Project(s) means, with respect to a Project(s), the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with such Project(s), including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project(s), (iii) the cost of surety bonds and insurance of all kinds, including premiums and

other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project(s), which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project(s), (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project(s), (vii) any sums required to reimburse the Institution, or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project(s) (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project(s), and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project(s) or pursuant to the Resolution or to the Loan Agreement, or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds, or a Reserve Fund Facility relating to such Project(s);

Counterparty means any person with which the Authority or an Institution has entered into a Hedge Agreement, provided that, at the time the Hedge Agreement is executed, the senior or uncollateralized long-term debt obligations of such person, or of any person that has guaranteed for the term of the Hedge Agreement the obligations of such person thereunder, are rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, not lower than in the third highest rating category by each Rating Service;

Credit Facility means (i) any municipal bond insurance policy satisfactory to the Authority which insures payment of principal, interest and, if agreed to by the Credit Facility Issuer and the Institution, redemption premium on the Bonds of any Series when due and issued and delivered to the Trustee, (ii) a letter of credit issued by a Credit Facility Issuer with respect to any Series of Bonds or one or more Series of Bonds on the date of issuance of such Series of Bonds or (iii) similar insurance or credit enhancement or guarantee facility if so designated, all in accordance with the Applicable Series Resolution. Initially, upon issuance, there is no Credit Facility for the Series 2020A Bonds;

Credit Facility Default means with respect to a Credit Facility Issuer any of the following: (a) there shall occur a default in the payment of principal of or any interest on any Bond or Purchase Price thereof by the Credit Facility Issuer when required to be made under the terms of the Credit Facility, (b) a Credit Facility shall have been declared null and void or unenforceable in a final determination by a court of law of competent jurisdiction or (c) such Credit Facility Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of such Credit Facility Issuer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors;

Credit Facility Issuer means, with respect to any Series of Bonds for which a Credit Facility is held by the Trustee, the bank, trust company, national banking association, firm, association or corporation, including public bodies and governmental agencies, acceptable to the Authority, which has issued such Credit Facility in connection with such Series of Bonds, and any successors or assigns of the obligations of such bank, trust company, national banking association, firm, association or corporation under such Credit Facility;

Credit Facility Repayment Fund means each fund so designated, created and established by the Applicable Series Resolution pursuant to the Resolution;

Debt Service Fund means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution;

Debt Service Reserve Fund means each fund so designated, created and established pursuant to the Resolution and by the Applicable Series Resolution or by the Applicable Bond Series Certificate. There will be no Debt Service Reserve Fund established with respect to the Series 2020A Bonds;

Defeasance Security means, unless otherwise provided in an Applicable Series Resolution, any of the following: (a) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations (other than an obligation subject to variation in principal repayment); (b) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations; and (c) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the interest payment dates and the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the Government Obligations which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation (without regard to qualification of such rating by symbols such as “+” or “-” and numerical notations); **provided, however**, that with respect to the above, such term shall not include (1) any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof;

Department of Health means the Department of Health of the State of New York;

Depository means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Applicable Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series;

Excess Earnings means, with respect to the Applicable Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code;

Exempt Obligation means any of the following: (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services; (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations;

Facility Provider means the issuer of a Reserve Fund Facility delivered to the Trustee pursuant to the Resolution;

Federal Agency Obligation means any of the following: (i) an obligation issued by any federal agency or instrumentality approved by the Authority; (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by the Authority; (iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (iv) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations;

Fitch means Fitch Ratings, Inc., a corporation organized and existing under the State of New York, and its successors and assigns;

Government Obligation means any of the following: (i) a direct obligation of the United States of America; (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment of principal and interest by the United States of America; (iii) an obligation to which the full faith and credit of the United States of America are pledged; (iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (v) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations;

Governmental Requirements means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to a Project, of the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or hereafter created, and having or asserting jurisdiction over a Project or any part thereof, including, but not limited to, Article 28, Article 28A or 28-B, as applicable, of the Public Health Law of the State of New York;

Hedge Agreement means (i) an agreement entered into by the Authority or the Institution in connection with the issuance of or which relates to all or a portion of Bonds of a Series which provides that during the term of such agreement the Authority or the Institution is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds, or the applicable portion thereof, and that the Counterparty is to pay to the Authority or the Institution an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related agreements or arrangements; provided, however, that no such agreement entered into by the Institution shall constitute a Hedge Agreement unless a copy thereof has been delivered to the Authority;

Institution means NYU Langone Hospitals or other entity or person that is a Member of the Obligated Group and for whose benefit the Authority has, as authorized under the Public Health Law or any other law or regulation, issued such Series of Bonds or any portion thereof;

Investment Agreement means an agreement for the investment of moneys with a Qualified Financial Institution;

Liquidity Facility means an irrevocable letter of credit, surety bond, loan agreement, standby purchase agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which money is to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds. Initially, upon issuance, there is no Liquidity Facility for the Series 2020A Bonds;

Loan Agreement means the Loan Agreement, executed by the Authority and any Applicable Institution, or other agreement, by and between the Authority and an Applicable Institution in connection with the issuance of an applicable Series of Bonds, as the same may from time to time be amended, supplemented or otherwise modified as

permitted by the Resolution and by such Loan Agreement, and with respect to the Series 2020A Bonds means the Loan Agreement, dated as of December 11, 2019, between the Authority and the Institution;

Master Indenture means the Master Trust Indenture by and among the Members of the Obligated Group and the Master Trustee, dated as of June 28, 2006, as amended and restated as of November 25, 2014, and as further amended and supplemented from time to time;

Master Trustee means The Bank of New York Mellon, New York, New York, and any successor under the Master Indenture;

Maximum Interest Rate means, with respect to any Applicable Series of Variable Interest Rate Bonds, the rate of interest, if any, set forth in the Applicable Series Resolution authorizing such Series of Bonds or Applicable Bond Series Certificate relating thereto as the maximum rate of interest Bonds of such Series may bear at any time;

Minimum Interest Rate means, with respect to any Applicable Series of Variable Interest Rate Bonds, the rate of interest, if any, set forth in the Applicable Series Resolution authorizing such Series of Bonds or Applicable Bond Series Certificate relating thereto as the minimum rate of interest Bonds of such Series may bear at any time;

Moody's means Moody's Investors Service Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns;

Mortgage means the Mortgage granted by the Institution to the Master Trustee on the Mortgaged Property, as security for the performance of the Institution's obligations under all Obligations issued under the Master Indenture, as such Mortgage may be amended or modified from time to time;

Mortgaged Property means the real property, fixtures, personal property and other property interests described in and pledged pursuant to the Mortgage;

Obligation means an "Obligation" as defined in and as issued pursuant to the Master Indenture and a Supplemental Indenture to secure indebtedness of a Member of the Obligated Group;

Obligated Group means the Institution and such other organizations as may from time to time be added as members of such Obligated Group, and excluding such organizations as may from time to time withdraw as members of such Obligated Group, all as provided in the Master Indenture, pursuant to which such Obligated Group was created;

Obligated Group Representative means NYU Langone Hospitals, its successors and assigns;

Option Bond means any Bond which by its terms may be or is required to be tendered by the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate related to such Bonds;

Outstanding when used in reference to Bonds of any Applicable Series means, as of a particular date, all Bonds of such Series, including Bank Bonds, authenticated and delivered under the Resolution and under the Applicable Series Resolution except: (i) any such Bond cancelled by the Trustee at or before such date; (ii) any such Bond deemed to have been paid in accordance with the Resolution; (iii) any such Bond in lieu of or in substitution for which another such Bond shall have been authenticated and delivered pursuant to the Resolution; and (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the Purchase Price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds. Bank Bonds will be deemed to be Outstanding and pledged to the Applicable Credit Facility Issuer, and the

purchase thereof with the proceeds of a drawing on the Credit Facility shall not result in an extinguishment of the debt replenished by such Bonds;

Paying Agent means, with respect to any Applicable Series of Bonds, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of an Applicable Series Resolution, an Applicable Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of such Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

Permitted Collateral means any of the following: (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations; (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations; (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; (iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category; (v) bankers' acceptances issued by a bank rated in the highest short term rating category by at least one nationally recognized rating organization and having maturities of not longer than three hundred sixty-five (365) days from the date they are pledged; and (vi) taxable bonds, all or a portion of the interest on which is paid by or subsidized by the United States of America and to which the full faith and credit of the United States of America is pledged, including, but not limited to, Build America Bonds that are Qualified Bonds (as such terms are defined in Section 54AA of the Code);

Permitted Investments means any of the following: (i) Government Obligations; (ii) Federal Agency Obligations; (iii) Exempt Obligations; (iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State; (v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one Rating Service in at least the second highest rating category, and (b) are fully collateralized by Permitted Collateral; (vi) commercial paper issued by a domestic corporation rated in the highest short term rating category by at least one Rating Service and having maturities of not longer than two hundred seventy (270) days from the date of purchase; (vii) bankers' acceptances issued by a bank rated in the highest short term rating category by at least one Rating Service and having maturities of not longer than three hundred sixty-five (365) days from the date they are purchased; (viii) Investment Agreements that are fully collateralized by Permitted Collateral; (ix) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of \$1.00 per share and that is rated in the highest short term rating category by at least one Rating Service; (x) taxable bonds, all or a portion of the interest on which is paid by or subsidized by the United States of America and to which the full faith and credit of the United States of America is pledged, including, but not limited to, Build America Bonds;

Project means any eligible hospital project, nursing home project or other project qualified under the Act or otherwise eligible to be financed by the Authority through the issuance of obligations under the laws of the State of New York, as defined in the Applicable Loan Agreement, and with respect to the Series 2020A Bonds means the Project as specified in the Loan Agreement;

Provider Payments means any payments made by a Facility Provider pursuant to its Reserve Fund Facility on deposit in the Applicable Debt Service Reserve Fund;

Purchase Price means, except as otherwise set forth in an Applicable Bond Series Certificate, 100% of the principal amount of any Option Bond tendered or deemed tendered for purchase to the tender agent for such Bonds, plus accrued and unpaid interest thereon to the date of purchase; provided, however, that if the date of purchase is an interest payment date, then the Purchase Price will not include accrued and unpaid interest, which will be paid to the Holder of record on the applicable Record Date;

Qualified Financial Institution means any of the following entities that has an equity capital of at least \$125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least \$125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility, Liquidity Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility, Liquidity Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility, Liquidity Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority; or

(v) a corporation whose obligations, including any investments of any money held under the Resolution purchased from such corporation, are insured by an insurer that meets the applicable rating requirements set forth above;

Rating Service(s) means S&P, Moody's, Fitch or any other nationally recognized statistical rating organization which shall have assigned a rating on any Bonds Outstanding as requested by or on behalf of the Authority, and which rating is then currently in effect;

Record Date means, unless the Applicable Series Resolution authorizing an Applicable Series of Bonds or an Applicable Bond Series Certificate relating thereto provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day (whether or not a business day) of the month preceding each interest payment date;

Redemption Price when used with respect to a Bond of an Applicable Series, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution or to the Applicable Series Resolution or Applicable Bond Series Certificate;

Refunding Bonds means all Bonds, whether issued in one or more Applicable Series of Bonds, authenticated and delivered pursuant to the Resolution, and originally issued pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds;

Reserve Fund Facility means a surety bond, insurance policy or letter of credit authorized by or pursuant to a Series Resolution establishing a Debt Service Reserve Fund which constitutes any part of the Debt Service Reserve Fund authorized to be delivered to the Trustee pursuant to the Resolution;

Resolution means the NYU Langone Hospitals Obligated Group Revenue Bond Resolution, adopted December 11, 2019, as the same may be from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions thereof;

Revenues means all payments payable by the Applicable Institution to the Authority pursuant to an Applicable Loan Agreement, and payments made under the Master Indenture or payable by the Obligated Group pursuant to an Applicable Obligation and all amounts realized upon liquidation of collateral securing the Applicable Obligation, which payments and amounts are to be paid to the Trustee (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Applicable Arbitrage Rebate Fund and Applicable Credit Facility Repayment Fund and except as otherwise provided in an Applicable Series Resolution or Applicable Bond Series Certificate relating to a Series of Bonds);

S&P means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns;

Securities means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) any bond, debenture, note, preferred stock or other similar obligation of any corporation incorporated in the United States, which security, at the time an investment therein is made or such security is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's or "AA" or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and (v) with the consent of the Credit Facility Issuers, if any, common stock of any corporation incorporated in the United States of America whose senior debt, if any, at the time an investment in its stock is made or its stock is deposited in any fund or account established under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's or "AA" or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and the Credit Facility Issuers, if any;

Serial Bonds means the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate;

Series means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and the Applicable Series Resolution, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions;

Series Resolution means a resolution of the members of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution;

Series 2020A Bonds means the Bonds issued by the Authority pursuant to the Resolution and designated “NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A”;

Series 2020A Resolution means the resolution adopted with respect to the Series 2020A Bonds adopted by the Authority on December 11, 2019, or any other resolution of the Authority authorizing the issuance of a Series of Bonds pursuant to Article 2 of the Resolution with respect to the Series 2020A Bonds, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof;

Sinking Fund Installment means, (i) with respect to any Series of Bonds other than Option Bonds or Variable Interest Rate Bonds, as of any date of calculation and with respect to any Bonds of such Series, so long as any such Bonds thereof are Outstanding, the amount of money required by the Applicable Series Resolution pursuant to which such Bonds were issued or by the Applicable Bond Series Certificate, to be paid on a single future sinking fund payment date for the retirement of any Outstanding Bonds of said Series which mature after said future sinking fund payment date, but does not include any amount payable by the Authority by reason only of the maturity of such Bond, and said future sinking fund payment date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment; and (ii) when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment;

State means the State of New York;

Supplemental Indenture means any Supplemental Indenture under the Master Indenture authorizing the issuance of an Obligation to secure a Series of Bonds;

Supplemental Resolution means any Applicable Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms of the Resolution;

Tax-Exempt Bonds means any Bonds authorized to be issued under the Resolution and under an Applicable Series Resolution, the interest on which Bonds is not included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code;

Term Bonds means with respect to Bonds of a Series, the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments;

Trustee means The Bank of New York Mellon or any other bank or trust company appointed as Trustee for an Applicable Series of the Bonds pursuant to the Resolution or any Applicable Series Resolution or any Applicable Bond Series Certificate delivered under the Resolution and having the duties, responsibilities and rights provided for in the Resolution and any Applicable Series Resolution and Bond Series Certificate with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution. The Trustee for the Series 2020A Bonds is The Bank of New York Mellon;

Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds and which will be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times, provided, however, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case, as provided in such Applicable Series Resolution or Applicable Bond Series Certificate, or

(ii) a stated interest rate that may be changed from time to time as provided in such Applicable Series Resolution or Applicable Bond Series Certificate provided, further, that such Applicable Series Resolution or Applicable Bond Series Certificate will also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate will remain in effect or (y) the time or times at which any change in such variable interest rate will become effective or the manner of determining such time or times; and

Variable Interest Rate Bond means any Bond which bears a Variable Interest Rate; provided, however, that a Bond, the interest rate on which shall have been fixed for the remainder of the term thereof, will no longer be a Variable Interest Rate Bond.

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Appendix D

Summary of Certain Provisions of the Loan Agreement

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. Such summary does not purport to be complete or definitive and reference is made to the Loan Agreement for full and complete statements of such and all provisions. Unless otherwise indicated, references to section numbers in this summary refer to sections in the Loan Agreement. Defined or definitive terms used herein have the meanings ascribed to them in Appendix C.

Project Financing

The Authority agrees to use its best efforts to issue and deliver the Series 2020A Bonds. The proceeds of the Series 2020A Bonds will be applied as specified in the Resolution, the Series 2020A Resolution or the Bond Series Certificate relating to the Series 2020A Bonds.

(Section 4)

Construction of Projects

The Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Loan Agreement, the Institution will complete or cause the completion of the acquisition, design, construction, reconstruction, rehabilitation, renovation and improving or otherwise providing and furnishing and equipping of each Project in connection with which the Authority has issued Bonds for the benefit of the Institution, substantially in accordance with the Contract Documents relating thereto; or in the case of the refunding or defeasance of outstanding bonds or other undertaking of the Institution, the Institution will complete the refinancing or defeasance of such outstanding bonds or other indebtedness. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available in the Applicable Construction Fund, cause the Institution to be reimbursed for, or pay, costs and expenses incurred by the Institution which constitute Costs of the Project, provided such costs and expenses are approved by an Authorized Officer of the Authority and the Commissioner of Health for funds that are related to Public Health Law under Article 28-B.

(Section 5)

Amendment of a Project; Cost Increases; Additional Obligations

A Project may be amended by the Institution upon compliance with Governmental Requirements and with the prior written consent of an Authorized Officer of the Authority, and the Department of Health (to the extent the portion of the Project to be amended is subject to Department of Health review) to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, improving, or otherwise providing, furnishing and equipping of a Project which the Authority is authorized to undertake. The Institution covenants that it will not, nor will it permit the Members, to transfer, sell, encumber or convey any interest in the Project or any part thereof or interest therein, including development rights (relating to any Project financed with the proceeds of Tax-Exempt Bonds), without (i) complying with Governmental Requirements and (ii) delivering to the Authority and the Trustee an opinion of Bond Counsel stating that the change will not have an effect on the tax-exempt status of Tax-Exempt Bonds of the Applicable Series for federal income taxation purposes. In addition, the Institution may, or permit the Members to, remove, transfer, sell or convey equipment, furniture or fixtures in the Project which may have been financed with the proceeds of the sale of any Series of Tax-Exempt Bonds, or which comprise a part of the Project, provided that, unless otherwise approved by the Authority and the Department of Health (for those portions of the Project subject to the review of the Department of Health) or as provided below, the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced. With regard to equipment, furniture and fixtures that have not been financed by the proceeds of the Tax-Exempt Bonds, the Institution may convey any such equipment, furniture and fixtures outside of the Obligated Group as permitted by the Master Indenture. The Institution, as permitted in the Master Indenture, subject to compliance with all applicable Governmental Requirements, may transfer any equipment, furniture and fixtures at any time to Members or non-members of the Obligated Group. Notwithstanding the foregoing, in all cases such transfers may be made only if they will not adversely affect the tax-exempt status of any Tax-Exempt Bonds.

The Authority, upon the request of the Institution, may, but will not be required to, issue Bonds to provide moneys required for the cost of completing a Project or Projects in excess of the moneys in the Applicable Construction Fund. Nothing contained in the Loan Agreement or in the Resolution will be construed as creating any obligation upon the Authority to issue Bonds for such purpose, it being the intent of the Loan Agreement to reserve to the Authority full and complete discretion to decline to issue such Bonds. The proceeds of any Additional Bonds will be deposited and applied as specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Series of Bonds.

(Section 6)

Financial Obligations of the Institution; General and Unconditional Obligation; Voluntary Payments

(a) Except to the extent that moneys are available therefor under the Resolution or under the Loan Agreement, including moneys in the Applicable Debt Service Fund, and excluding interest accrued but unpaid on investments held in the Applicable Debt Service Fund, the Institution unconditionally agrees to pay or cause to be paid, so long as the Applicable Series of Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it, including payments to be made under the Master Indenture:

(i) On or before the date of delivery of the Series 2020A Bonds, payment of the Authority Fee as shown in the Loan Agreement;

(ii) On or before the date of delivery of Bonds of a Series, such amount, if any, as is required in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of such Bonds, and other costs in connection with the issuance of such Bonds;

(iii) On the third Business Day preceding the date on which interest becomes due, the full amount of such interest then coming due on all Bonds issued by the Authority for the benefit of the Institution;

(iv) On the third Business Day preceding the date on which principal or a Sinking Fund Installment of Bonds becomes due, the full amount of such principal and Sinking Fund Installments then coming due on the Bonds issued by the Authority for the benefit of the Institution;

(v) On or before the date on which the Redemption Price or purchase price in lieu of redemption of Bonds is to be paid, the amount required to pay the Redemption Price or purchase price in lieu of redemption of such Bonds. With respect to any Variable Interest Rate Bonds, on the Business Day on which any tendered Bonds which have not been remarketed pursuant to the Bond Series Certificate are to be purchased, an amount equal to the Purchase Price of such Bonds;

(vi) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds issued by the Authority for the benefit of the Institution, and on June 10 of each Bond Year, the balance of the Annual Administrative Fee payable during such Bond Year; provided, however, that the Annual Administrative Fee payable shall become effective, with respect to the Series 2020A Bonds, on the date of issuance thereof, and with respect to any other Series of Bonds on the date agreed to by the Institution and the Authority at the time the Bonds of such Series are issued; and, provided, further, that the Annual Administrative Fee with respect to the Series 2020A Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to such Series of Bonds multiplied by a fraction, the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(vii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made pursuant to paragraph (d) below and any actual out-of-pocket expenses or liabilities incurred by the Authority under the Loan

Agreement, (C) for the costs and expenses incurred to compel full and punctual performance of all the provisions of the Loan Agreement, the Resolution, the Master Indenture and the Obligation in accordance with the terms thereof, (D) for the fees and expenses of the Trustee and any Paying Agent and reasonable attorney's fees in connection with performance of their duties under the Resolution, and (E) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project or Projects for the benefit of the Institution;

(viii) On the date a Series of Bonds, other than the Series 2020A Bonds, is issued, an amount equal to the Authority Fee for such Series of Bonds;

(ix) Promptly upon demand by an Authorized Officer of the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement;

(x) Promptly upon demand by an Authorized Officer of the Authority, the difference between the amount on deposit in the Applicable Arbitrage Rebate Fund available to be rebated in connection with the Bonds of a Series or otherwise available therefor under the Resolution and the amount required to be rebated or otherwise paid to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds of such Series; and

(xi) On the Business Day immediately preceding an interest payment date, if the amount on deposit in the Applicable Debt Service Fund is less than the amounts required for the payment of principal or Sinking Fund Installments of, or interest on, Bonds due and payable on such interest payment date, the amount of such deficiency.

Subject to the provisions of the Resolution and the Loan Agreement, the Institution will receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (iv) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through Sinking Fund Installments on the next succeeding July 1, the Institution delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed on such July 1. The amount of the credit will be equal to the principal amount of the Bonds so delivered.

The Authority directs the Institution, and the Institution agrees, to make the payments required by paragraphs (iii), (iv) and (v) above directly to the Trustee for deposit and application in accordance with the Resolution, the payments required by paragraph (ii) above directly to the Trustee for deposit in a Construction Fund or other fund established under the Resolution, as directed by an Authorized Officer of the Authority, the payments required by paragraphs (i), (vi), (vii) and (viii) above directly to the Authority, the payments required by paragraph (ix) above pursuant to the Resolution and the payments required by paragraph (x) above to or upon the order of the Authority. In the event that the payments required to be made directly to the Trustee pursuant to the preceding sentence are less than the total amount required to be paid to the Trustee and such payments relate to more than one Series of Bonds, the payments will be applied pro rata to each such Series of Bonds based upon the amount then due and payable on each Series of Bonds pursuant to paragraphs (iii), (iv), (v), (ix) and (xi) above bears to the total amount then due and payable for all Series of Bonds, pursuant to such paragraphs.

The Institution agrees that it will also be obligated to make all payments when due on the Obligation to the applicable holder of the Obligation, and that the applicable holder will be entitled to so receive all payments when due on the Obligation, it being the intention of the parties to the Loan Agreement that the Obligation and the Loan Agreement are separate (but not duplicative) obligations of the Institution (and, to the extent provided in the Obligation, of the Obligated Group), that payments by the Institution (or the Obligated Group) to the Trustee pursuant to the Obligation will serve as a credit against amounts due from the Institution to the Authority pursuant to the Loan Agreement with regard to the Applicable Series of Bonds and that payments by the Institution to or upon the order of the Authority pursuant to the Loan Agreement shall serve as a credit against respective amounts due from the Institution (or the Obligated Group) to the Trustee pursuant to the applicable Obligation.

The Institution further agrees that it will be obligated to make such equity contributions as are required in connection with the issuance of the Series 2020A Bonds and the completion of the Project which amounts are specifically set forth in the Loan Agreement.

(b) Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in this subdivision), all moneys paid by the Institution to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee will be applied in reduction of the Institution's indebtedness to the Authority under the Loan Agreement, first, with respect to interest and, then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the Resolution. Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this subdivision), (i) all moneys paid by the Institution to the Trustee pursuant to paragraphs (iii), (iv), (v), (ix), and (xi) in the preceding paragraph (a) (other than moneys received by the Trustee pursuant to the section of the Resolution pertaining to compensation of the Trustee, which will be retained and applied by the Trustee for its own account) will be received by the Trustee as agent for the Authority in satisfaction of the Institution's indebtedness to the Authority with respect to the interest on and principal, Purchase Price, or Redemption Price of the Bonds to the extent of such payment and (ii) the transfer by the Trustee of any moneys (other than moneys described in paragraph (v) in the preceding paragraph (a)) held by it in the Applicable Construction Fund to the Applicable Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution will be deemed, upon such transfer, receipt by the Authority from the Institution of a payment in satisfaction of the Institution's indebtedness to the Authority with respect to the Redemption Price of the Bonds to the extent of the amount of moneys transferred. Except as otherwise provided in the Resolution, the Trustee will hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of each Applicable Series of Bonds, as the case may be, regardless of the actual due date or applicable payment date of any payment to the Holders of each Applicable Series of Bonds.

(c) The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement will be complete and unconditional and the amount, manner and time of making such payments will not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete a Project or the completion thereof with defects, failure of the Institution to occupy or use a Project, any declaration or finding that the Bonds or any Series of Bonds are, or the Resolution is, invalid or unenforceable or any other failure or default by the Authority or the Trustee; *provided, however*, that nothing in the Loan Agreement will be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority fails to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority has no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project, beyond the extent of moneys available in the Applicable Construction Fund established for such Project.

The Loan Agreement and the obligations of the Institution to make payments thereunder are general obligations of the Institution.

(d) The Authority has the right in its sole discretion to make on behalf of the Institution any payment required pursuant to the provisions described under this heading "Financial Obligations of the Institution; General and Unconditional Obligation; Voluntary Payments" which has not been made by the Institution when due. No such payment by the Authority will limit, impair or otherwise affect the rights of the Authority under the provisions under the heading "Defaults and Remedies" below arising out of the Institution's failure to make such payment and no payment by the Authority will be construed to be a waiver of any such right or of the obligation of the Institution to make such payment.

(e) The Institution, if it is not then in default under the Loan Agreement, will have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid will be deposited in accordance with the directions of an Authorized Officer of the Authority in the Applicable Debt Service Fund or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or upon any deposit in an Applicable Debt Service Fund made pursuant to paragraph (b) above, the Authority agrees to direct the Trustee in writing to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution with respect to such Series of Bonds; *provided, however*, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(Section 9)

Consent to Pledge and Assignment by the Authority; Covenants, Representations and Warranties

(a) The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive the payments required to be made pursuant to paragraphs (iii), (iv), (v), (ix) and (xi) of paragraph (a) under the heading "Financial Obligations of the Institution; General and Unconditional Obligation; Voluntary Payments" above and any or all security interests granted by the Institution under the Loan Agreement and all funds and accounts established by the Resolution and pledged thereby to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance will be specifically assigned by the Authority to the Trustee. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon such pledge and assignment by the Authority to the Trustee authorized by the provisions under this heading "Consent to Pledge and Assignment by the Authority," the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Such pledge and assignment will be limited to securing the Institution's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement.

(b) The Institution covenants, warrants and represents that it is duly authorized by all applicable laws, its certificate of incorporation and by-laws or resolutions duly adopted pursuant thereto to enter into the Loan Agreement, and to incur the indebtedness contemplated in the Loan Agreement. The Institution further covenants, warrants and represents that, except with respect to additional Bonds, any encumbrances as are permitted by the Master Indenture and all pledges, security interests in and assignments made or to be made pursuant to the Loan Agreement or the Master Indenture are and will be free and clear of any pledge, lien, charge, security interest or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge, security interest or assignment granted or made pursuant to the Loan Agreement, and that all corporate action on the part of the Institution to that end has been duly and validly taken. The Institution further covenants that the provisions of the Loan Agreement and the Master Indenture are and will be valid and legally enforceable obligations of the Institution in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights. The Institution further covenants that it will at all times, to the extent permitted by law, defend, preserve and protect all of the rights of the Authority under the Loan Agreement and the Holders of Bonds under the Resolution against all claims and demands of all persons whomsoever. The Institution further covenants, warrants and represents that the execution and delivery of the Loan Agreement, and the consummation of the transaction contemplated in the Loan Agreement and compliance with the provisions of the Loan Agreement, do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the certificate of incorporation or by-laws of the Institution or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the Institution is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

(Section 12)

Tax-Exempt Status

The Institution represents that (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a “private foundation,” as such term is defined under Section 509(a) of the Code, (ii) it has received a letter or other notification from the Internal Revenue Service to that effect, (iii) such letter or other notification has not been modified, limited or revoked, (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification, (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist, and (vi) it is exempt from federal income taxes under Section 501(a) of the Code. The Institution agrees that (a) it will not perform any act or enter into any agreement which will adversely affect such federal income tax status and will conduct its operations in the manner which will conform to the standards necessary to qualify the Institution as an organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law and (b) it will not perform any act or enter into any agreement which could adversely affect the exclusion of interest on any of the Tax-Exempt Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 13)

Maintenance of Corporate Existence

The Institution covenants that, except as permitted under the Master Indenture, it will maintain its corporate existence, will continue to operate as a not-for-profit organization, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for the continued operation of the Projects by the Institution, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; *provided, however*, that if no Event of Default has occurred and is continuing and prior written approval has been obtained from the Commissioner of Health, the Institution may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (ii) permit one or more corporations or any other organization to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or any other organization (or enter into a similar transaction); *provided, however*, (a) that any such sale, transfer, consolidation, merger or acquisition does not in the opinion of Bond Counsel adversely affect the exemption from federal income tax of the interest paid or payable on the Tax-Exempt Bonds, such opinion to be delivered to the Authority and the Trustee, (b) that the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State, and qualified under Section 501(c)(3) of the Code or any successor provision of federal income tax law, (c) that the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Institution under the Loan Agreement and furnishes to the Authority a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions of the Loan Agreement and will meet the requirements of the Act, and (d) the surviving, resulting or transferee entity, as the case may be, will provide the Authority with such other certificates and opinions as may reasonably be required by the Authority.

(Section 15)

Use of Project

(a) Subject to the rights, duties and remedies of the Authority under the Loan Agreement and the statutory and regulatory powers of the Department of Health, the Institution or any applicable Member will have or be deemed to have sole and exclusive control of, possession of and responsibility for (i) any Project financed under the Loan Agreement; (ii) the operation of such Projects and supervision of the activities conducted therein or in connection with any part thereof; and (iii) the maintenance, repair and replacement of such Projects.

(b) The building located in Garden City, New York and financed with the Series 2020A Bonds, will be used at all times for health care related purposes which support the mission of the Institution. At no time, will the Institution or New York University use or permit the use of the premises for other than clinical care and faculty

practice physician offices associated with the Institution, and all clinical care and use of the faculty practice physician offices will meet the requirements set forth in the Tax Certificate.

(Section 17)

Restrictions on Religious Use

The Institution agrees that with respect to any Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or portion thereof will not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; *provided, however*, that the foregoing restriction will not prohibit the free exercise of any religion; and *provided, further*, that if at any time, in the opinion of Bond Counsel, the then applicable law would permit a Project or portion thereof to be used without regard to the above stated restriction, said restriction will not apply to such Project and each portion thereof. The Authority and its agents may at reasonable times and upon reasonable prior notice conduct such inspections as an Authorized Officer of the Authority deems necessary to determine whether any Project or any portion thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The Institution agrees that prior to any disposition of any portion of a Project for less than fair market value, it will execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) will exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project will not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction will further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction will also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of a Project, or the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction will be without any force or effect. For the purposes of this paragraph, an involuntary transfer or disposition of a Project or a portion thereof, upon foreclosure or otherwise, will be considered a sale for the fair market value thereof.

(Section 18)

Maintenance, Repair and Replacement

The Institution agrees that, throughout the term of the Loan Agreement, it will, or cause the applicable Member to, at its own expense, hold, operate and maintain an Applicable Project in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of an Applicable Project may be appropriately conducted, as determined by the Institution.

The Institution further agrees that it will pay at its own expense all extraordinary costs of maintaining, repairing and replacing an Applicable Project except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 20)

Damage or Condemnation

In the event of a taking of a Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of such Project, the Institution shall use such insurance, condemnation or eminent domain proceeds in a manner as to not adversely affect the tax-exempt status of the Tax-Exempt Bonds. Any proceeds of a taking of a Project or any portion thereof by eminent domain or proceeds of insurance related to

damage or destruction affecting all or part of such Project which are deposited with the Trustee shall be applied as provided in the Applicable Series Resolution or Applicable Bond Series Certificate.

(Section 21)

Taxes and Assessments

The Institution will pay when due at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Institution or any of its property. The Institution will file exemption certificates as required by law.

(Section 22)

Defaults and Remedies

(a) As used in the Loan Agreement the term “Event of Default” means:

(i) the Institution defaults in the timely payment of any amount payable described under the heading “Financial Obligations of the Institution; General and Unconditional Obligation; Voluntary Payments” when due and (A) with respect to a payment required by paragraph (iii), (iv), (v), (ix) or (xi) of paragraph (a) thereunder, such default continues for two (2) Business Days or (B) other than with respect to a payment required by paragraph (iii), (iv), (v), (ix) or (xi) of paragraph (a) thereunder, such default continues for seven (7) days;

(ii) the Institution defaults in the due and punctual performance of any other covenant in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied has been given by the Authority or the Trustee, provided that, if, in the determination of the Authority, such default cannot be corrected within such thirty (30) day period but can be corrected by appropriate action, it will not constitute an Event of Default if corrective action is instituted by the Institution within such period and is diligently pursued until the default is corrected;

(iii) as a result of any default in payment or performance required of the Institution or any Event of Default under the Loan Agreement, whether or not declared, the Authority is in default in the payment or performance of any of its obligations under the Resolution and an “Event of Default” (as defined in the Resolution) has been declared under the Resolution so long as such default or Event of Default remains uncured or the Trustee or Holders of the Bonds are seeking the enforcement of any remedy under the Resolution as a result thereof;

(iv) the Obligated Group is in default under the Master Indenture or under any Obligation issued thereunder, and in either case such default continues beyond any applicable grace period;

(v) the Institution (i) admits insolvency or bankruptcy or its inability to pay its debts in a timely manner as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (iii) makes a general assignment for the benefit of its general creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (v) is adjudicated insolvent or is liquidated or (vi) takes corporate action for the purpose of any of the foregoing;

(vi) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Institution, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief is entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Institution, or any petition for any such relief is filed against the Institution and such petition is not dismissed within ninety (90) days;

(vii) the certificate of incorporation of the Institution is suspended or revoked;

(viii) a petition to dissolve the Institution is filed by the Institution with the Secretary of State of the State of New York, the Department of Health, the legislature of the State or any other governmental authority having jurisdiction over the Institution;

(ix) an order of dissolution of the Institution is made by the State of New York, the legislature of the State or any other governmental authority having jurisdiction over the Institution which order remains undismissed or unstayed for an aggregate of thirty (30) days;

(x) a petition is filed with a court having jurisdiction for an order directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution which petition remains undismissed or unstayed for an aggregate of ninety (90) days; or

(xi) an order of a court having jurisdiction is made directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution, which order remains undismissed or unstayed for the earlier of (x) three (3) Business Days prior to the date provided for in such order for such sale, disposition or distribution or (y) an aggregate of thirty (30) days from the date such order was entered.

(b) Upon the occurrence of an Event of Default, the Authority will provide written notice of such Event of Default to the Trustee and the Department of Health upon receiving knowledge thereof, provided, however, that failure to give such notice will in no manner impair or diminish the Authority's or the Trustee's ability to take any action under the Loan Agreement. The Authority may take any one or more of the following actions upon the occurrence of an Event of Default:

(i) declare all sums payable by the Institution under the Loan Agreement or under the Obligation relating to the Applicable Bonds immediately due and payable;

(ii) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of Bonds or any Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

(iii) withhold any or all further performance under the Loan Agreement; and

(iv) maintain an action against the Institution under the Loan Agreement or under any Obligation or against any or all Members of the Obligated Group under the Master Indenture or the Obligation to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement or of the Master Indenture or the Obligation, as provided in the Master Indenture.

(c) All rights and remedies given or granted to the Authority in the Loan Agreement are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy will effect a waiver of the Authority's right to exercise such remedy thereafter.

(d) At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made or action taken pursuant to paragraph (b) above and its consequences if such Events of Default are cured. No such annulment will extend to or affect any subsequent default or impair any right consequent thereto.

(e) The Institution will give the Authority and the Department of Health telephone and written notice within three Business Days after receiving information that the Master Trustee has appointed or intends to appoint a receiver in accordance with provisions of the Master Indenture.

(Section 26)

Arbitrage

The Institution covenants that it will not take any action or inaction, nor fail to take any action or permit any action to be taken, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2020A Bonds which are Tax-Exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Institution covenants that it will comply with the instructions and requirements of the Tax Certificate, which is incorporated in the Loan Agreement as if set forth fully in the Loan Agreement. The Institution (or any related person, as defined in Section 147(a)(2) of the Code) will not, pursuant to an arrangement in place at the time of issuance of the Bonds, formal or informal, purchase Bonds (except in the case of a purchase in lieu of redemption or a purchase upon an optional or mandatory tender of any of the Bonds) in an amount related to the amount of any obligation to be acquired from the Institution by the Authority. The Institution will, on a timely basis, provide the Authority with all necessary information regarding funds not in the Authority's possession to enable the Authority to comply with the arbitrage and rebate requirements of the Code.

(Section 31)

Amendments to Loan Agreement

The Loan Agreement may be amended only in accordance with the Resolution and each amendment will be made by an instrument in writing signed by an Authorized Officer of the Institution and the Authority, an executed counterpart of which will be filed with the Trustee; *provided, however*, that no amendment or waiver of any provisions of the Loan Agreement may be made without the prior written consent of the Commissioner of Health.

(Section 37)

Termination

The Loan Agreement will remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution have been made or provision made for the payment thereof; *provided, however*, that the provisions under the heading "Arbitrage" and the liabilities and the obligations of the Institution to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to the Loan Agreement will nevertheless survive any such termination. Upon such termination, an Authorized Officer of the Authority will deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of its duties under the Loan Agreement.

(Section 38)

Appendix E

Summary of Certain Provisions of the Resolution

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution. Such summary does not purport to be complete or definitive and reference is made to the Resolution for full and complete statements of each provision. Unless otherwise indicated, references to section numbers in this summary refer to sections in the Resolution. Defined terms herein have the meaning ascribed to them in Appendix C.

Resolution, the Series Resolutions and the Bonds Constitute Separate Contracts

The Resolution authorizes the Authority to issue its Bonds from time to time in one or more Series, each such Series to be authorized by a separate Applicable Series Resolution and, *inter alia*, to be separately secured from each other Series of Bonds. Each such Series of Bonds will be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series will not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the Applicable Series Resolution authorizing such Series of Bonds. With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of such Applicable Series authorized to be issued under the Resolution and under the Applicable Series Resolution by those who will hold or own the same from time to time, the Resolution and the Applicable Series Resolution will be deemed to be and will constitute a contract among the Authority, the Trustee and the Holders from time to time of the Bonds of such Applicable Series, and the pledge and assignment made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority will be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issue or maturity, will be of equal rank without preference, priority or distinction of any Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution or by the Applicable Series Resolution.

(Section 1.03)

Authority to Assign Certain Rights and Remedies to the Trustee

1. As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, Outstanding Bonds of a Series and for the performance of each other obligation of the Authority under the Resolution, in the Resolution the Authority grants, pledges and assigns to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the Applicable Loan Agreement and Applicable Obligation, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Applicable Loan Agreement or Applicable Obligation, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, Gross Receipts, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Applicable Loan Agreement and Applicable Obligation, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Applicable Bondholders, and to perform all other necessary and appropriate acts under the Applicable Loan Agreement and Applicable Obligation, subject to the following conditions: (a) that such pledge and assignment does not include the Authority's rights to the Authority Fee, the Annual Administrative Fee, any additional fees or expenses due to the Authority under the Loan Agreement and any rights to receive notices and make consents and amendments under the Applicable Loan Agreement or Applicable Obligation, (b) that such pledge and assignment shall not include any amounts on deposit in the Arbitrage Rebate Fund or the Credit Facility Repayment Fund, (c) that the Holders of the Applicable Bonds, if any, will not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority, and (d) that, unless and until the Trustee will, in its discretion when an "Event of Default" (as defined in the Applicable Loan Agreement) under the Applicable Loan Agreement has occurred and is continuing, so elect, by instrument in writing delivered to the Authority and the Members of the Obligated Group (and then only to the extent that the Trustee will so elect), the Trustee will not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in the Applicable Loan Agreement to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision); the Authority, however, is to remain liable to observe and perform all the conditions and covenants in the Applicable Loan Agreement to be observed and performed by it; provided, however, that any grant, pledge and

assignment by the Authority of moneys, revenues, accounts, rights or other property made with respect to the Applicable Loan Agreement and the Applicable Obligation pursuant to this paragraph will secure, in the case of the Applicable Loan Agreement and Applicable Obligation, or any applicable portion thereof, only the payment of the amounts payable under such Applicable Loan Agreement and Applicable Obligation.

2. In the event the Authority grants, pledges and assigns to the Trustee any of its rights as provided in subdivision 1 of this Section, with respect to a Series of Bonds secured by a Credit Facility, such grant, pledge and assignment shall also reflect amounts due a Credit Facility Issuer pursuant to the Credit Facility and any reimbursement or related agreement associated therewith.

(Section 1.04)

Refunding Bonds

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds, one or more series of bonds or other obligations, a portion of a Series of Outstanding Bonds or a portion of a maturity of bonds or other obligations. The Authority by resolution of its members may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Section and of the Applicable Series Resolution authorizing such Series of Refunding Bonds or by the provisions of the resolution or resolutions authorizing the bonds or other obligations issued by the Authority, as the case may be.

The proceeds, including accrued interest, of such Refunding Bonds will be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or determined in accordance with the Applicable Series Resolution authorizing such Refunding Bonds.

(Section 2.04)

Additional Obligations

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, entitled to a charge or lien or right prior to the charge or lien or right created by the Resolution and pursuant to any Applicable Series Resolution, or with respect to the moneys pledged under the Resolution or pursuant to any Applicable Series Resolution.

(Section 2.05)

Pledge of Revenues

In the Resolution the proceeds from the sale of an Applicable Series of Bonds, the Revenues and all funds authorized by the Resolution and established pursuant to an Applicable Series Resolution, other than an Applicable Arbitrage Rebate Fund or an Applicable Credit Facility Repayment Fund, are, subject to the adoption of an Applicable Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Applicable Series of Bonds and as security for the performance of any other obligation of the Authority under the Resolution and under an Applicable Series Resolution with respect to such Series, and together with the Applicable Credit Facility Repayment Fund, to each Applicable Credit Facility Issuer as security for the Applicable Institution's performance of its obligations under the Applicable Credit Facility and any reimbursement or related agreement associated therewith, all in accordance with the provisions of the Resolution and thereof. The pledge made by the Resolution, subject to the adoption of an Applicable Series Resolution, will relate only to the Bonds of an Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge will not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the

proceeds from the sale of the Applicable Series of Bonds, the Revenues and all funds and accounts established by the Resolution and pursuant to the Applicable Series Resolution which are pledged by the Resolution and pursuant to the Applicable Series Resolution will immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge will be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Applicable Series will be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the Revenues and the funds established by the Resolution and pursuant to the Applicable Series Resolution, which pledge will constitute a first lien thereon.

(Section 5.01)

Establishment of Funds

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established, held and maintained for each Applicable Series by the Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;
Debt Service Fund;
Debt Service Reserve Fund;
Arbitrage Rebate Fund; and
Credit Facility Repayment Fund

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund created by the Resolution, other than the Applicable Arbitrage Rebate Fund and the Applicable Credit Facility Repayment Fund, will be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but will nevertheless be disbursed, allocated and applied solely in connection with an Applicable Series of Bonds for the uses and purposes provided in the Resolution.

No Debt Service Reserve Fund will be established for the Series 2020A Bonds.

(Section 5.02)

Application of Bond Proceeds and Allocation Thereof

Upon the receipt of proceeds from the sale of an Applicable Series of Bonds, the Authority will apply such proceeds as specified in the Resolution and in an Applicable Series Resolution authorizing such Series or in the Applicable Bond Series Certificate.

Accrued interest, if any, received upon the delivery of an Applicable Series of Bonds will be deposited in the appropriate account in the Applicable Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Applicable Series Resolution or the Applicable Bond Series Certificate.

(Section 5.03)

Application of Moneys in the Construction Fund

1. For purposes of internal accounting, an account in an Applicable Construction Fund may contain one or more subaccounts, as the Authority or the Trustee may deem necessary or desirable. As soon as practicable after the delivery of an Applicable Series of Bonds, the Trustee will deposit in the appropriate account in the Applicable Construction Fund the amount required to be deposited therein pursuant to the Applicable Series Resolution, the Applicable Loan Agreement or the Applicable Bond Series Certificate. In addition, the Authority will remit to the Trustee and the Trustee shall deposit in the appropriate account in the Applicable Construction

Fund any moneys paid or instruments payable to the Authority derived from insurance proceeds or condemnation awards from the Applicable Project.

2. Except as otherwise provided in the Resolution and in the Applicable Series Resolution or Applicable Bond Series Certificate, moneys deposited in the Applicable Construction Fund will be used only to pay the Costs of Issuance of the Bonds issued in connection with such Series Resolution or Bond Series Certificate and the Costs of the Project(s) in connection with which such Series of Bonds was issued.

3. Payments for Costs of an Applicable Project will be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment. Such certificate or certificates will be substantiated by a certificate filed with the Authority signed by an Authorized Officer of the Applicable Institution, describing in reasonable detail the purpose for which moneys were used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of such Project except that payments to pay interest on the Applicable Series of Bonds will be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Applicable Construction Fund to the Applicable Debt Service Fund.

4. Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or an Applicable Institution with respect to an Applicable Project financed with Tax-Exempt Bonds will be deposited in the appropriate account in the Applicable Construction Fund and, if necessary, such fund may be reestablished for such purpose and if not used to repair, restore or replace such Project, transferred to the Applicable Debt Service Fund for the redemption of the Applicable Series of Bonds in accordance with the Applicable Loan Agreement.

5. An Applicable Project will be deemed to be complete (a) upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the Applicable Institution which certificate will be delivered as soon as practicable after the date of completion of such Project or (b) upon delivery to the Applicable Institution and the Trustee of a certificate of the Authority which certificate may be delivered at any time after completion of such Project upon satisfaction of terms set forth in the Applicable Loan Agreement. Each such certificate will state that such Project has been completed substantially in accordance with the plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy, and, in the case of a certificate of an Authorized Officer of such Applicable Institution, will specify the date of completion, or if any portion of the Project has been abandoned and will not be completed, will so state.

Upon receipt by the Trustee of the certificate required pursuant to this subdivision, the moneys, if any, then remaining in the Applicable Construction Fund, after making provision in accordance with the written direction of the Authority for the payment of any Costs of Issuance of such Applicable Series of Bonds and Costs of the Applicable Project then unpaid, will be paid by the Trustee as follows and in the following order of priority:

First: Upon the written direction of the Authority, to the Applicable Arbitrage Rebate Fund, the amount set forth in such direction;

Second: To the Applicable Debt Service Reserve Fund (if any), such amount as will be necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement (if applicable); and

Third: To the Applicable Debt Service Fund for the redemption or purchase of the Applicable Series of Bonds in accordance with the Resolution and the Applicable Series Resolution, any balance remaining.

(Section 5.04)

Enforcement of Obligations, Deposit of Revenues and Allocation Thereof

1. To the extent an Applicable Institution fails to make any timely payment with respect to a Series of Bonds under the Applicable Loan Agreement, which payment would constitute a credit for payment of the Applicable Obligation in accordance with the terms thereof, the Trustee will promptly make demand for payment under the Applicable Obligation in accordance with the terms thereof.

2. The Revenues, including all payments received under the Applicable Loan Agreement, the Master Indenture, the Applicable Supplemental Indenture and the Applicable Obligations, will be deposited upon receipt by the Trustee to the appropriate account of the Applicable Debt Service Fund in the amounts, at the times and for the purposes specified in the Applicable Series Resolution or Applicable Loan Agreement. Except as provided in the Applicable Series Resolution or Applicable Bond Series Certificate, to the extent not required to pay the interest, principal, Sinking Fund Installments and moneys which are required or have been set aside for the redemption of Bonds of the Applicable Series, moneys in the Applicable Debt Service Fund will be paid by the Trustee on or before the business day preceding each interest payment date as follows and in the following order of priority:

First: To reimburse, pro rata, each Applicable Credit Facility Issuer for any unreimbursed amounts under each Applicable Credit Facility and any reimbursement or related agreement associated therewith, in proportion to the respective amounts then unpaid to each Applicable Credit Facility Issuer;

Second: To reimburse, pro rata, the Applicable Facility Provider, if any, for Provider Payments which have not been repaid and to replenish each Debt Service Reserve Fund to its respective Debt Service Reserve Fund Requirement, pro rata, in proportion to the amount the respective Provider Payments then unpaid to each Facility Provider and the amount of the deficiency in each Debt Service Reserve Fund bears to the aggregate amount of Provider Payments then unpaid and deficiencies in the respective Debt Service Reserve Funds;

Third: Upon the written direction of an Authorized Officer of the Authority, to the Applicable Arbitrage Rebate Fund in the amount set forth in such direction;

Fourth: To the Applicable Debt Service Reserve Fund, such amount, if any, other than as set forth in paragraph "Second" above, necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement; and

Fifth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required hereby, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Applicable Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Applicable Loan Agreement in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Fourth.

3. After making the payments required by subdivision 2 of this Section, the balance, if any, of the Revenues then remaining will, upon the written direction of an Authorized Officer of the Authority, be paid by the Trustee to the Applicable Construction Fund or the Applicable Debt Service Fund, or paid to the Applicable Institution, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution. The Trustee will notify the Authority and the Institution promptly after making the payments required by subdivision 1 of this Section, of any balance of Revenues then remaining.

4. In the event that any payments received by the Trustee under the Resolution are less than the total amount required to be paid to the Trustee and such payments relate to more than one Series of Bonds, the payments will be applied pro rata to each such Series of Bonds based upon the amounts then due and payable.

(Section 5.05)

Debt Service Fund

1. The Trustee will on or before the business day preceding each interest payment date with respect to a Series of Bonds, as required by, and in accordance with, the Applicable Series Resolution or Applicable Bond Series Certificate pay, from the Applicable Debt Service Fund, or the applicable account thereof, to itself and any other Paying Agent:

(a) the interest due on all Outstanding Bonds of the Applicable Series on such interest payment date;

(b) the principal amount due on all Outstanding Bonds of the Applicable Series on such interest payment date;

(c) the Sinking Fund Installments, if any, due on all Outstanding Bonds of the Applicable Series on such interest payment date; and

(d) moneys required for the redemption of Bonds of the Applicable Series in accordance with the Resolution.

The amounts paid out pursuant to this Section will be irrevocably pledged to and applied to such payments.

2. In the event that on the fourth business day preceding any Interest Payment Date for a Series of Bonds the amount in the Applicable Debt Service Fund will be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds of the Applicable Series, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the Purchase Price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee will withdraw from the Applicable Debt Service Reserve Fund and deposit to the Applicable Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee will notify the Authority, the Applicable Facility Provider, if any, the Credit Facility Issuer, if any, the Master Trustee, and the Obligated Group Representative of a withdrawal from the Applicable Debt Service Reserve Fund.

3. Notwithstanding the provisions of subdivision 1 of this Section, the Authority may, at any time subsequent to the first principal payment date of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Applicable Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Applicable Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by a Member of the Obligated Group and delivered to the Trustee in accordance with the Applicable Loan Agreement will be canceled upon receipt thereof by such Trustee and evidence of such cancellation will be given to the Authority. The principal amount of each Term Bond so canceled will be credited against the Sinking Fund Installment due on such date, provided that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

4. Moneys in the Applicable Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of an Applicable Series of Bonds payable on or prior to the next succeeding principal payment date, the interest on such Outstanding Bonds payable on the next succeeding interest payment date, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds bear interest, and the Purchase Price or Redemption Price of Applicable Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the written direction of an Authorized Officer of the Authority to the purchase of Applicable Outstanding Bonds of any Series at Purchase Prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner

as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Applicable Debt Service Fund, such moneys may be applied by the Trustee: (i) in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in Article IV hereof, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate or (ii) as may otherwise be directed by the Authority.

The provisions of subdivisions 3 and 4 above will be applied without reference or recourse to moneys derived from a Credit Facility.

(Section 5.06)

Arbitrage Rebate Fund

The Trustee for a Series of Tax-Exempt Bonds will deposit to the appropriate account in the Applicable Arbitrage Rebate Fund any moneys delivered to it by the Applicable Institution for deposit therein and, notwithstanding any other provisions of the Resolution, will transfer to the Applicable Arbitrage Rebate Fund, in accordance with the directions of the Authority, moneys on deposit in any other funds held by such Trustee under the Resolution at such times and in such amounts as will be set forth in such directions.

Moneys on deposit in the Applicable Arbitrage Rebate Fund will be applied by the Trustee in accordance with the direction of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority will determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which the Authority determines to be in excess of the amount required to be so rebated will be deposited to any Applicable Fund in accordance with the directions of the Authority.

If and to the extent required by the Code, the Authority will periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to each Applicable Series of Bonds and direct the Trustee to (i) transfer from any other of the Applicable funds held by the Trustee under the Resolution and deposit to the Applicable Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Series of Bonds and (ii) pay out of the Applicable Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.08)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Applicable Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of a Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, (ii) the amounts held in the Applicable Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Series secured thereby and the interest accrued and unpaid and to accrue on such Bonds to the next date on which such Bonds may be redeemed or (iii) pursuant to the Resolution, if provision is made for the payment of such Outstanding Bonds at the maturity or redemption dates thereof, the Trustee will so notify the Authority and the Applicable Institution(s). Upon receipt of such notice, the Authority may (i) direct the Trustee in writing to redeem all such Outstanding Bonds of the Applicable Series, whereupon the Trustee will proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by the Applicable Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance with such instruction.

(Section 5.09)

Investment of Funds Held by the Trustee

1. Money held under the Resolution by the Trustee, if permitted by law, will, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given in writing (which direction will specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations or Exempt Obligations; provided, however, that each such investment will permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution.

2. In lieu of the investments of money in obligations authorized in subdivision 1 above, the Trustee will, to the extent permitted by law, upon direction of the Authority given in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund or Debt Service Reserve Fund in any Permitted Investment; provided, however, that each such investment will permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution, provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment will have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral will be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral will be free and clear of claims of any other person.

3. Permitted Investments purchased or other investments made as an investment of moneys in any fund held by the Trustee under the Resolution will be deemed at all times to be a part of such fund and the income or interest earned, profits realized or losses suffered by a fund due to the investment thereof will be retained in, credited or charged, as the case may be, to such fund unless otherwise provided in the Applicable Series Resolution.

4. In computing the amount in any fund held by the Trustee under the Resolution, each Permitted Investment purchased as an investment of moneys therein or held therein will be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Applicable Debt Service Reserve Fund will be valued at the market value thereof, plus accrued interest and except that Investment Agreements will be valued at original cost, plus accrued interest.

5. The Authority, in its discretion, may direct the Trustee to, and the Trustee will, sell, or present for redemption or exchange any investment held by the Trustee under the Resolution and the proceeds thereof may be reinvested as provided under this heading "Investment of Funds Held by the Trustee." Except as otherwise provided in the Resolution, the Trustee will sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it is necessary in order to provide moneys to meet any payment or transfer from the fund in which such investment is held. The Trustee will advise the Authority and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund in its custody under the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of subdivisions 1, 2 and 3 above. The details of such investments will include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee will also describe all withdrawals, substitutions and other transactions occurring in each such fund in the previous month.

6. No part of the proceeds of any Applicable Series of Bonds or any other funds of the Authority will be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond which is a Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(Section 6.02)

Enforcement of Duties and Obligations of the Institution

The Authority will take all legally available action to cause an Applicable Institution to perform fully all of the respective duties and acts and comply fully with the covenants of such Applicable Institution required by the

Applicable Loan Agreement in the manner and at the times provided in such Loan Agreement relating to a Series of Bonds; provided, however, that the Authority may delay, defer or waive enforcement of one or more provisions of said Loan Agreement relating to a Series of Bonds (other than provisions requiring the payment of moneys or the delivery of Securities to the Trustee for deposit to any fund or account established under the Resolution) if the Authority determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of an Applicable Series or the Applicable Credit Facility Issuer.

(Section 7.06)

Deposit of Certain Moneys in the Construction Fund

In addition to the proceeds of Bonds of an Applicable Series to be deposited in the Applicable Construction Fund, any moneys paid or letter of credit or other security payable to the Authority for the acquisition, construction, reconstruction, renovation or equipment of an Applicable Project(s) and any moneys received in respect of damage to or condemnation of such Project(s) will be deposited in the Applicable Construction Fund, except as otherwise provided in a Series Resolution.

(Section 7.07)

Amendment of Loan Agreements

The Authority may not amend, change, modify, alter or terminate a Loan Agreement so as to materially adversely affect the interest of the Holders of Outstanding Bonds without the prior written consent of the Trustee and the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding or in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the Holders of not less than a majority in aggregate principal amount of the Bonds of each Series so affected then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any such specified Series remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by an Applicable Institution under its Applicable Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof or reduce the amount of any payment required to be made under the Obligations held by the Authority. A Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds but with the consent of the Trustee, to provide necessary changes in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping, of any facilities constituting a part of the Applicable Projects or which may be added to or adjacent to the Applicable Projects or the issuance of Bonds, to cure any ambiguity, or to correct or supplement any provisions contained in an Applicable Loan Agreement, which may be defective or inconsistent with any other provisions contained herein or in the Loan Agreement. Notwithstanding anything under this heading "Amendment of Loan Agreements" to the contrary, if an Applicable Loan Agreement expressly provides for the consent of any other person or entity to an amendment to such Loan Agreement, such consent shall be required to be obtained as provided in such Loan Agreement. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority will be filed with the Trustee.

For the purposes of this Section, a Series will be deemed to be adversely affected by an amendment, change, modification or alteration of an Applicable Loan Agreement if the same adversely affects or diminishes the rights of the Holders of the Bonds of the Applicable Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any Applicable Series would be adversely affected in any material respect by any amendment, change, modification or alteration, and any such determination will be binding and conclusive on an Applicable Institution, the Members of the Obligated Group, the Authority and all Holders of Bonds.

For all purposes of this Section, the Trustee will be entitled to rely upon an opinion of counsel satisfactory to the Trustee with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.

(Section 7.09)

Notice as to Event of Default Under Loan Agreement

The Authority will notify the Trustee and any Applicable Credit Facility Issuer in writing that an “Event of Default” under a Loan Agreement, as such term is defined in such Loan Agreement, has occurred and is continuing, which notice will be given within five (5) days after the Authority has obtained actual knowledge thereof.

(Section 7.10)

Tax Exemption: Rebates

Except as otherwise provided in an Applicable Series Resolution, in order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Tax-Exempt Bonds of each Applicable Series, the Authority will comply with the provisions of the Code applicable to the Bonds of each Applicable Series of Tax-Exempt Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of each Applicable Series of Bonds, reporting of earnings on the Gross Proceeds of each Applicable Series of Bonds and rebates of Excess Earnings to the Department of the Treasury of the United States of America. Except as otherwise provided in the Resolution the Authority will comply with the letter of instructions as to compliance with the Code with respect to each such Series of Bonds, to be delivered by Bond Counsel at the time the Bonds of an Applicable Series are issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The Authority will not take any action or fail to take any action, which would cause the Bonds of an Applicable Series to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

Notwithstanding any other provision of the Resolution to the contrary, the Authority’s failure to comply with the provisions of the Code applicable to the Bonds of an Applicable Series will not entitle the Holder of Bonds of any other Applicable Series, or the Trustee acting on their behalf, to exercise any right or remedy provided to Bondholders hereunder based upon the Authority’s failure to comply with the provisions under this heading “Tax Exemption: Rebates” or of the Code.

(Section 7.11)

Modification and Amendment Without Consent

Notwithstanding any other provisions of the Resolution regarding Series Resolutions, Supplemental Resolutions, and amendments of Resolutions, the Authority may adopt at any time or from time to time, Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by the Authority:

(a) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of an Applicable Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds of an Applicable Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by the provisions of, the Resolution, the Master Indenture, or any Applicable Series Resolution, the Revenues, or any pledge of any other moneys, Securities or funds;

(e) To modify any of the provisions of the Resolution or of any previously adopted Applicable Series Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of an Applicable Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution will cease to be Outstanding, and all Bonds of an Applicable Series issued under an Applicable Series Resolution will contain a specific reference to the modifications contained in such subsequent resolutions;

(f) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Applicable Series Resolution or Applicable Supplemental Resolution in any other respect, provided that such modification will not adversely affect the interests of the Holders of Bonds of an Applicable Series or Applicable Credit Facility Issuer in any material respect; or

(g) Upon any mandatory tender and remarketing of Variable Interest Rate Bonds, to modify or amend any provision of the Resolution or of an Applicable Series Resolution, provided that the substance of such modification or amendment was disclosed to prospective Holders in the offering document prepared in connection with such mandatory tender and remarketing.

(Section 9.02)

Applicable Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution and an Applicable Series Resolution may also be modified or amended at any time or from time to time by an Applicable Supplemental Resolution, subject to the consent of the Applicable Bondholders and Applicable Credit Facility Issuer in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by the Authority.

(Section 9.03)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by an Applicable Supplemental Resolution, with the prior written consent given as hereinafter provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the Applicable Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any Applicable Series and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of an Applicable Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such

Bond, or will reduce the percentages or otherwise affect the classes of Bonds of an Applicable Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, an Applicable Series will be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of an Applicable Series or maturity would be affected by any modification or amendment of the Resolution and any such determination will be binding and conclusive on the Authority and all Holders of Bonds of an Applicable Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of an Applicable Series or maturity would be so affected by any such modification or amendment of the Resolution.

(Section 10.01)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds of an Applicable Series under the Resolution may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of such Supplemental Resolution certified by the Authority and the consent of the Holders of all of the Bonds then Outstanding of the Applicable Series, such consent to be given as provided in the Resolution, except that no notice to such Bondholders either by mailing or publication will be required.

(Section 10.03)

Events of Default

An event of default will exist under the Resolution and under an Applicable Series Resolution (called “event of default”) if:

(a) With respect to the Applicable Series of Bonds, payment of the principal, Sinking Fund Installments, Purchase Price or Redemption Price of any such Bond is not made by the Authority when the same becomes due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) With respect to the Applicable Series of Bonds, payment of an installment of interest on any such Bond is not made by the Authority when the same becomes due and payable; or

(c) With respect to the Applicable Series of Tax-Exempt Bonds, the Authority defaults in the due and punctual performance of the covenants described under the heading “Tax Exemption: Rebates” and, as a result thereof, the interest on the Bonds of such Series is no longer be excludable from gross income under Section 103 of the Code; or

(d) With respect to the Applicable Series of Bonds, the Authority defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the holders of such Bonds contained in the Resolution or in the Bonds of such Series or in the Applicable Series Resolution on the part of the Authority to be performed and such default continues for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee (unless such default is not capable of being cured within thirty (30) days, the Authority has commenced to cure such default within thirty (30) days and diligently prosecutes the cure thereof), which may give such notice in its discretion and will give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series with the prior written consent of the Applicable Credit Facility Issuer; or

(e) The Authority has notified the Trustee that an “Event of Default”, as defined in the Applicable Loan Agreement, arising out of or resulting from the failure of the Applicable Institution to comply with the requirements of the Applicable Loan Agreement has occurred and is continuing and all

sums payable by the Institution under the Applicable Loan Agreement have been declared to be immediately due and payable, which declaration has not been annulled.

An event of default under the Resolution in respect of an Applicable Series of Bonds will not in and of itself be or constitute an event of default in respect of any other Applicable Series of Bonds.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in paragraph (c) under the heading “Events of Default,” then and in every such case the Trustee may with the consent of the Applicable Credit Facility Issuer, if any, and, (i) upon the written request of the Applicable Credit Facility Issuers, if any, or the Holders of not less than fifty percent (50%) in principal amount of an Applicable Series of Outstanding Bonds, with the prior written consent of the Applicable Credit Facility Issuers, if any, or (ii) if one or more Applicable Credit Facility Issuers, if any, have deposited with the Trustee a sum sufficient to pay the principal of and interest on the Applicable Outstanding Bonds due upon the acceleration thereof, upon the request of an Applicable Credit Facility Issuer, if any, or Applicable Credit Facility Issuers, if any, making such deposit, shall: (A) by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of the Applicable Series to be due and payable immediately and (B) request that the Master Trustee declare all applicable Outstanding Obligations (as defined in the Master Indenture) to be immediately due and payable. At the expiration of thirty (30) days after the giving of notice of such declaration, such principal and interest will become and be immediately due and payable, anything herein or in any Applicable Series Resolution or in the Bonds to the contrary notwithstanding. In the event that an Applicable Credit Facility Issuer makes any payments of principal of or interest on any Bonds of the Applicable Series pursuant to an Applicable Credit Facility and the Bonds of the Applicable Series are accelerated, such Applicable Credit Facility Issuer may at any time and at its sole option, pay to the Bondholders all or such portion of amounts due under such Bonds of the Applicable Series prior to the stated maturity dates thereof. At any time after the principal of the Bonds of the Applicable Series 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 the Resolution, the Trustee shall, with the prior written consent of Applicable Credit Facility Issuers, if any, which have issued Applicable Credit Facilities for not less than fifty percent (50%) in principal amount of the Applicable Bonds not then due by their terms and then Outstanding, or the Holders of not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds, with the prior written consent of the Applicable Credit Facility Issuers, if any, and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys have accumulated in the Applicable Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Applicable Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys have accumulated and are available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under the Applicable Series Resolution (other than principal amounts payable only because of a declaration and acceleration) have been paid or a sum sufficient to pay the same has been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained herein or in the Applicable Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) has been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Resolution, then and in every such case, the Trustee of a Series of Bonds may proceed, and upon the written request of the Applicable Credit Facility Issuers, if any, which have issued Applicable Credit Facilities for not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds, or of the Holders of not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds with the consent of the Applicable Credit Facility Issuers, if

any, or, in the case of a happening and continuance of an event of default specified in paragraph (c) of Section 11.02 hereof, upon the written request of the Applicable Holders of not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds of the Series affected thereby with the consent of the Applicable Credit Facility Issuer, if any, of such Series of Bonds, shall proceed (subject to the provisions of Section 8.06 hereof), to protect and enforce its rights and the rights of the Bondholders or of such Applicable Credit Facility Issuer, if any, under the Resolution or under the Applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under the Applicable Series Resolution or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Resolution and under the Applicable Series Resolution, the Trustee is entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of any Applicable Series Resolution or of the Applicable Series of Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under any Applicable Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Authority but solely as provided in the Resolution, in any Applicable Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

(Section 11.04)

Priority of Payments After Default

If at any time the moneys held by the Trustee in the Applicable funds and accounts and under the Applicable Series Resolution are not sufficient to pay the principal of and interest on the Bonds of the Applicable Series as the same become due and payable (either by their terms or by acceleration of maturity), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Resolution or otherwise, shall be applied (after payment of all amounts owing to the Trustee hereunder) as follows:

(a) Unless the principal of all the Bonds of the Applicable Series have become or 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 in the order of such maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any 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 the difference in the respective rates of interest specified in such Bonds; or

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds of such Series which have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available is not sufficient to pay in full all of such Bonds due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds of the Applicable Series have become or been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such 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 of such Series over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in said Bonds.

Whenever moneys are to be applied by the Trustee of a Series of Bonds pursuant to the provisions under this heading "Priority of Payments After Default," such moneys will be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion determines, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys 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 Holder of Bonds of any Applicable Series or to any other person for any delay in applying any such moneys 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 hereof as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such moneys, it will fix the date (which will be on an interest payment date unless the Trustee deems 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 will cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date. Any payment to be made by the Trustee pursuant to this Section on account of the principal or Sinking Fund Installment of or an installment of interest on any Bonds theretofore paid with proceeds of a draw on a Credit Facility shall be made as reimbursement to the Credit Facility Issuer of such Credit Facility.

For these purposes, amounts drawn under a Credit Facility will not be available to satisfy amounts owing to the Trustee.

(Section 11.05)

Limitation of Rights of Individual Bondholders

Neither any Holder nor any Applicable Credit Facility Issuer with respect to any of the Bonds of an Applicable Series will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution or under any Applicable Series Resolution, or for any other remedy under the Resolution unless such Holder or Applicable Credit Facility Issuer previously has given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also such Credit Facility Issuer or the Holders of not less than fifty percent (50%) in principal amount of the Outstanding Bonds of an Applicable Series with the prior written consent of the Applicable Credit Facility Issuer or, in the case of an event of default specified in paragraph (c) under the heading "Events of Default," the Holders of not less than a majority in principal amount of the Outstanding Bonds of such Series, with the prior written consent of the Applicable Credit Facility Issuer, have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also there has been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are in every such case, at the option of the Trustee, conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy thereunder. No one (1) or more of the Applicable Credit Facility Issuers of an Applicable Series secured by the Resolution and by an Applicable Series Resolution will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner provided in the Resolution, and all proceedings at law or in equity will be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of an Applicable Series will have the right which is absolute and unconditional to receive payment of the principal of (or Redemption Price, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right will not be impaired without the consent of such Holder.

(Section 11.08)

Waiver and Non-Waiver of Default

No delay or omission of the Trustee, any Applicable Credit Facility Issuers, if any, or any Holder of Bonds of an Applicable Series to exercise any right or power accruing upon any default will impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by the Resolution to the Trustee, any Applicable Credit Facility Issuers, if any, and the Holders of Bonds of an Applicable Series, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Applicable Credit Facility Issuers, if any, or Holders of not less than fifty percent (50%) in principal amount of the Outstanding Bonds of an Applicable Series with the prior written consent of the Applicable Credit Facility Issuers, if any, shall waive any default which in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Resolution or before the completion of the enforcement of any other remedy hereunder; but no such waiver will extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon. The rights of the Applicable Credit Facility Issuers under this heading "Waiver and Non-Waiver of Default" apply only to the extent there is no Credit Facility Default and the full benefit of the Credit Facility remains available.

(Section 11.11)

Notice of Event of Default

The Trustee will give notice of each event of default under the Resolution known to the Trustee to each Applicable Credit Facility Issuer and the Holders of Bonds of a Series within thirty (30) days after knowledge of the occurrence thereof, unless such event of default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of the principal, Sinking Fund Installments or Redemption Price of, or interest on, any of such Bonds, the Trustee will be protected in withholding notice thereof to the Holders of such Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of such Holder. Each such notice of event of default will be given by the Trustee by mailing written notice thereof: (i) to all registered Holders of Bonds of the Applicable Series, as the names and addresses of such Holders appear on the books for registration and transfer of bonds as kept by the Trustee, (ii) to the Obligated Group Representative, (iii) to any Rating Service then maintaining a rating on such Bonds, (iv) to each Applicable Credit Facility Issuer and (v) to such other persons as is required by law.

(Section 11.12)

Defeasance

1. If the Authority pays or causes to be paid to the Holders of the Bonds of an Applicable Series the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the Applicable Series Resolution and Applicable Bonds Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Series of Bonds and all other rights granted by the Resolution to such Series of Bonds will be discharged and satisfied, and the right, title and interest of the Trustee in the Applicable Loan Agreement, and the Revenues will thereupon cease with respect to such Series of Bonds. Upon such payment or provision for payment, the Trustee, on demand of the Authority, will release the lien of the Resolution and Applicable Series Resolution but only with respect to such Applicable Series, except as it covers moneys and securities provided for the payment of such Bonds, and will execute such documents to evidence such release as may be reasonably required by the Authority and the Institution and will turn over to the Institution or such person, body or authority as may be entitled to receive the same, upon such indemnification, if any, as the Authority or the Trustee may reasonably require, all balances remaining in any funds held under the Applicable Series Resolution after paying or making proper provision for the payment of the principal or Redemption Price (as the case may be) of, and interest on, all Bonds of the Applicable Series and payment of expenses in connection therewith; provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, the Authority will have taken all action necessary to redeem such Bonds and notice of such redemption will have been duly mailed in accordance with the Resolution and the Applicable Series Resolution or irrevocable instructions to mail such notice will have been given to the Trustee.

2. Bonds of an Applicable Series for which moneys shall have been set aside, will be held in trust by the Trustee for the payment or redemption thereof, (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 above. All Outstanding Bonds of an Applicable Series or any maturity within such Series or a portion of a maturity within such Series will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority will have given to the Trustee, in form satisfactory to it, irrevocable instructions to mail, as provided in Article IV hereof, notice of redemption on said date of such Bonds, (b) except as otherwise set forth in the Series Resolution or Bond Series Certificate with respect to an Applicable Series of Bonds, there will have been deposited with the Trustee either moneys in an amount which will be sufficient, or Defeasance Securities, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds of an Applicable Series on and prior to the redemption date or maturity date thereof, as the case may be, (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority will have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the holders of said Bonds at their respective last known addresses, if any, appearing on the registration books, that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid as described under this heading "Defeasance" and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, (d) there shall have been filed with the Trustee an opinion of Bond Counsel to the effect that the Bonds for which such moneys and Defeasance Securities have been deposited with the Trustee are, upon such deposit with the Trustee, deemed paid within the meaning of subdivision 1 above and (e) there shall have been filed with the Trustee a verification report, if required by the Authority or any Credit Facility Issuer, in form and substance satisfactory to the Authority and the Credit Enhancement Provider by a verifier acceptable to the Credit Facility Issuer as to the sufficiency of such moneys and Defeasance Securities. The Authority will give written notice to the Trustee of its selection of the maturity for which payment shall be made in accordance with this subdivision. The Trustee will select which Bonds of such Series and which maturity thereof will be paid in accordance with this Section in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee as described under this heading "Defeasance" nor principal or interest payments on any such Defeasance Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; provided that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, will, to the extent certified by the Trustee to be in excess of the amount required to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; third, as directed by the Authority and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by such Loan Agreement; and then, to the extent any moneys are remaining, to the Authority or at the Authority's discretion, to the Institution.

3. For purposes of determining whether Variable Interest Rate Bonds will be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of money, or Defeasance Securities and money, if any, in accordance with clause (b) of the second sentence of subdivision 2 above, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, will be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest

Rate Bonds in order to satisfy clause (b) of the second sentence of subdivision 2 above, the Trustee will, if requested by the Authority, pay the amount of such excess as follows: first, to the Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to each Applicable Credit Facility Issuer any unreimbursed amounts under such Credit Facility Issuer's Credit Facility and any reimbursement or related agreement associated therewith, pro rata, in proportion to the respective amounts then unpaid to each Applicable Credit Facility Issuer; third, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based on the respective Provider Payments then not repaid to each Facility Provider; fourth, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Applicable Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created hereby or by such Loan Agreement.

4. Option Bonds shall be deemed to have been paid in accordance with clause (b) of the second sentence of subdivision 2 above only if, in addition to satisfying the requirements of clauses (a), (c), (d) and (e) of such sentence, there will have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to clause (b) of subdivision 2 above, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subdivision 4. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee will, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Applicable Credit Facility Issuer any unreimbursed amounts under such Credit Facility Issuer's Credit Facility and any reimbursement or related agreement associated therewith, pro rata, in proportion to the respective amounts then unpaid to each Applicable Credit Facility Issuer; third, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then not repaid to each Facility Provider; fourth, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Applicable Institution, and any such money so paid by the Trustee will be released of any trust, pledge, lien, encumbrance or security interest created hereby or by the Applicable Loan Agreement.

5. Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any of the Bonds of an Applicable Series which remain unclaimed for three (3) years after the date when such moneys become due and payable upon such Bonds either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, shall at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds of such Series shall look only to the Authority for the payment of such Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date will be not less than forty (40) nor more than ninety (90) days after the date of publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority. In lieu of publishing such notice in an Authorized Newspaper, the Authority may post, or cause the Institution to post the matters set forth under this heading "Defeasance" on the Electronic Municipal Market Access portal of the Municipal Securities Rulemaking Board to all applicable CUSIP numbers.

6. No principal or Sinking Fund Installment of or installment of interest on a Bond will be considered to have been paid, and the obligation of the Authority for the payment thereof will continue, notwithstanding that an Applicable Credit Facility Issuer, if any, pursuant to the Applicable Credit Facility issued with respect to such Bond has paid the principal or Sinking Fund Installment thereof or the installment of interest thereon.

(Section 12.01)

Trustee to Act as Holder of Obligations

In the event that any request, direction or consent is required or permitted by the Master Indenture to be given with respect to an Applicable Obligation issued thereunder to secure any Bonds, the Trustee or its successor or assign will be the registered owner of the Applicable Obligation for such Series of Bonds for the purpose of any such request, direction or consent. To the extent any such Obligation will secure a Series of Bonds that is secured by a Credit Facility, the prior written consent of the Applicable Credit Facility Issuer, unless a Credit Facility Default has occurred and is continuing, will also be required for any such request, direction or consent.

(Section 14.08)

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Appendix F

Summary of Certain Provisions of the Master Indenture and Proposed Amendments

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SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND PROPOSED AMENDMENTS

The following is a summary of certain provisions of the Master Indenture. Unless otherwise specified to the contrary in this Appendix F, all definitions and provisions summarized refer to the Master Indenture. This summary does not purport to be comprehensive and reference should be made to the Master Indenture for a full and complete statement of its provisions.

Certain amendments described herein and in the Official Statement under the section heading “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Proposed Amendments to the Master Indenture” will become effective upon receipt by the Master Trustee of evidence, in the form required by the Master Indenture, of the consent of the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding. By their purchase of the Series 2020A Bonds, the Holders thereof shall be deemed to have consented to the terms of such amendments and waived notice of such amendments, if any is required by the Master Indenture. Such consent shall be deemed a direction by the Holders of the Series 2020A Bonds to the Master Trustee to consent to the amendments as the Holder of the Series 2020A Obligation. Those amendments are set forth herein in bold and double underlined text in Sections 1.02(c) and 9.08 and struck through (~~struck through~~) in Section 3.11(f) herein. It is anticipated that the amendments will become effective upon the issuance of the Series 2020A Bonds and the Taxable Series 2020B Bonds.

I DEFINITIONS USED IN THE MASTER INDENTURE

Unless the context otherwise requires, the following terms shall have the meanings specified below.

Additional Indebtedness means any Indebtedness incurred by any Member of the Obligated Group subsequent to the issuance of the initial Obligations under the Master Indenture or incurred by any other Member of the Obligated Group subsequent to or contemporaneously with its becoming a Member of the Obligated Group.

Affiliate means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which is directly or indirectly controlled by a Member or the Obligated Group Representative or their respective successors or assigns or by any Person which directly or indirectly controls a Member or the Obligated Group Representative. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body by contract or otherwise.

Affiliated School shall mean the New York University School of Medicine.

Audited Financial Statements means, as to a Member of the Obligated Group, financial statements for a twelve-month period, or for such other period for which an audit has been performed, prepared in accordance with generally accepted accounting principles, which have been audited and reported upon by independent certified public accountants. Audited Financial Statements of the Obligated Group shall also consist of, in an additional information section, unaudited combining financial statements for the same twelve-month period from which the accounts of any Affiliate which is not a Member of the Obligated Group have been eliminated and to which the accounts of any Member of the Obligated Group which is not already included have been added.

Authority means the Dormitory Authority of the State of New York and any successor thereto.

Authorized Representative shall mean, with respect to the Obligated Group Representative, the Chairperson of its Governing Body or its chief executive officer, senior vice president for finance or its chief financial officer, and, with respect to each Member of the Obligated Group, the Chairperson of its Governing Body or its president, chief executive officer, senior vice president for finance, chief financial officer or any other person or persons designated an Authorized Representative of such Member by an Officer’s Certificate of the Obligated Group Representative or such Member of the Obligated Group, respectively, signed by the Chairperson of its Governing Body or its presidents or its chief executive officer or chief financial officer and filed with the Master Trustee.

Balloon Long-Term Indebtedness means Long-Term Indebtedness other than a Demand Obligation 25% or more of the principal amount of which is due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

Book Value when used in connection with Property, Plant and Equipment or other Property of any Person, means the value of such property, net of accumulated depreciation, as it is carried on the books of such Person in conformity with generally accepted accounting principles, and when used in connection with Property, Plant and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property, Plant and Equipment or other Property of the Obligated Group determined in such a manner that no portion of such value of Property, Plant and Equipment or other Property is included more than once.

Bond Trustee means The Bank of New York Mellon, a banking organization duly organized under the laws of the State of New York and any successor to its duties under the Related Bond Indenture.

Capital Addition means any addition, improvement or extraordinary repair to or replacement of any Property of a Member of the Obligated Group, whether real, personal or mixed, the cost of which is properly capitalized under generally accepted accounting principles.

Code means the Internal Revenue Code of 1986, as amended;

Consultant means a firm or firms, selected by the Obligated Group Representative, which is not, and no member, stockholder, director, officer, trustee or employee of which is, an officer, director, trustee or employee of any Member of the Obligated Group or any Affiliate, and which is a professional management consultant or other financial institution of national repute for having the skill and experience necessary to render the particular report required by the provision of the Master Indenture in which such requirement appears and which is not unacceptable to the Master Trustee.

Credit Facility means a financial guaranty insurance policy, line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility established in connection with the issuance of Indebtedness to provide credit or liquidity support for such Indebtedness.

Credit Facility Issuer means the firm, association, corporation or other Person, if any, which has issued a Credit Facility that provides credit or liquidity support with respect to Indebtedness or Related Bonds.

Cross-over Date means, with respect to Cross-over Refunding Indebtedness, the last date on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or redeemed from the proceeds of such Cross-over Refunding Indebtedness.

Cross-over Refunded Indebtedness means Indebtedness refunded by Cross-over Refunding Indebtedness.

Cross-over Refunding Indebtedness means Indebtedness issued for the purpose of refunding other Indebtedness if the proceeds of such refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable redemption date or dates or maturity date of the refunded Indebtedness, and the earnings on such escrow deposit are required to be applied to pay interest on such refunding Indebtedness or refunded Indebtedness until the Cross-over Date.

Defeasance Securities means, as such term is defined in the applicable Related Bond Indenture.

Defeased Obligations means Obligations issued under a Supplement that has been discharged, or provision for the discharge of which has been made, pursuant to the terms of such Supplement.

Demand Obligation means any Indebtedness the payment of all or a portion of which is subject to the demand of the holder thereof.

Derivative Agreement means, without limitation,

- (a) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract;
- (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices;
- (c) any contract to exchange cash flows or payments or series of payments;
- (d) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and
- (e) any other type of contract or arrangement that the Member of the Obligated Group entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, or minimize investment risk or to protect against any type of financial risk or uncertainty.

Derivative Period means the period during which a Derivative Agreement is in effect.

Electronic Means means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Master Indenture.

Escrowed Interest means amounts of interest on Long-Term Indebtedness for which moneys or Defeasance Securities have been deposited in escrow (the “Escrowed Interest Deposit”) which Escrowed Interest Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Interest.

Escrowed Principal means amounts of principal on Long-Term Indebtedness for which moneys or Defeasance Securities have been deposited in escrow (the “Escrowed Principal Deposit”) which Escrowed Principal Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Principal.

Event of Default means any one or more of those events set forth below in section 4.01.

Excluded Property means any real Property that is not Health Care Facilities of the Obligated Group.

Fiscal Year means the fiscal year of NYULH, which shall be the period commencing on September 1 of any year and ending on August 31 of such year unless the Master Trustee is notified in writing by NYULH of a change in such period, in which case the Fiscal Year shall be the period set forth in such notice; provided, however that for purposes of making historical calculation determinations set forth in the Master Indenture on a Fiscal Year basis, or for purposes of combinations or consolidation of accounting information, with respect to those Members whose actual fiscal year is different from August 31, the actual fiscal year of such Members which ended within the Fiscal Year of NYULH shall be used.

Fitch means Fitch Inc., its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative by written notice to the Master Trustee.

GAAP means generally accepted accounting principles.

Governing Body means, when used with respect to any Member of the Obligated Group and the Obligated Group Representative, its board of directors, board of trustees, or other board or group of individuals by, or under the authority of which, corporate powers of such Member of the Obligated Group or the Obligated Group Representative are exercised.

Government Obligation means a direct obligation of the United States of America, an obligation the timely payment of principal of, and interest on, which are fully and unconditionally guaranteed by the United States of America, an obligation (other than an obligation subject to variation in principal repayment) to which the full faith and credit of the United States of America is pledged, an obligation of any of the following instrumentalities or agencies of the United States of America: (a) Federal Home Loan Bank System; (b) Export-Import Bank of the United States; (c) Federal Financing Bank; (d) Government National Mortgage Association; (e) Farmers Home Administration; (f) Federal Home Loan Mortgage Company; (g) Federal Housing Administration; (h) Private Export Funding Corp.; (i) Federal National Mortgage Association, and (j) upon the approval of the Applicable Credit Facility Issuers and the Authority, (A) an obligation of any federal agency and a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America or (B) an obligation of any other agency or instrumentality of the United States of America created by Act of Congress, provided such obligation is rated at least “A” by S&P and Moody’s at all times;

Governmental Restrictions means federal, state or other applicable governmental laws or regulations, affecting any Member of the Obligated Group and its health care facilities including but not limited to (a) Articles 28 and 28-B of the Public Health Law, and (b) those placing restrictions and limitations on the (i) fees and charges to be fixed, charged and collected by any Member of the Obligated Group or (ii) the amount or timing of the receipt of such fees or charges.

Gross Receipts shall mean all receipts, revenues, income and other moneys received or receivable by or on behalf of an Obligated Group Member, including without limitation contributions, donations, and pledges whether in the form of cash, securities or other personal property, and the rights to receive the same whether in the form of accounts, payment intangibles, contract rights, general intangibles, health-care-insurance receivables, chattel paper, deposit accounts, instruments, promissory notes, and the proceeds thereof, as such terms are presently or hereinafter defined in the New York Uniform Commercial Code, and any insurance or condemnation proceeds thereon, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired; provided, however, Gross Receipts shall not include (i) gifts, grants, bequests, donations, and contributions made before or after the date of the Master Indenture, designated at the time of the making thereof by the donor or maker as being for a specific purpose contrary to (A) paying debt service on an Obligation or (B) meeting any commitment of a Member under a Loan Agreement; (ii) all receipts, revenues, income and other moneys received or receivable by or on behalf of a Member of the Obligated Group, and all rights to receive the same whether in the form of accounts, payment intangibles, contract rights, general intangibles, chattel paper, deposit accounts, instruments, promissory notes, and the proceeds thereof as such terms are presently or hereinafter defined in the New York Uniform Commercial Code, and any insurance or condemnation proceeds thereon, whether now owned or hereafter acquired, derived from Excluded Property; and (iii) insurance proceeds relating to assets subject to a capital lease permitted under the Master Indenture or subject to an operating lease as to which any Member of the Obligated Group is the lessee.

Gross Receipts Revenue Fund means the fund established pursuant to the Master Indenture.

Guaranty means any obligation of any Member of the Obligated Group guaranteeing in any manner, directly or indirectly, any obligation of any Person that is not a Member of the Obligated Group which obligation of such other Person would, if such obligation were the obligation of a Member of the Obligated Group, constitute Indebtedness under the Master Indenture. For the purposes of the Master Indenture, the aggregate annual principal and interest payments on any indebtedness in respect of which any Member of the Obligated Group shall have executed and delivered its Guaranty shall, so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles, be deemed to be equal to 20% of the amount which would be payable as principal of and interest on the indebtedness for which a Guaranty shall have been issued during the Fiscal Year for which any computation is being made (calculated in the same manner as the Long-Term Debt Service Coverage Ratio), provided that if there shall have occurred a payment by a Member of the Obligated Group on such Guaranty, then, during the period commencing on the date of such payment and ending on the day which is one year after such other Person resumes making all payments on such guaranteed obligation, 100% of the amount payable for principal and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account. Any Guaranty that is an obligation of more than one Member of the Obligated Group shall be counted only once for purposes of any test in the Master Indenture.

Health Care Facilities means the Property now or hereafter used by any Member of the Obligated Group to provide for the care, maintenance and treatment of patients or to otherwise provide health care and health-related services. Any facility whose primary function or functions is other than providing health care services and which has incidental health care services provided on its premises, shall not be deemed to be Health Care Facilities.

Holder means an owner of any Obligation issued in other than bearer form.

Income Available for Debt Service means, with respect to the Obligated Group, as to any period of 12 consecutive calendar months, its excess of revenues over expenses before depreciation, amortization and interest expense on Long-Term Indebtedness minus any transfers to the Affiliated School, as determined in accordance with generally accepted accounting principles consistently applied; provided, however, that (1) no determination thereof shall take into account (a) any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business, (b) unrealized gains and losses on investments of a Member of the Obligated Group or (c) losses resulting from any reappraisal, revaluation or write-down of assets for such period, and (2) revenues shall not include earnings from the investment of Escrowed Interest or earnings constituting Escrowed Interest to the extent that such earnings are applied to the payment of principal or interest on Long-Term Indebtedness which is excluded from the determination of Long-Term Debt Service Requirement or Related Bonds secured by such Long-Term Indebtedness.

Indebtedness means (i) all indebtedness of Members of the Obligated Group for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations incurred or assumed by any Member of the Obligated Group, and (iii) all Guaranties, whether constituting Long-Term Indebtedness or Short-Term Indebtedness. Indebtedness shall not include obligations of any Member of the Obligated Group to another Member of the Obligated Group or obligations to the Affiliated School which are conditional upon the availability of funds.

Insurance Consultant means a firm or Person which is not, and no member, stockholder, director, trustee, officer or employee of which is, an officer, director, trustee or employee of any Member of the Obligated Group or an Affiliate, which is qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations and which is selected by the Obligated Group Representative and is not unacceptable to the Master Trustee; provided that, except with respect to the review of self-insurance programs or any captive insurance company, the term "Insurance Consultant" shall include qualified in house risk management officers employed by any Member of the Obligated Group or an Affiliate.

Lien means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property of any Member of the Obligated Group which secures any Indebtedness or any other obligation of any Member of the Obligated Group or which secures any obligation of any Person, other than an obligation to any Member of the Obligated Group.

Long-Term Debt Service Coverage Ratio means for any period of time the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

Long-Term Debt Service Requirement means, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness of the Obligated Group during such period, also taking into account:

(i) with respect to Balloon Long-Term Indebtedness which is not amortized by the terms thereof (a) the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of thirty (30) years on a level debt service basis at an interest rate equal to the rate borne by such Indebtedness on the date calculated, except that if the date of calculation is within twelve (12) months of the actual maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation or (b) principal payments or deposits with respect to Indebtedness secured by an irrevocable letter of credit issued by, or an irrevocable line of credit with, a bank rated at least "A" by Moody's, Fitch or S&P, or insured by an insurance policy issued by any insurance company rated at least "A" by Alfred M. Best Company or its successors in Best's Insurance Reports or its successor publication, nominally due in the last Fiscal Year in which such Indebtedness matures may, at the option of the Member of the Obligated Group which issued such

Indebtedness, be treated as if such principal payments or deposits were due as specified in any loan or reimbursement agreement issued in connection with such letter of credit, line of credit or insurance policy or pursuant to the repayment provisions of such letter of credit, line of credit or insurance policy, and interest on such Indebtedness after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan or reimbursement agreement or repayment provisions;

(ii) with respect to Long-Term Indebtedness which is Variable Rate Indebtedness, the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness (and the incurrence thereof) the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued and thereafter shall be calculated as set forth above;

(iii) with respect to any Credit Facility, to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility shall not be included in the Long-Term Debt Service Requirement;

(iv) with respect to any guaranties, in accordance with the definition of "Guaranty" above;

(v) with respect to Indebtedness for which a Member of the Obligated Group shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness (as evidenced by a certificate filed with the Master Trustee so specifying that the Derivative Agreement relates to all or a portion of such Indebtedness, which certification may be provided at the time of or after the issuance of such Indebtedness), the principal or notional amount of such Derivative Agreement shall be disregarded, and interest on such Indebtedness during any Derivative Period and for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by a Member of the Obligated Group on such underlying Indebtedness pursuant to its terms (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued), and (y) the amount of interest payable by such Member of the Obligated Group under the Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement), and subtracting (z) the amount of interest payable to the Member of the Obligated Group by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement); provided, however, that to the extent that the counterparty of any Derivative Agreement is in default thereunder, the amount of interest payable by the Member of the Obligated Group shall be the interest calculated as if such Derivative Agreement had not been executed;

(vi) with respect to a Derivative Agreement that has not been certified as relating to underlying Indebtedness which has been entered into by any Member of the Obligated Group and which is secured by an Obligation, the principal or notional amount of such Derivative Agreement shall be disregarded (for so long as the Member of the Obligated Group is not required to make any payment other than interest payments thereon) and interest on such Derivative Agreement during any Derivative Period, for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder, shall be calculated by taking (y) the amount of interest payable by such Member of the Obligated Group at the rate specified in the Derivative Agreement and subtracting (z) the amount of interest payable by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement; and

(vii) notwithstanding anything in the Master Indenture to the contrary, any so-called mark to market charge or credit attributable to any Derivative Agreement under Statement of Financial Accounting Standards No. 133 or otherwise shall be excluded from calculation of the revenues and expenses, in each case, of each Member of the Obligated Group and all related definitions and financial covenants in the Master Indenture for all purposes of the Master Indenture. Furthermore, notwithstanding anything else in the Master Indenture to the contrary, any

portion of any Indebtedness of any Member for which an Derivative Agreement has been obtained by such Member shall be deemed to bear interest for the period of time that such Derivative Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the payments made or received by such Member on such Derivative Agreement; provided that the long-term credit rating of the provider of such Derivative Agreement (or any guarantor thereof) is in one of the three highest rating categories of any rating agency (without regard to any refinements of gradation of rating category by numerical modifier or otherwise). In addition, so long as any Indebtedness is deemed to bear interest at such net rate taking into account a Derivative Agreement, any payments made by a Member on such Derivative Agreement shall be excluded from expenses and any payments received by a Member on such Derivative Agreement shall be excluded from revenues, in each case, for all purposes of the Master Indenture.

provided, however, that Escrowed Interest and Escrowed Principal shall be excluded from the determination of Long-Term Debt Service Requirement; provided, further, however, that in connection with the calculation of "Long-Term Debt Service Requirement", in no event shall any payments to be made in respect of principal and/or interest on any Outstanding Long-Term Indebtedness of the Obligated Group during such period be counted more than once.

Long-Term Indebtedness means all Indebtedness (other than Indebtedness for which the timely payment of the principal of and interest on which has been provided for from the deposit of Defeasance Securities) having a maturity longer than one year incurred or assumed by any Member of the Obligated Group, including without duplication:

- (i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;
- (ii) leases which are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year;
- (iii) installment sale or conditional sale contracts having an original term in excess of one year;
- (iv) Short-Term Indebtedness if a commitment by a financial lender exists to provide financing to retire such Short-Term Indebtedness and such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, constitute Long-Term Indebtedness; and
- (v) the current portion of Long-Term Indebtedness.

Master Indenture means the Amended and Restated Master Trust Indenture, dated as of November 25, 2014, including any amendments or supplements thereto.

Master Trustee means The Bank of New York Mellon, New York, and any successor under the Master Indenture.

Maximum Annual Debt Service means the highest Long-Term Debt Service Requirement for the current or any succeeding Fiscal Year.

Member of the Obligated Group or Member means NYULH and any other Person becoming a Member of the Obligated Group pursuant to the Master Indenture.

Moody's means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall 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 designated by the Obligated Group Representative by written notice to the Master Trustee.

Mortgage means (i) the mortgage granted by NYULH to the Authority and assigned to the Master Trustee to secure the obligations of NYULH to the Master Trustee with respect to the initial Obligations and all such other Obligations as may be issued from time to time in accordance with the provisions of the Master Indenture, and (ii) any other mortgage encumbering additional property added as collateral for Obligations granted by any Member of the Obligated Group to secure all Obligations issued pursuant to the Master Indenture.

Mortgaged Property means any and all Property, whether real, personal or mixed, and all rights and interests in and to the Property, which is subject to the liens and security interests created under a Mortgage.

Non-Recourse Indebtedness means any Indebtedness incurred to finance the purchase of Property secured exclusively by a Lien on such Property or the revenues or net revenues produced by such Property or both, the liability for which is effectively limited to the Property subject to such Lien with no recourse, directly or indirectly, to any other Property of any Member of the Obligated Group.

NYULH means NYU Langone Hospitals, a not-for-profit corporation, incorporated and existing under the laws of the State of New York.

Obligated Group means, collectively, the Members of the Obligated Group.

Obligated Group Representative means NYULH or its successor.

Obligation means the evidence of particular Indebtedness issued under the Master Indenture as a joint and several obligation of each Member of the Obligated Group. "Obligation" may also include the evidence of a particular obligation of each Member of the Obligated Group under a Derivative Agreement.

Officer's Certificate means a certificate signed by the Authorized Representative of such Member of the Obligated Group or the Obligated Group Representative as the context requires. Each Officer's Certificate presented pursuant to the Master Indenture shall state that it is being delivered pursuant to (and shall identify the section or subsection of), and shall incorporate by reference and use in all appropriate instances all terms defined in, the Master Indenture. Each Officer's Certificate shall state (i) that the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer's Certificate is delivered or shall state in reasonable detail the nature of any noncompliance and the steps being taken to remedy such non-compliance and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

Operating Assets means any or all land, leasehold interests, buildings, machinery, equipment, hardware, inventory and other tangible and intangible Property owned or operated by a Member of the Obligated Group and used in its respective trade or business, whether separately or together with other such assets, but not including cash, investment securities and other Property held for investment purposes.

Opinion of Bond Counsel means an opinion in writing signed by an attorney or firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and who is acceptable to the Master Trustee and each Related Bond Issuer.

Opinion of Counsel means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Master Trustee, who may be counsel for the Obligated Group Representative or any Member of the Obligated Group or other counsel acceptable to the Master Trustee.

Other Swap Payments has the meaning set forth below in section 4.04.

Outstanding means, as of any date of determination, (i) when used with reference to Obligations, all Obligations theretofore issued or incurred and not paid and discharged, other than (A) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (B) Defeased Obligations and (C) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, and (ii) when used with reference to

Indebtedness other than Indebtedness evidenced by an Obligation, all Indebtedness theretofore issued or incurred and not paid and discharged, other than Indebtedness deemed paid and no longer outstanding under the documents pursuant to which such Indebtedness was incurred; provided, however, that for purposes of determining whether the Holders of the requisite principal amount of Obligations have concurred in any demands, direction, request, notice, consent, waiver or other action under the Master Indenture, Obligations or Related Bonds that are owned by the Obligated Group Representative or any Member of the Obligated Group or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member or the Obligated Group Representative shall be deemed not to be Outstanding, provided further, however, that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent, or waiver, only such Obligations or Related Bonds which the Master Trustee has actual notice or knowledge are so owned shall be deemed to be not Outstanding.

Permitted Liens has the meaning set forth below in Section 3.05.

Permitted Sale Leaseback has the meaning set forth below in Section 3.14.

Person means an individual, association, unincorporated organization, limited liability company, corporation, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

Property means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

Property, Plant and Equipment means all Property of the Members of the Obligated Group which is property, plant and equipment under generally accepted accounting principles.

Qualifying Release Parcel means a Release Building or Release Unit meeting the 25% test set forth in Section 3.15.

Regularly Scheduled Swap Payments has the meaning set forth below in Section 4.04.

Related Bond Indenture means any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued and, with regard to the Series 2020A Bonds, means the Indenture of Trust, dated as of February 1, 2020, relating to the NYU Langone Hospitals Taxable Bonds, Series 2020A.

Related Bond Issuer means the issuer of any issue of Related Bonds issued and, with regard to the Series 2020A Bonds, means the Institution.

Related Bonds means the revenue bonds or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (i.e. a "Related Bond Issuer") ("governmental issuer"), pursuant to a Related Bond Indenture, the proceeds of which are loaned or otherwise made available to the Obligated Group Representative or a Member of the Obligated Group in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer.

Related Bond Trustee means the trustee and its successors in the trusts created under any Related Bond Indenture.

Related Credit Facility Issuer means the Credit Facility Issuer with respect to any issue of Related Bonds.

Related Loan Agreement means any loan agreement, lease agreement or any similar instrument relating to the loan of proceeds of Related Bonds to a Member of the Obligated Group.

Release Building has the meaning set forth below in Section 3.15.

Release Parcel has the meaning set forth below in Section 3.15.

Remaining Parcel has the meaning set forth below in Section 3.15.

S/L Certificate has the meaning set forth below in Section 3.14.

S/L Counterparty has the meaning set forth below in Section 3.14.

S/L Master Trustee Documents has the meaning set forth below in Section 3.14.

S/L Parcel has the meaning set forth below in Section 3.14.

S&P means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall 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 designated by the Obligated Group Representative by written notice to the Master Trustee.

Series 2020A Bonds means the NYU Langone Hospitals Taxable Bonds, Series 2020A issued under the Related Bond Indenture.

Series 2020A Obligation means the Obligation No. 20, which Obligation will secure the Series 2020A Bonds.

Short-Term Indebtedness means all Indebtedness having a maturity of one year or less, other than the current portion of Long-Term Indebtedness, incurred or assumed by any Member of the Obligated Group, excluding trade debt incurred in the ordinary course of business but including:

- (i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;
- (ii) leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (iii) installment purchase or conditional sale contracts having an original term of one year or less.

Subordinated Debt means Indebtedness the payment of which is evidenced by instruments, or issued under an indenture or other document, containing specific provisions subordinating such Indebtedness to the Obligations, including following any event of insolvency by the debtor or following acceleration of such Indebtedness.

Supplement means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture.

Tax-Exempt Organization means a Person organized under the laws of the United States of America or any state thereof which is (i) an organization described in Section 501(c)(3) of the Code or is treated as an organization described in Section 501(c)(3) of the Code, and (ii) exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

Total Operating Revenues means, with respect to the Obligated Group, as to any period of time, total operating revenues less all deductions from revenues, as determined in accordance with generally accepted accounting principles consistently applied.

Transfer means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt.

Variable Rate Indebtedness means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

1.02(c) Interpretation. BY THEIR PURCHASE OF THE SERIES 2020A BONDS, THE HOLDERS THEREOF SHALL BE DEEMED TO HAVE CONSENTED TO THE AMENDMENTS CONTAINED IN THIS SECTION 1.02(c) (WHICH ARE DOUBLE UNDERLINED) AND WAIVED NOTICE OF SUCH AMENDMENT, IF ANY IS REQUIRED BY THE MASTER INDENTURE. SUCH AMENDMENT WILL BE EFFECTIVE UPON THE RECEIPT OF DASNY'S CONSENT AND THE CONSENT OF NOT LESS THAN 51% IN AGGREGATE PRINCIPAL AMOUNT OF OBLIGATIONS OUTSTANDING. Where the character or amount of any asset, liability or item of revenue or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, the same shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements hereof or of such agreement, document or certificate. If there is a change in generally accepted accounting principles and the Obligated Group shall determine that the change in such principles materially affects any consolidation, combination or other accounting computation required by this Master Indenture, or any other related agreement, document or certificate, any such consolidation, combination or other accounting computation shall be made (i) in accordance with generally accepted accounting principles currently in effect, or (ii) at the sole option of the Obligated Group as described below, to reflect adjustments generally consistent with generally accepted accounting principles in effect at the time of original execution and delivery of this Master Indenture, in which case such adjusted version, or the portion thereof, shall be used for the specified calculation, consolidation or combination required under this Master Indenture, or such agreement, document or certificate. If the Obligated Group elects to provide an adjustment to such consolidation, combination or other accounting computation, the Obligated Group Representative shall deliver an Officer's Certificate to the Master Trustee describing why then-current generally accepted accounting principles are inconsistent with the intent of the parties on the date of execution and delivery of this Master Indenture (including, but not limited to, to exclude the effect of "EASB ASC Topic 842, Leases" relating to treatment of leases formerly classified as operating leases under generally accepted accounting principles), the nature and effect of the adjustments made thereto and the effects thereof.

II INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF OBLIGATIONS

2.01 Amount of Indebtedness. Subject to the terms, limitations and conditions established in the Master Indenture, each Member of the Obligated Group may incur Indebtedness by issuing Obligations under the Master Indenture or by creating Indebtedness under any other document. The principal amount of Indebtedness created under other documents and the number and principal amount of Obligations evidencing Indebtedness that may be created under the Master Indenture are not limited, except as limited by the provisions of the Master Indenture or of any Supplement. Each Member of the Obligated Group is jointly and severally liable for each and every Obligation issued under the Master Indenture.

2.07 Issuance of Obligations in Forms Other than Notes. Obligations may be issued under the Master Indenture in a form other than a promissory note to evidence any type of Indebtedness or Derivative Agreement that itself is in a form other than a promissory note including without limitation, deeming such Indebtedness or Derivative Agreement or certain payments due thereunder to be an Obligation. Consequently, the Related Supplement pursuant to which any Obligation is issued may provide for such supplements or amendments to the provisions of the Master Indenture as are necessary or appropriate to permit the issuance of such Obligation under the Master Indenture and as are not inconsistent with the intent of the Master Indenture that all Obligations issued under the Master Indenture be equally and ratably secured by the lien on the trust estate created under the Master Indenture except to the extent that an Obligation provides for subordination of some or all of the payment obligations thereunder and/or subordination of security therefor. Any Derivative Agreement (or any particular payments thereunder) which is or are authenticated as an Obligation under the Master Indenture shall be equally and ratably secured by any lien created under the Master Indenture with all other Obligations except as otherwise provided in the Master Indenture; provided, however, that any such Obligation shall be deemed outstanding under the Master Indenture solely for the purpose of receiving payment under the Master Indenture and shall not be entitled to exercise any rights under the Master Indenture, including without limitation the right to vote or control

remedies, and any Obligation issued to secure any Derivative Agreement shall not be deemed to be Outstanding for any purpose under the Master Indenture, other than the right to receive payment of amounts due thereunder equally and ratably with all other Obligations.

III PARTICULAR COVENANTS OF THE OBLIGATED GROUP

3.01 Security; Restrictions on Encumbering Property; Payment of Principal and Interest. (a) Any Obligation issued pursuant to the Master Indenture shall be a general obligation of each Member of the Obligated Group. To secure, among other things, the prompt payment of the principal of, redemption premium, if any, and the interest on all Obligations issued from time to time under the Master Indenture, and the performance by the Member of the Obligated Group of its other obligations under the Master Indenture, the Mortgage heretofore granted to the Authority by the Member of the Obligated Group has been assigned to the Master Trustee. Each Member of the Obligated Group hereby pledges, assigns and grants to the Master Trustee a security interest in its Gross Receipts or, at the time of admission, shall pledge, assign and grant to the Master Trustee a security interest in its Gross Receipts. Upon receipt, all such security shall be held in trust for the holders from time to time of all Obligations issued and Outstanding under the Master Indenture, without preference or priority of any one Obligation over any other Obligation.

If any Event of Default summarized under paragraph (a), (d), (e) or (f) of section 4.01 below shall have occurred, any Gross Receipts then on deposit in any fund or account of a Member of the Obligated Group (unless such account has been pledged as security as permitted in the Master Indenture), and any Gross Receipts thereafter received, shall immediately, upon receipt, be transferred into the Gross Receipts Revenue Fund established pursuant to the Master Indenture. Upon receipt, all such Gross Receipts shall be held by the Master Trustee in trust for the Holders from time to time of all Obligations issued and Outstanding under the Master Indenture, without preference or priority of any one Obligation over any other Obligation. Prior to its receipt of a request from the Master Trustee pursuant to the Master Indenture, any Member of the Obligated Group may transfer, or pledge as security, all or any part of its Gross Receipts free of such security interest, as permitted pursuant to the provisions of the Master Indenture. In the event of such transfer or pledge, upon the request of a Member of the Obligated Group, the Master Trustee shall execute a release of its security interest with respect to the assets so transferred.

In addition to the preceding paragraph, upon an Event of Default summarized under paragraph (a), (d), (e) or (f) of section 4.01 below, the Members of the Obligated Group agree to take no action inconsistent with the pledge, assignment and deposit of Gross Receipts contemplated by the Master Indenture, and to cooperate in all respects to assure the deposit of such Gross Receipts in the Gross Receipts Revenue Fund.

With respect to all Obligations issued, executed and delivered under the Master Indenture, there shall be delivered to the Master Trustee financing statements evidencing the security interests of the Master Trustee in the Gross Receipts of the Members of the Obligated Group in the form required by the New York Uniform Commercial Code with copies sufficient in number for filing in the office of the Secretary of State of the State of New York.

Each Member of the Obligated Group shall also execute and deliver to the Master Trustee from time to time such amendments or supplements to the Master Indenture as may be necessary or appropriate to include as security under the Master Indenture the Gross Receipts. In addition, each Member of the Obligated Group covenants that it will prepare and file such financing statements or amendments to or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with applicable law or as required due to changes in the Obligated Group, including, without limitation, (i) any Person becoming a Member of the Obligated Group pursuant to the Master Indenture, or (ii) any Member of the Obligated Group ceasing to be a Member of the Obligated Group pursuant to the Master Indenture. In particular, each Member of the Obligated Group covenants that it will, at least thirty (30) days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statements as shall, in the Opinion of Counsel, be necessary to continue the security interest created under the Master Indenture pursuant to applicable law and shall provide to the Master Trustee written notice of such filing. If the Master Trustee shall not have received such notice at least twenty-five (25) days prior to the expiration date of any such financing statement, the Master Trustee shall prepare and file or cause each Member of the Obligated Group to prepare and file such continuation statements in a timely manner to assure that the security interest in Gross Receipts shall remain perfected.

(b) Each Member of the Obligated Group covenants that it will not pledge or grant a security interest in (except for Permitted Liens as set forth in the Master Indenture) any of its Property.

(c) Each Obligation shall be a joint and several general obligation of each Member of the Obligated Group. Each Member of the Obligated Group covenants to promptly pay or cause to be paid the principal of, premium, if any, and interest on each Obligation issued pursuant to the Master Indenture at the place, on the dates and in the manner provided in the Master Indenture and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(d) Each Member of the Obligated Group covenants that, if an Event of Default shall have occurred and be continuing, it will, upon request of the Master Trustee, deliver or direct to be delivered to the Master Trustee all Gross Receipts until such Event of Default has been cured, such Gross Receipts to be applied in accordance with the Master Indenture.

3.02 Covenants as to Corporate Existence, Maintenance of Properties, Etc. Each Member of the Obligated Group covenants:

(a) Except as otherwise expressly provided in the Master Indenture, to preserve its corporate or other legal existence and all its material rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications; provided, however, that nothing contained in the Master Indenture shall be construed to obligate it to retain or preserve any of its rights or licenses, no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(b) At all times to cause its Property in all material respects to be maintained, preserved and kept in good repair, working order and condition and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this paragraph shall be construed to (i) prevent it from ceasing to operate any portion of its Property, if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business by an opinion or certificate of a Consultant) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply in all material respects with any and all applicable laws of the United States and the several states thereof (including, but not limited to, the Public Health Law of the State of New York for as long as there are Related Bonds of the Authority or its predecessors outstanding) and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that nothing contained in the Master Indenture shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(d) To pay promptly when due all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.

(e) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations created and Outstanding under the Master Indenture) whose validity, amount or collectability is being contested in good faith.

(f) At all times to comply in all material respects with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

(g) To procure and maintain all necessary licenses and permits and maintain accreditation of its health care facilities (if any, and other than those of a type for which accreditation is not available) by the Joint Commission on Accreditation of Healthcare Organizations or other applicable recognized accrediting body; provided, however, that it need not comply with this section if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

(h) So long as the Master Indenture shall remain in force and effect, each Member of the Obligated Group which is a Tax-Exempt Organization at the time it becomes a Member of the Obligated Group agrees that, so long as all amounts due or to become due on any Related Bond have not been fully paid to the holder thereof, it shall not take any action or suffer any action to be taken by others, including any action which would result in the alteration or loss of its status as a Tax-Exempt Organization, or fail to take any action which failure, in the Opinion of Bond Counsel, would result in the interest on any Related Bonds becoming included in the gross income of the holder thereof for federal income tax purposes.

3.03 Insurance. Each Member of the Obligated Group agrees that it will maintain, or cause to be maintained, insurance (including one or more self-insurance programs considered to be adequate) covering such risks in such amounts and with such deductibles and co-insurance provisions as, in the judgment of its Governing Body, are adequate to protect it and its Property and operations.

The Obligated Group Representative shall engage an Insurance Consultant to review the insurance requirements of the Members of the Obligated Group from time to time (but not less frequently than biennially). If the Insurance Consultant makes recommendations for the increase of any coverage, the applicable Member of the Obligated Group shall increase or cause to be increased such coverage in accordance with such recommendations, subject to a good faith determination of the Governing Body of such Member that such recommendations, in whole or in part, are in the best interests of the Obligated Group. If the Insurance Consultant makes recommendations for the decrease or elimination of any coverage, the Member of the Obligated Group may decrease or eliminate such coverage in accordance with such recommendations, subject to a good faith determination of the Governing Body of the Obligated Group Representative that such recommendations, in whole or in part, are in the best interests of the Obligated Group. Notwithstanding anything in this section to the contrary, each Member of the Obligated Group shall have the right, without giving rise to an Event of Default solely on such account, (i) to maintain insurance coverage below that most recently recommended by the Insurance Consultant, if the Obligated Group Representative furnishes to the Master Trustee a report of the Insurance Consultant to the effect that the insurance so provided affords either the greatest amount of coverage available for the risk being insured against at rates which in the judgment of the Insurance Consultant are reasonable in connection with reasonable and appropriate risk management, or the greatest amount of coverage necessary by reason of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or (ii) to adopt alternative risk management programs which the Insurance Consultant determines to be reasonable, including, without limitation, to self-insure in whole or in part individually or in connection with other institutions, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or to establish or participate in other alternative risk management programs; all as may be approved by the Insurance Consultant as reasonable and appropriate risk management by the Obligated Group. If any Member of the Obligated Group shall be self-insured for any coverage, the report of the Insurance Consultant mentioned above shall state whether the anticipated funding of any self-insurance fund is actuarially sound, and if not, the required funding to produce such result and such coverage shall be reviewed by the Insurance Consultant not less frequently than annually.

3.04 Insurance and Condemnation Proceeds. (a) Unless otherwise provided in the Mortgages, amounts that do not exceed 20% of the Book Value of the Property, Plant and Equipment of the Obligated Group received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss relating to the Health Care Facilities or as condemnation awards relating to the Health Care Facilities may be used in such manner as the recipient may determine, including, without limitation, applying such moneys to the payment or prepayment of any Indebtedness in accordance with the terms thereof and of any pertinent Supplement.

(b) Unless otherwise provided in the Mortgages, amounts that exceed 20% of the Book Value of the Property, Plant and Equipment of the Obligated Group received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss relating to the Health Care Facilities or as condemnation awards relating to the Health Care Facilities shall be applied to repair or replace the Property (either Property serving the same function or other Property that, in the judgment of the Governing Body, is of equal usefulness) to which such proceeds relate or to the payment or prepayment of Indebtedness in accordance with the terms thereof and of any pertinent Supplement; *provided, however*, such amounts may be used in such manner as the recipient may determine, if the recipient notifies the Master Trustee in writing and within 12 months after the casualty loss or taking, delivers to the Master Trustee:

(i) (A) An Officer's Certificate of the Obligated Group Representative certifying the forecasted Long-Term Debt Service Coverage Ratio for each of the two Fiscal Years following the date on which such proceeds or awards are forecasted to have been fully applied, which Long-Term Debt Service Coverage Ratio for each such period is not less than 1.50, as shown by pro forma financial statements for each such period, accompanied by a statement of the relevant assumptions including assumptions as to the use of such proceeds or awards, upon which such pro forma statements are based; and (B) if the amount of such proceeds or awards received with respect to any casualty loss or condemnation exceeds 30% of the Book Value of the Property, Plant and Equipment of the Obligated Group, a written report of a Consultant confirming such certification; or

(ii) A written report of a Consultant stating the Consultant's recommendations, including recommendations as to the use of such proceeds or awards, to cause the Long-Term Debt Service Coverage Ratio for each of the periods described in subparagraph (i) to be not less than 1.20, or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest practicable level; and an Officer's Certificate of the Obligated Group Representative certifying that the recipient will use such proceeds in accordance with the recommendations contained in the Consultant's report.

(iii) Each Member of the Obligated Group agrees that it will use such proceeds or awards, to the extent permitted by law and any Mortgage, only in accordance with the assumptions described in subparagraph (i) above, or the recommendations described in subparagraph (ii) above.

3.05 Limitations on Creation of Liens. (a) Each Member of the Obligated Group agrees that it will not create or suffer to be created or permit the existence of any Lien on Property now owned or hereafter acquired by it other than Permitted Liens.

(b) Permitted Liens shall consist of the following:

(i) Liens arising by reason of good faith deposits by any Member of the Obligated Group in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member of the Obligated Group to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(ii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member of the Obligated Group to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(iii) Any judgment lien against any Member of the Obligated Group so long as such judgment is being contested in good faith and execution thereon is stayed;

(iv) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 180 days; and (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof.

(v) Any Lien which is existing on the date of authentication and delivery of the initial Obligation issued under the Master Indenture, which is set forth on a schedule to the Master Indenture, provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member of the Obligated Group not subject to such Lien on such date or to secure Indebtedness not Outstanding as of the date of the Master Indenture, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien under the Master Indenture;

(vi) Any Liens of a new Member or a successor to an existing Member that is permitted to remain outstanding after such new Member or successor becomes a Member of the Obligated Group pursuant to the Master Indenture;

(vii) Any Lien securing Non-Recourse Indebtedness permitted by the Master Indenture;

(viii) Any Lien on Property acquired by a Member of the Obligated Group if the indebtedness secured by the Lien is Additional Indebtedness permitted under the provisions of the Master Indenture, and if an Officer's Certificate is delivered to the Master Trustee certifying that (A) the Lien and the indebtedness secured thereby were created and incurred by a Person other than the Member of the Obligated Group, and (B) the Lien was not created for the purpose of enabling the Member of the Obligated Group to avoid the limitations of the Master Indenture on creation of Liens on Property of the Obligated Group;

(ix) So long as no Event of Default exists under the Master Indenture, any Lien on accounts receivable and the proceeds from the sale thereof securing Indebtedness or Derivative Agreements, which conforms to the limitations contained in the Master Indenture;

(x) Any Lien on Property (including moveable equipment) that secures Indebtedness or Derivative Agreements that conforms to the limitations contained in the Master Indenture, and that does not exceed in aggregate 20% of Total Operating Revenue as reflected in the most recent Audited Financial Statements;

(xi) Any Lien on Equipment used at a Health Care Facility provided the Indebtedness secured by such Lien was incurred in accordance with the Master Indenture;

(xii) Any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings; banker's liens or rights of setoff; or liens securing standby letters of credit or other liquidity or credit enhancement that provides liquidity or credit enhancement for Indebtedness otherwise permitted under the Master Indenture;

(xiii) Any Liens on the proceeds of insurance insuring assets that are subject to a lease from a third party owner or lessor of such assets;

(xiv) Any Lien in favor of a trustee or other agent on the proceeds of Indebtedness and any earnings thereon created by the irrevocable deposit of such monies for the purpose of refunding or defeasing Indebtedness;

(xv) Any Lien securing all Obligations on a parity basis, including the Lien created by the Master Indenture on Gross Receipts securing all Obligations and by a Mortgage;

(xvi) Liens on moneys deposited by patients or others with any Member of the Obligated Group as security for or as prepayment for the cost of patient care;

(xvii) Liens on Property received by any Member of the Obligated Group through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xviii) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Obligated Group; and

(xix) Any Lien on Excluded Property.

3.06 Limitations on Indebtedness. Each Member of the Obligated Group covenants and agrees that it will not incur any Additional Indebtedness if such Indebtedness could not be incurred pursuant to any one of paragraphs (a) to (g) inclusive of this section.

(a) Long-Term Indebtedness may be incurred if prior to incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee:

(i) An Officer's Certificate of the Obligated Group Representative certifying that:

(A) The cumulative principal amount of all then outstanding Long-Term Indebtedness incurred pursuant to this paragraph, together with the Indebtedness then to be issued does not exceed 20% of Total Operating Revenues as reflected in the most recently Audited Financial Statements, or

(B) The Long-Term Debt Service Coverage Ratio for the most recent period of twelve (12) full consecutive calendar months preceding the date of delivery of the certificate of the Obligated Group Representative for which there are Audited Financial Statements available, taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 1.25; or

(ii) (1) an Officer's Certificate of the Obligated Group Representative demonstrating that the Long-Term Debt Service Coverage Ratio for the period mentioned in paragraph (a) above, excluding the proposed Long-Term Indebtedness, is at least 1.25 and (2) a written report of a Consultant demonstrating that the forecasted Long-Term Debt Service Coverage Ratio is not less than 1.35 for (x) in the case of Long-Term Indebtedness (other than a Guaranty) to finance Capital Additions, the full Fiscal Year succeeding the date on which such Capital Additions are forecasted to be in operation or (y) in the case of Long-Term Indebtedness not financing Capital Additions or in the case of a Guaranty, the full Fiscal Year succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the Obligated Group for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma financial statements for the Obligated Group are based; *provided, however,* that compliance with the tests set forth in this paragraph may be evidenced by a certificate of the Obligated Group Representative in lieu of a Consultant's report where the Long-Term Debt Service Coverage Ratio set forth in the second clause of this subparagraph is equal to or greater than 1.50; *provided, however,* that if the report of a Consultant states that Governmental Restrictions have been imposed which make it impossible for the coverage requirements of this subparagraph to be met, then such

coverage requirements shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00.

(b) Long-Term Indebtedness incurred for the purpose of refunding any Outstanding Long-Term Indebtedness may be incurred if, prior to the incurrence of such Long-Term Indebtedness, (i) the Long-Term Indebtedness to be incurred does not constitute Cross-over Refunding Indebtedness there is delivered to the Master Trustee (A) an Officer's Certificate of the Obligated Group Representative demonstrating that Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof and (B) an Opinion of Counsel stating that upon the incurrence of such Proposed Long-Term Indebtedness and application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded thereby will no longer be Outstanding; or (ii) the Indebtedness proposed to be issued is Cross-over Refunding Indebtedness, there is delivered to the Master Trustee a certificate of the Obligated Group Representative stating that the total Maximum Annual Debt Service on the proposed Cross-over Refunding Indebtedness and the Related Cross-over Refunded Indebtedness, immediately after the issuance of the proposed Cross-over Refunding Indebtedness, will not exceed the Maximum Annual Debt Service on the Cross-over Refunded Indebtedness alone, immediately prior to the issuance of the Cross-over Refunding Indebtedness, by more than 10%.

(c) Short-Term Indebtedness may be incurred subject to the limitation that the aggregate of all Short-Term Indebtedness shall not at any time exceed 20% of Total Operating Revenues as reflected in the Audited Financial Statements of the Obligated Group for the most recent period of twelve consecutive months for which Audited Financial Statements are available; provided, however, that there shall be a period of at least 30 consecutive calendar days during each such period of twelve consecutive calendar months for which Audited Financial Statements are available during which Short-Term Indebtedness shall not exceed 5% of Total Operating Revenues. For purposes of this paragraph, a Guaranty of Short-Term Indebtedness shall be valued at 20% of the aggregate principal amount of the Short-Term Indebtedness guaranteed so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles; provided that in the event such Guaranty shall be drawn upon, such Guaranty shall be valued at 100% of the aggregate principal amount of the Short-Term Indebtedness guaranteed. For the purpose of calculating compliance with the tests set forth in this paragraph, Short-Term Indebtedness secured by accounts receivable shall not be taken into account except to the extent provided in paragraph (f) below.

(d) Non-Recourse Indebtedness may be incurred without limit.

(e) Subordinated Debt may be incurred without limit.

(f) Short-Term Indebtedness secured by accounts receivable may be incurred within the limitations imposed on the pledge or sale of accounts receivable, as provided in paragraph (g) below; provided that at the time of incurrence, the outstanding principal amount of such Short-Term Indebtedness is less than or equal to the fair market value of the accounts receivable pledged to secure such Short-Term Indebtedness. At any time that the outstanding principal amount of such Short-Term Indebtedness is greater than the fair market value of the accounts receivable pledged to secure such Short-Term Indebtedness, the excess amount shall be treated as Short-Term Indebtedness for the purposes of the tests set forth in paragraph (c) above.

(g) Indebtedness may be incurred in an amount limited to the cost of completion for the purpose of financing the completion of the acquisition or construction of a Capital Addition with respect to which Indebtedness has theretofore been incurred, provided there shall be delivered to the Master Trustee in connection with the issuance of the Indebtedness (i) a certificate of the Obligated Group Representative to the effect that the Obligated Group Representative did reasonably expect at the time the initial Indebtedness was incurred that the proceeds of such Indebtedness, together with other available funds, would be sufficient to complete the Capital Addition, (ii) a licensed architect's or licensed engineer's certificate to the effect that the proceeds of such additional Indebtedness will be sufficient to complete the Capital Addition and (iii) the amount of such Indebtedness is limited to the costs identified in (i) above plus necessary reserves and costs related to issuance of such Indebtedness.

Indebtedness incurred pursuant to any one of subparagraphs (a)(i) or (a)(ii) above may be reclassified as Indebtedness incurred pursuant to any other of such subparagraphs if the tests set forth in the subparagraph to which such Indebtedness is to be reclassified are met at the time of such reclassification.

Indebtedness containing a “put” or “tender” provision pursuant to which the holder of such Indebtedness may require that such Indebtedness be purchased prior to its maturity shall not be considered Balloon Long-Term Indebtedness, solely by reason of such “put” or “tender” provision, and the put or tender provision shall not be taken into account in testing compliance with any debt incurrence test pursuant to this section.

Accounts receivable of any Member or Members may be sold, pledged, assigned or otherwise disposed or encumbered in accordance with the Master Indenture in an aggregate amount not exceeding 50% of the three month average outstanding accounts receivable of the Obligated Group that are one hundred and twenty days old or less as calculated in accordance with generally accepted accounting principles. If the Long-Term Debt Service Coverage Ratio is 2.00 or greater, the percentage of accounts receivable identified in the preceding sentence may be increased to 75%. The three month average shall be calculated based on the month end available balances for the three full calendar months immediately preceding the date on which such accounts receivable are sold, pledged, assigned or otherwise disposed or encumbered.

3.07 Long-Term Debt Service Coverage Ratio. (a) The Members of the Obligated Group covenant to set rates and charges for their facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each Fiscal Year, will not be less than 1.10 for such prior Fiscal Year; *provided, however,* that in any case where Long-Term Indebtedness has been incurred to acquire or construct a Capital Addition, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first Fiscal Year commencing after the occupation or utilization of such Capital Addition unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such Fiscal Year.

(b) If at any time the Long-Term Debt Service Coverage Ratio required by paragraph (a) above, as derived from the most recent Audited Financial Statements for the most recent Fiscal Year, is not met, the Obligated Group covenants to retain a Consultant within thirty (30) days of the delivery of the aforementioned Audited Financial Statements to make recommendations to increase such Long-Term Debt Service Coverage Ratio in the following Fiscal Year to the level required or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest level attainable. Any Consultant so retained shall be required to submit such recommendations within forty-five (45) days after being so retained. Each Member of the Obligated Group agrees that it will, to the extent permitted by Governmental Restrictions, follow the recommendations of the Consultant. So long as a Consultant shall be retained and each Member of the Obligated Group shall follow such Consultant’s recommendations to the extent permitted by such Governmental Restrictions, this section shall be deemed to have been complied with even if the Long-Term Debt Service Coverage Ratio for the following Fiscal Year is below the required level; *provided, however,* that the Obligated Group shall not be required to retain a Consultant to make recommendations pursuant to this paragraph more frequently than biennially.

3.08 Sale, Lease or Other Disposition of Property; Disposition of Cash and Investments., Unsecured Loans to Non-Members; Sale of Accounts. (a) Each Member of the Obligated Group agrees that it will not Transfer Property, other than in the ordinary course of business, in any Fiscal Year (or other 12-month period for which Audited Financial Statements are available) except for Transfers of Property:

(i) To any Person provided such Property has become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property.

(ii) To another Member of the Obligated Group without limit.

(iii) To any Person provided there shall be delivered to the Master Trustee prior to such Transfer an Officer’s Certificate certifying that the Obligated Group is in compliance with section 3.07 above and the Long-Term Debt Service Coverage Ratio, adjusted to exclude the revenues and

expenses derived from the Operating Assets proposed to be disposed of, for the most recent period of twelve (12) full consecutive calendar months preceding the date of delivery of the Officer's Certificate for which the Audited Financial Statements have been reported upon by independent certified public accountants and such Long-Term Debt Service Coverage Ratio is not less than 1.25 and not less than sixty-five percent (65%) of what it would have been were such Transfer not to take place.

(iv) To any Person if the aggregate Book Value of the Property Transferred pursuant to this paragraph in the current Fiscal Year does not exceed 5% of the Book Value of all Property of the Obligated Group as shown in the Audited Financial Statements for the most recent Fiscal Year; provided, however, that transfers to the Affiliated School shall be excluded for the purposes of calculating the amount as transferred.

(v) To any Person if the Property Transferred pursuant to this paragraph was transferred at fair market value; *provided further, however*, that with respect to transfers of real property, fair market value shall be based on a written appraisal prepared by an appraiser with experience in valuing similar assets.

(vi) To a Person which at the time of the Transfer is not a Member of the Obligated Group or successor corporation pursuant a merger or consolidation permitted by the Master Indenture, without limit, if such Person or successor corporation shall, at the time of such Transfer, become a Member of the Obligated Group pursuant to the Master Indenture.

(vii) To any S/L Counterparty in connection with a Permitted Sale Leaseback as set forth in the Master Indenture.

(viii) To any Partial Release Sale Counterparty in connection with a Permitted Partial Release Sale as set forth in the Master Indenture

(b) Any Member of the Obligated Group will have the right to sell, pledge, assign or otherwise dispose of its accounts receivable, with or without recourse, if such Member of the Obligated Group shall receive as consideration for such sale, pledge, assignment or other disposition cash, services or Property equal to the fair market value of the accounts receivable so sold, as certified to the Master Trustee in an Officer's Certificate of such Member of the Obligated Group and if such sale, pledge, assignment or other disposition meets the limitations contained in paragraph (g) of section 3.06 above regarding the aggregate limit on the pledge, sale or other disposition or encumbrance of accounts receivable.

(c) Nothing contained in this section is intended to prohibit the Transfer of Property, including cash, for payment of goods and services in the ordinary course of business of, or for the acquisition of Property by, the Members of the Obligated Group.

(d) No Member of the Obligated Group shall make any Transfer pursuant to this section of Property financed with the proceeds of Related Bonds that are exempt from federal income taxation without first delivering to the Master Trustee an Opinion of Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the proposed Transfer would not adversely affect the validity of any Related Bond or any exclusion from gross income for federal income taxation purposes of interest payable thereon to which such Related Bond would otherwise be entitled.

3.09 Consolidation; Merger; Sale or Conveyance. (a) Each Member of the Obligated Group covenants that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any Person unless:

(i) Either a Member of the Obligated Group will be the successor corporation, or if the successor corporation is not a Member of the Obligated Group, such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor corporation to assume the due and punctual payment of the principal of, premium, if any, and interest on all Outstanding Obligations issued under the Master Indenture

according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Master Indenture and any Supplement to the Master Indenture; and

(ii) No Member of the Obligated Group immediately after such merger or consolidation, or such sale or conveyance, would be in default in the performance or observance of any covenant or condition of the Master Indenture; and

(iii) If all amounts due or to become due on any Related Bond which bears interest which is not includable in the gross income of the recipient thereof under the Code have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Related Bond, would not adversely affect the exclusion of interest payable on such Related Bond from the gross income of the holder thereof for purposes of federal income taxation; and

(iv) There is delivered to the Master Trustee an Officer's Certificate of the Obligated Group Representative demonstrating that (A) if such merger, consolidation or sale of assets had occurred at the beginning of the most recent period of twelve (12) full consecutive calendar months for which Audited Financial Statements are available, the Long-Term Debt Service Coverage Ratio for such period would have been not less than 1.10, (B) if such merger, consolidation or sale of assets had occurred at the end of the most recent period of twelve (12) full consecutive calendar months for which Audited Financial Statements are available (which period of twelve (12) full consecutive months shall have ended not more than eighteen calendar months prior to the date of the Officer's Certificate), the conditions described in the Master Indenture would have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness, (C) the unrestricted net assets plus temporarily restricted net assets of the successor, resulting or acquiring corporation, as the case may be, after giving effect to said merger or consolidation, or sale or conveyance of assets is not less than 80% of the unrestricted net assets plus temporarily restricted net assets of the Member of the Obligated Group which was merged into, consolidated with or whose assets were acquired by, such successor corporation as reflected in the most recent Audited Financial Statements, and (D) that after such merger or consolidation or sale or conveyance of assets, no Member of the Obligated Group will be in default in the performance of any covenant contained in the Master Indenture.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall comply with the requirements of the Master Indenture and shall succeed to and be substituted for its predecessor, as a Member of the Obligated Group. Such successor corporation thereupon may cause to be signed, and may issue in its own name Obligations issuable under the Master Indenture; and upon the order of such successor corporation and subject to all the terms, conditions and limitations in the Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation under the Master Indenture shall in all respects have the same security position and benefit under the Master Indenture as Outstanding Obligations theretofore or thereafter issued in accordance with the terms of the Master Indenture as though all of such Obligations had been issued under the Master Indenture without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued under the Master Indenture as may be appropriate.

(d) In the event that the Officer's Certificate described in subparagraph (a)(iv) above has been delivered, the Master Trustee may accept an Opinion of Counsel (not an employee of a Member of the Obligated Group or an Affiliate in this case) as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this section and that it is proper for the Master Trustee under the Master Indenture to join in the execution of any instrument required to be executed and delivered by this section.

(e) Any Indebtedness previously incurred by the Person or successor corporation becoming a Member of the Obligated Group in accordance with the provisions of this section shall be permitted to remain outstanding, and any lien or security interest securing such Indebtedness shall be permitted to remain in effect, regardless of whether such Indebtedness could have been incurred pursuant to the provisions of the Master Indenture immediately after such Person or successor corporation became a Member of the Obligated Group.

(f) All references in the Master Indenture to successor corporations shall be deemed to include the surviving corporation in a merger.

3.10 Filing of Audited Financial Statements; Certificate of No Default; Other Information. The Obligated Group covenants that it will:

(a) Within thirty (30) days after receipt of the audit report mentioned below but in no event later than one hundred fifty (150) days after the end of each Fiscal Year, file with the Master Trustee and with each Holder who may have so requested in writing or on whose behalf the Master Trustee may have so requested, a copy of the Audited Financial Statements as of the end of such fiscal reporting period accompanied by the opinion of independent certified public accountants. Such Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles and shall include such statements necessary for a fair presentation of financial position, statement of activity and changes in net assets and cash flows of such fiscal reporting period.

(b) Within thirty (30) days after receipt of the audit report mentioned above but in no event later than one hundred fifty (150) days after the end of each Fiscal Year, file with the Master Trustee and with each Holder who may have so requested or on whose behalf the Master Trustee may have so requested, an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio for such fiscal reporting period and stating whether, to the best knowledge of the signers, any Member of the Obligated Group is in default in the performance of any covenant contained in the Master Indenture and, if so, specifying each such default of which the signers may have knowledge.

(c) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs (or of any consolidated or Obligated Group of companies, including its consolidated or combined Affiliates, including any Member of the Obligated Group) as the Master Trustee may from time to time reasonably request, excluding specifically donor records, patient records and personnel records and (ii) provide access to its facilities for the purpose of inspection by the Master Trustee during regular business hours.

(d) Within thirty (30) days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of the Master Indenture requires to be prepared by a Consultant or an Insurance Consultant.

3.11 Parties Becoming Members of the Obligated Group. Persons which are not Members of the Obligated Group may, with the prior written consent of the Obligated Group Representative, become Members of the Obligated Group, if:

(a) The Person or successor corporation which is becoming a Member of the Obligated Group shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee containing the agreement of such Person or successor corporation (i) to become a Member of the Obligated Group under the Master Indenture and any Supplements and thereby become subject to compliance with all provisions of the Master Indenture and any Supplements pertaining to a Member of the Obligated Group, and the performance and observance of all covenants and obligations of a Member of the Obligated Group under the Master Indenture, (ii) and unconditionally and irrevocably guarantee to the Master Trustee and each other Member of the Obligated Group that all Obligations issued and then Outstanding or to be issued and Outstanding under the Master Indenture will be paid in accordance with the terms thereof and of the Master Indenture when due.

(b) Each instrument executed and delivered to the Master Trustee in accordance with paragraph (a) above, shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master

Trustee, each Related Bond Issuer and each Related Credit Facility Issuer, to the effect that such instrument has been duly authorized, executed and delivered by such Person or successor corporation and constitutes a valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy laws, insolvency laws, other laws affecting creditors' rights generally, equity principles, laws dealing with fraudulent conveyances, limitations on the ability of one charity to make guarantees in favor of other entities, and subject to other customary exceptions acceptable to the Master Trustee and that the obligations of such Person or successor corporation created thereunder include the requirements described in paragraph (a) above.

(c) If all amounts due or to become due on any Related Bond which bears interest which is not includable in the gross income of the recipient thereof under the Code have not been paid to the Holders thereof, there shall be filed with the Master Trustee, (i) an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not adversely affect the exclusion of the interest on any such Related Bond from the gross income of the holder thereof for purposes of federal income taxation and (ii) an Opinion of Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not require the registration of any Obligations under the Securities Act of 1933, as amended or the Supplements under the Trust Indenture Act of 1939, as amended, or if such registration is required, that all applicable registration and qualification provisions of said acts have been complied with.

(d) An Officer's Certificate of the Obligated Group Representative shall be provided to the Master Trustee demonstrating that (i) after giving effect to the admission of such Person as a Member of the Obligated Group, the unrestricted net assets plus temporarily restricted net assets of the Obligated Group including such Person is not less than 80% of the unrestricted net assets plus temporarily restricted net assets of the Obligated Group at the end of the Fiscal Year immediately preceding the year in which such Person shall become a member of the Obligated Group, (ii) the conditions described in the Master Indenture have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness, assuming that the Person or corporation which is becoming a Member of the Obligated Group had become a Member at the beginning of the most recent period of twelve (12) full consecutive calendar months for which Audited Financial Statements are available (which period of twelve (12) full consecutive months shall have ended not more than eighteen (18) calendar months prior to the date of the Officer's Certificate) and (iii) after giving effect to the admission of such Person as a Member of the Obligated Group, no Member of the Obligated Group will be in default in the performance of any covenant contained in the Master Indenture.

(e) Any Indebtedness previously incurred by a new Member of the Obligated Group (other than the Affiliated School) shall be permitted to remain outstanding, and any lien or security interest securing such Indebtedness shall be permitted to remain in effect, if such Indebtedness could have been incurred pursuant to the provisions of the Master Indenture immediately after such Person became a Member of the Obligated Group. Any Indebtedness incurred by the Affiliated School prior to becoming a Member of the Obligated Group pursuant to paragraph (g) below shall be permitted to remain outstanding, and any lien or security interest securing such Indebtedness shall be permitted to remain in effect, regardless of whether such Indebtedness could have been incurred pursuant to the provisions of the Master Indenture immediately after the Affiliated School became a Member of the Obligated Group.

(f) **Interpretation. BY THEIR PURCHASE OF THE SERIES 2020A BONDS, THE HOLDERS THEREOF SHALL BE DEEMED TO HAVE CONSENTED TO THE AMENDMENTS CONTAINED IN THIS SECTION 3.11(f) (WHICH ARE STRUCK THROUGH (DELETED IN THEIR ENTIRETY)) AND WAIVED NOTICE OF SUCH AMENDMENT, IF ANY IS REQUIRED BY THE MASTER INDENTURE. SUCH AMENDMENT WILL BE EFFECTIVE UPON THE RECEIPT OF DASNY'S CONSENT AND THE CONSENT OF NOT LESS THAN 51% IN AGGREGATE PRINCIPAL AMOUNT OF OBLIGATIONS OUTSTANDING.** Each new Member of the Obligated Group shall grant to the Master Trustee a Mortgage on all Health Care Facilities owned by such Member that are either: (i) financed or refinanced with the proceeds of Indebtedness secured by an Obligation issued under the Master Indenture; or (ii) owned by such Member at the time of its admission to the Obligated Group, subject to any liens or security interests permitted to remain outstanding under the Master Indenture. Notwithstanding the foregoing, the Affiliated School shall not be required to grant a Mortgage on any of its facilities in connection with the admission of the Affiliated School as a Member of the Obligated Group. [Reserved]

(g) Notwithstanding anything to the contrary in the Master Indenture, the Affiliated School may become a Member of the Obligated Group, without regard to the fact that the Affiliated School is not separately incorporated, if:

- (1) The Affiliated School delivers the instrument referred to in the Master Indenture with respect to the assets and revenues only of the Affiliated School (and without recourse to any other assets or revenues of New York University);
- (2) The Affiliated School complies with the provisions of paragraph (b) above provided that such opinion may be further qualified by reference to the fact that the obligation of the Affiliated School is non-recourse to the other assets and revenues of New York University;
- (3) The Affiliated School complies with the provisions of paragraph (c) above; and
- (4) The provisions of subparagraph (d)(i) above are satisfied.

In the event that the Affiliated School becomes a Member of the Obligated Group, all references in the Master Indenture to “Persons” or “corporations” shall be deemed satisfied with respect to the Affiliated School despite the fact that it is not separately incorporated so long as the Affiliated School produces annual financial statements (which may be in the form of consolidating schedules or otherwise) separately from the other assets and revenues of New York University.

3.12 Withdrawal from the Obligated Group. (a) No Member of the Obligated Group may withdraw from the Obligated Group without the prior written consent of the Obligated Group Representative; and provided further, that prior to the taking of such action, there is delivered to the Master Trustee:

(i) If all amounts due on any Related Bonds which bear interest which is not includable in the gross income of the recipient thereof under the Code have not been paid to the holders thereof, there shall be delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law such Member’s withdrawal from the Obligated Group, whether or not contemplated on any date of delivery of any Related Bond, would not cause the interest payable on such Related Bond to become includable in the gross income of the recipient thereof under the Code;

(ii) The Obligated Group shall have provided one of the following:

(A) An Officer’s Certificate of the Obligated Group Representative demonstrating that assuming such withdrawal and any payments or extinguishment of Obligations to be made in connection therewith had occurred at the beginning of the calculation periods described below:

(1) the Long-Term Debt Service Coverage Ratio of the remaining Members for each of the most recent two periods of twelve (12) full consecutive calendar months preceding the date of delivery of the certificate of the Obligated Group Representative for which there are Audited Financial Statements available taking all Long-Term Indebtedness incurred after such period into account is not less than 1.25; and

(2) either:

(w) the Long-Term Debt Service Coverage Ratio for the remaining Members for the most recent period of twelve (12) full consecutive calendar months for which Audited Financial Statements are available would not, if such withdrawal had occurred at the beginning of such period, be less than 1.50; or

(x) after giving effect to the withdrawal of such Member of the Obligated Group and any payment or extinguishment of Obligations to be made in connection therewith, the Ratio of Long-

Term Indebtedness to Capital (where Capital is the total of unrestricted net assets, plus temporarily restricted net assets, plus Long-Term Indebtedness) of the remaining Members of the Obligated Group as of the end of the most recent period of twelve (12) full consecutive calendar months for which Audited Financial Statements are available is not greater than it would have been had the withdrawal not occurred; or

(y) after giving effect to the withdrawal of such Member of the Obligated Group, the unrestricted net assets plus temporarily restricted net assets of the Obligated Group would not be less than 60% of the unrestricted net assets plus temporarily restricted net assets of the Obligated Group at the end of the Fiscal Year immediately preceding the year in which such Member of the Obligated Group withdraws from the Obligated Group; or

(z) a written report of a Consultant demonstrating that the forecasted average Long-Term Debt Service Coverage Ratio for the two periods of twelve full consecutive calendar months succeeding the proposed date of such withdrawal is greater than 1.35; *provided, however*, that compliance with the test set forth in this clause (z) may be evidenced by an Officer's Certificate of the Obligated Group Representative in lieu of a Consultant's report where the Long-Term Debt Service Coverage Ratio for each of the two periods of twelve full consecutive calendar months succeeding the proposed date of such withdrawal is greater than 1.50; or

(B) receipt by the Trustee of a Credit Enhancement, including evidence satisfactory to the Master Trustee from each rating agency then rating each such Related Bond and Obligation that, on the date the proposed withdrawal is to take effect, each such Related Bond and Obligation rated by such rating agency will be rated based on such credit enhancement not lower than "AA" (or the corresponding rating) by any rating agency.

(iii) an Opinion of Counsel, addressed and satisfactory to the Master Trustee, each Credit Facility Issuer and (to the extent any Related Bonds of the Authority remain Outstanding), to the Authority to the effect that such withdrawal is authorized by and complies with all Governmental Restrictions and the provisions of the Master Indenture and any agreements or other documents relating to the Master Indenture, the Obligations or the Related Bonds.

(iv) an Officer's Certificate of the Obligated Group Representative certifying that upon such withdrawal the remaining Members of the Obligated Group will not be in default in the performance of any covenant contained in the Master Indenture.

(b) Upon the withdrawal of any Member from the Obligated Group pursuant to paragraph (a) above, any guaranty by such Member pursuant to the Master Indenture shall be released and discharged in full, the Master Trustee shall release or consent to the release of all collateral of such withdrawing Member held by or for the benefit of the Obligation Holders, and all liability of such Member of the Obligated Group with respect to all Obligations Outstanding under the Master Indenture shall cease.

"Credit Enhancement" means credit enhancement consisting of a surety bond, insurance policy, letter of credit or other form of credit enhancement from a financial institution generally regarded as responsible (in each case which is irrevocable and will remain in full force and effect for the entire period of time each such Related Bond or Obligation, as the case may be, remains outstanding (or which allows for the tender of the Related Bonds or Obligation, prior to the stated expiration of the Credit Enhancement) and provides for payment in full of principal and interest on such Related Bond or Obligation when due) or the Obligated Group has delivered, respectively, to each Related Bond Trustee for each outstanding Related Bond, each trustee for any outstanding Obligation which is not pledged to secure Related Bonds and each holder of an outstanding Obligation which is not pledged to secure Related Bonds and with respect to which there is no trustee, credit enhancement of the types described above in this subpart. "Credit Enhancement" shall also include FHA insurance of the underlying mortgage note if such mortgage note is security for the Related Bonds or Obligation.

3.13 Medicaid Account. Commencing on the date of issuance of the initial Obligations under the Master Indenture, each Member of the Obligated Group which is reimbursed as a health care provider pursuant to the Medicaid program shall establish with the Master Trustee, as depositary, an account designated the “Medicaid Revenue Account.” Each such Member shall cause there to be deposited in such Medicaid Revenue Account all Medicaid reimbursement whether received directly or as a payment from a health maintenance or other third-party organization and all reimbursement received with respect to any successor program to Medicaid the purpose of which is to provide substantially similar reimbursement coverage. Each such Member of the Obligated Group agrees that it will not establish any other account to receive such funds. The Obligated Group Representative shall provide the Master Trustee, prior to January 1 of each year and upon the issuance of any additional Obligations, a schedule which shall set forth by month the estimated debt service payable on all Obligations outstanding under the Master Indenture (the “Monthly Requirement”). Such schedule, unless otherwise provided in such Supplemental Obligation shall assume that (a) any principal payment due on an Obligation shall be amortized in twelve equal monthly installments; and (b) any variable rate interest Obligation shall bear interest at the maximum rate established for the prior twelve month period.

Beginning on the first day of each month, the Master Trustee shall retain all monies in the Medicaid Revenue Accounts until the aggregate amount on deposit in all such Medicaid Revenue Accounts shall equal the Monthly Requirement for such month and transfer all funds in excess of the Monthly Requirement to the general funds of the Members of the Obligated Group. The Master Trustee shall then transfer the appropriate amount to the Holder of each Obligation in satisfaction of the payment requirement on any such Obligation then due. Notwithstanding the foregoing, in the event the Master Trustee shall receive notice of the occurrence of any Event of Default summarized under paragraphs (a), (d), (e) or (f) of section 4.01 below, all monies deposited to the Medicaid Revenue Accounts shall be transferred to the Gross Receipts Revenue Fund established under the Master Indenture,

3.14 Permitted Sale Leaseback and Partial Release Sale.

(a) The Members of the Obligated Group may, from time to time, enter into one or more sale leaseback transactions (each, a “Permitted Sale Leaseback”) pursuant to which (i) there is a Transfer of fee, leasehold or other interests in real estate (the “S/L Parcel”), which may include a portion(s) of the Mortgaged Property, to a third party (an “S/L Counterparty”), (ii) the net proceeds received by the Members of the Obligated Group from such Transfer are applied to the construction and development of the S/L Parcel, (iii) the S/L Counterparty leases the S/L Parcel to the Member of the Obligated Group or their Affiliates pursuant to a lease and related documentation that may provide for the construction and development of improvements on the S/L Parcel, (iv) after consummation of the sale leaseback, the Mortgaged Property and the S/L Parcel will comply in all material ways with Governmental Restrictions including material zoning and land use requirements, (v) other than insurance proceeds and condemnation awards relating to the S/L Parcel or any improvements thereon, any receipts, revenues, income and other moneys received by or on behalf of a Member of the Obligated Group in connection with the use, ownership or interest in the S/L Parcel or the improvements thereon will remain subject to the Master Trustee’s security interest in Gross Receipts.

Prior to entering into a Permitted Sale Leaseback, the Obligated Group Representative will deliver to the Master Trustee an Officer’s Certificate (the “S/L Certificate”) that describes the Permitted Sale Leaseback in reasonable detail and certifies that the conditions set forth in clauses (i) through (v) above will be satisfied.

The Master Trustee will execute and deliver all instruments (such as releases, partial releases, subordinations, access agreements, ground leases and consents) that are reasonably required to effectuate a Permitted Sale Leaseback (the “S/L Master Trustee Documents”), provided that the Master Trustee has previously received an S/L Certificate and a written, reasonably detailed request for execution and delivery of the S/L Master Trustee Documents from the Obligated Group Representative.

(b) The Members of the Obligated Group may, from time to time, enter into one or more real estate transactions (each, a “Permitted Partial Release Sale”) pursuant to which (i) there is a sale of fee interests in real estate (the “Partial Release Parcel”), which may include a portion(s) of the Mortgaged Property, to a third party (a “Partial Release Sale Counterparty”); (ii) the sale of the Partial Release Parcel does not materially detract from the utility of the Health Care Facilities; (iii) the Partial Release Parcel is sold for fair market value as evidenced by a

written appraisal prepared by an independent appraiser with experience in valuing similar assets; (iv) the net proceeds received by the Members of the Obligated Group from the Permitted Partial Release Sale will be applied to the operation, maintenance or improvement of the Mortgaged Property or to prepayment of the Obligations then outstanding, pro rata based on the Outstanding principal amount thereof or as otherwise required pursuant to the Opinion of Counsel referred to in paragraph (c) below.

Prior to entering into a Permitted Partial Release Sale, the Obligated Group Representative will deliver to the Master Trustee an Officer's Certificate (the "Partial Release Sale Certificate") that describes the Permitted Partial Release Sale in reasonable detail and certifies that the conditions set forth in clauses (i) through (iv) above will be satisfied.

The Master Trustee will execute and deliver all instruments (such as releases, partial releases, subordinations, access agreements, and consents) that are reasonably required to effectuate a Permitted Partial Release Sale (the "Partial Release Sale Master Trustee Documents"), provided that the Master Trustee has received a Partial Release Sale Certificate and a written, reasonably detailed request for execution and delivery of the Partial Release Sale Master Trustee Documents from the Obligated Group Representative.

(c) No Member of the Obligated Group shall enter into a Permitted Sale Leaseback or a Permitted Partial Release Sale pursuant to this section without first delivering to the Master Trustee an Opinion of Counsel, in form and substance satisfactory to the Master Trustee and the Related Bond Issuer, to the effect that the proposed transaction would not adversely affect the validity of any Related Bond or any exclusion from gross income for federal income taxation purposes of interest payable thereon to which such Related Bond would otherwise be entitled.

3.15 Permitted Release of Mortgaged Property. Notwithstanding anything in the Master Indenture to the contrary, and without limiting any other provision of the Mortgages, there is reserved to the Members of the Obligated Group, subject to fulfillment of the conditions contained in the second sentence of this paragraph (to the extent applicable), the right to obtain from the Mortgagee a release from the lien of the Mortgages of (i) any building, together with the land underlying such building, and any Condominium units or portions thereof contained within such building and the common elements appurtenant to such Condominium units (individually or collectively, a "Release Building"), and/or (ii) one or more Condominium unit(s), together with the common elements appurtenant to such units (individually or collectively, a "Release Unit"), in either case comprising part of the Mortgaged Property and as to which no more than 25% of the aggregate usable square footage within such Release Building or Release Unit, as applicable (excluding from such measurement of aggregate square footage any land underlying a Release Building and any common elements appurtenant to a Release Unit), is used for clinical purposes (a Release Building or Release Unit meeting the aforementioned 25% test shall be referred to as a "Qualifying Release Parcel"). A Qualifying Release Parcel shall be released from the lien of the Mortgages provided that (a) the Authority provides prior written consent to such release (to the extent such consent is required by the Master Indenture), (b) the land and improvements that will remain a part of the Mortgaged Property after the release of the Qualifying Release Parcel (the "Remaining Parcel") contain one or more buildings that are subject to licensure by the New York State Department of Health as an acute care hospital, and (c) if the Members of the Obligated Group determine that the Qualifying Release Parcel should be removed from the Condominium in connection with such release, upon satisfaction of the following conditions: (1) if the Qualifying Release Parcel is a Release Building (x) the land underlying the Release Building has its own separate legal description derived from a current land survey, and (y) the Remaining Parcel complies with applicable zoning and land use requirements as set forth in a zoning title insurance endorsement, municipality-issued zoning letter, or zoning opinion of an architect or attorney (as selected by the Obligated Group), subject to customary exceptions and in such form as is reasonably acceptable to the Master Trustee, (2) the Qualifying Release Parcel will, upon the recordation of the release documentation referred to in the last sentence of this paragraph, constitute a separate tax parcel or parcels; and (3) contemporaneously with the release of any Release Unit or Release Building containing one or more Condominium units, the Declaration and By-Laws of the Condominium will be amended to delete the Qualifying Release Parcel from the Condominium, and the Qualifying Release Parcel will be conveyed to NYULH by deed. Such release will be effective as to all Obligations Outstanding under the Master Indenture. Upon receipt of (a) the Authority's written consent, if required by the Master Indenture, and (b) a certification executed by the Members of the Obligated Group that the foregoing requirements (as applicable) have been satisfied (or will be satisfied as provided

above following delivery of the release), the Master Trustee shall execute and deliver a partial release from the lien of the Mortgages (in recordable form) with respect to the Qualifying Release Parcel.

IV DEFAULT AND REMEDIES

4.01 Events of Default. Event of Default, as used in the Master Indenture, shall mean any of the following events:

(a) The Members of the Obligated Group shall fail to make any payment of the principal of, the premium, if any, or interest or other amounts on any Obligations issued and Outstanding under the Master Indenture within three (3) days of when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, of the Master Indenture or of any Supplement, unless otherwise indicated in the applicable Obligation;

(b) Any Member of the Obligated Group shall fail duly to perform, observe or comply with any covenant or agreement on its part under the Master Indenture 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 Members of the Obligated Group and the Obligated Group Representative by the Master Trustee, or to the Members of the Obligated Group and the Obligated Group Representative and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Obligations then Outstanding or by the Credit Facility Issuer, if any, with respect to an Obligation or Related Bonds; *provided, however*, that if said failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected;

(c) An event of default shall occur under a Related Bond Indenture, under a Related Loan Agreement, upon a Related Bond or under a Mortgage that secures any Obligation issued under the Master Indenture;

(d) (i) Any Member of the Obligated Group shall fail to make any required payment with respect to any Indebtedness (other than Obligations issued and Outstanding under the Master Indenture), which Indebtedness is in an aggregate principal amount greater than two percent (2%) of Total Operating Revenues for the most recent Fiscal Year whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or

(ii) there shall occur an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, which Indebtedness is in an aggregate principal amount greater than two percent (2%) of Total Operating Revenues for the most recent Fiscal Year whether such Indebtedness now exists or shall hereafter be created, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated; provided, however, that such default shall not constitute an Event of Default within the meaning of this section if within 30 days (i) written notice is delivered to the Master Trustee, signed by the Obligated Group Representative, that such Member of the Obligated Group is contesting the payment of such Indebtedness and within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, any Member of the Obligated Group in good faith shall commence proceedings to contest the obligation to pay such Indebtedness and if a judgment relating to such Indebtedness has been entered against such Member of the Obligated Group (A) the execution of such judgment has been stayed or (B) sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness;

(e) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against any Member of the Obligated Group, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member 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 such Member 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; and

(f) The institution by any Member of the Obligated Group of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition 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 such Member of the Obligated Group 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.

4.02 Acceleration; Annulment of Acceleration. (a) Upon the occurrence and during the continuation of an Event of Default under the Master Indenture, the Master Trustee may and, upon the written request of the Holders of not less than 25% in aggregate principal amount of Obligations Outstanding, shall, by notice to the Members of the Obligated Group declare all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, anything in the Obligations or in any other section of the Master Indenture to the contrary notwithstanding. In the event Obligations are accelerated there shall be due and payable on such Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued thereon to the date of acceleration and, to the extent permitted by applicable law, which accrues to the date of payment.

(b) At any time after the principal of the Obligations 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, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other than the principal then due only because of such declaration) of all Obligations Outstanding; (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees and liabilities of the Master Trustee; (iii) all other amounts then payable by the Obligated Group under the Master Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Obligations then due only because of such declaration) shall have been remedied or waived pursuant to the Master Indenture, then the Master Trustee may, and upon the written request of Holders of not less than 25% in aggregate principal amount of the Obligations Outstanding shall, annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

4.03 Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Obligations Outstanding or upon the request of the Credit Facility Issuer, if any, with respect to any series of Obligations or Related Bonds, together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders under the Master Indenture by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) Enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations;
- (ii) Bring suit upon all or any part of the Obligations;
- (iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders;

(iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders;

(v) Enforcement of rights as a secured party under the Uniform Commercial Code of the State of New York;

(vi) Enforcement of any Mortgage granted by any Member of the Obligated Group to secure any one or more Obligations; and

(vii) Enforcement of any other right of the Holders conferred by law or by the Master Indenture.

(b) Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than 25% in aggregate principal amount of the Obligations then Outstanding or the Credit Facility Issuer, if any, with respect to a series of Obligations or Related Bonds, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions of the Master Indenture and, in the sole judgment of the Master Trustee, are not unduly prejudicial to the interest of the Holders not making such request.

(c) Upon the occurrence of an Event of Default summarized in paragraphs (a), (d), (e) or (f) of section 4.01 above, the Master Trustee shall, and upon the occurrence of any other Event of Default, the Master Trustee may realize upon any security interest which the Master Trustee may have in Gross Receipts and shall establish and maintain a Gross Receipts Revenue Fund into which shall be deposited all Gross Receipts as and when received. All amounts deposited into the Gross Receipts Revenue Fund shall be applied by the Master Trustee or made available to any alternate paying agent appointed pursuant to any Supplement for application (i) to the payment of the reasonable and necessary operating expenses of the Obligated Group, all in accordance with budgeted amounts proposed by the Obligated Group Representative, (ii) to the payment of the principal or redemption price of, and interest on all Obligations in accordance with their respective terms, and (iii) such other amounts as may be required by the Master Indenture and any Supplement to the Master Indenture. Pending such application, all such moneys and investments in the Gross Receipts Revenue Fund shall be held for the equal and ratable benefit of all Obligations Outstanding; provided, that amounts held in the Gross Receipts Revenue Fund for making of debt service payments on or after the due date for Obligations shall be reserved and set aside solely for the purpose of making such payment. In addition, with regard to Gross Receipts, the Master Trustee may take any one or more of the following actions: (i) during normal business hours enter the offices or facilities of any Member of the Obligated Group and examine and make copies of the financial books and records of the Member relating to the Gross Receipts and take possession of all checks or other orders for payment of money and moneys in the possession of the Members of the Obligated Group representing Gross Receipts or proceeds thereof; (ii) notify any account debtors obligated on any Gross Receipts to make payment directly to the Master Trustee, (iii) following such notification to account debtors, collect, or, in good faith compromise, settle, compound or extend amounts payable as Gross Receipts which are in the form of accounts receivable or contract rights from each Member's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Member whether or not the full amount of any such account receivable or contract right owing shall be paid to the Master Trustee; (iv) forbid any Member to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Gross Receipts, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (v) endorse in the name of the applicable Member any checks or other orders for the payment of money representing any unpaid assigned Gross Receipts or the proceeds thereof.

4.04 Application of Moneys after Default. During the continuance of an Event of Default, subject to the expenditure of moneys to make any payments required to permit any Member of the Obligated Group to comply with any requirement or covenant in any Related Indenture to cause Related Bonds the interest on which, immediately prior to such Event of Default, is excludable from the gross income of the recipients thereof for federal income tax purposes under the Code to retain such status under the Code, all Gross Receipts and other moneys

received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied, after the payment of any compensation, expenses, disbursements and advances then owing to the Master Trustee pursuant to the Master Indenture, in accordance with the provisions of the Master Indenture and, with respect to the payment of Obligations thereunder, as follows:

(a) Unless all amounts due with respect to all Outstanding Obligations shall have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due on Obligations or regularly scheduled payments on an Obligation issued in connection with a Derivative Agreement (“Regularly Scheduled Swap Payments”) in the order of the maturity of such installments or payments, and, if the amount available shall not be sufficient to pay in full all installments or payments due on any date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations or payments on an Obligation issued in connection with a Derivative Agreement other than Regularly Scheduled Swap Payments (“Other Swap Payments”) which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Third: To the extent there exists a Credit Facility Issuer with respect to any series of Obligations or Related Bonds, amounts owed to such Credit Facility Issuer by the Obligated Group and not otherwise paid under clauses First and Second above.

Fourth: To the payment of all other Outstanding Obligations (including without limitation Obligations securing Derivative Agreements) ratably, according to the amounts due thereunder without any discrimination or preference.

(b) If all amounts due with respect to all Outstanding Obligations shall have become or have been declared due and payable, to the payment of all amounts then due and unpaid upon Obligations without preference or priority of principal or Other Swap Payments over interest or Regularly Schedule Swap Payments, or of interest or Regularly Scheduled Swap Payments over principal or Other Swap Payments, or of any installment of interest or payment of Regularly Scheduled Swap Payment over any other installment of interest or payment of Regularly Scheduled Swap Payments, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal, interest, and all amounts due under any Derivative Agreement, to the Persons entitled thereto without any discrimination or preference.

(c) If all amounts due with respect to all Outstanding Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) above in the event that all amounts due with respect to all Outstanding Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) above.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Moneys held in the Gross Receipts Revenue Fund shall be invested in Government Obligations which mature or are redeemable at the option of the holder not later than such times as shall be required to provide moneys needed to make the payments or transfers therefrom. Subject to the foregoing, such investments shall be made in accordance with a certificate of the Obligated Group Representative directing the Master Trustee to make specific investments. Unless otherwise provided in the Master Indenture, the Master Trustee shall sell or present for redemption, any Government Obligation so acquired whenever instructed to do so pursuant to an Officer's Certificate or whenever it shall be necessary to do so to provide moneys to make payments or transfers from the Gross Receipts Revenue Fund. The Master Trustee shall not be liable or responsible for making any such investment in the manner provided above and shall not be liable for any loss resulting from any such investment. Any investment income derived from any investment of moneys on deposit in the Gross Receipts Revenue Fund shall be credited to the Gross Receipts Revenue Fund and retained therein until applied to approved purposes.

Whenever all Obligations and interest thereon have been paid under the provisions of this section and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Members of the Obligated Group, their respective successors, or as a court of competent jurisdiction may direct.

4.05 Remedies Not Exclusive. No remedy by the terms of the Master Indenture conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Indenture or existing at law or in equity or by statute on or after the date of the Master Indenture.

4.06 Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) under the Master Indenture or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of the Master Indenture, any recovery or judgment shall be for the equal benefit of the Holders.

4.07 Holders' Control of Proceedings. If an Event of Default shall have occurred and be continuing, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master 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 Master Indenture or for the appointment of a receiver or any other proceedings under the Master Indenture, provided that such direction is not in conflict with any applicable law or the provisions of the Master Indenture, and is not unduly prejudicial to the interest of any Holders not joining in such direction, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, in the sole judgment of the Master Trustee, and provided further that nothing in this section shall impair the right of the Master Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by the Holders; provided, further, that the Credit Facility Issuer, if any, with regard to any series of Obligations or any series of Related Bonds secured by Obligations, and not the Holders, shall have the right to control proceedings with respect thereto in the manner described in this section.

4.08 Termination of Proceedings. In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights under the Master Indenture, and all rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

4.09 Waiver of Event of Default. (a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given

by this Article to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee, with the consent of the Credit Facility Issuer, if any, of any affected Obligations or Related Bonds 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 the Master Indenture, or before the completion of the enforcement of any other remedy under the Master Indenture.

(c) Notwithstanding anything contained in the Master Indenture to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, with the consent of the Credit Facility Issuer, if any, of any affected Obligations or Related Bonds, shall waive any Event of Default under the Master Indenture and its consequences; provided, however, that, except under the circumstances set forth in paragraph (b) of section 4.02 above, a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Obligations (with respect to which such payment default exists) at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default under the Master Indenture, the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights under the Master Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

4.10 Appointment of Receiver. Upon the occurrence of any Event of Default summarized in paragraphs (a), (d), (e) and (f) of section 4.01 above, unless the same shall have been waived as provided in the Master Indenture, the Master Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the Obligations to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance of the Master Indenture or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group with such powers as the court making such appointment shall confer. Each Member of the Obligated Group, respectively, consents and agrees, and will if requested by the Master Trustee consent and agree at the time of application by the Trustee for appointment of a receiver of its Property, to the appointment of such receiver of its Property and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds therefrom, with like effect as the Member of the Obligated Group could do so, and to borrow money and issue evidences of indebtedness as such receiver.

4.11 Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions of the Master Indenture invalid or unenforceable under the provisions of any applicable law.

4.12 Notice of Default. The Master Trustee shall, within ten (10) days after it has actual knowledge of the occurrence of an Event of Default, mail, by first class mail, to S&P and all Holders as the names and addresses of such Holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Obligations and the Events of Default summarized in paragraphs (e) and (f) of section 4.01 above, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or any responsible officer of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

V THE MASTER TRUSTEE

5.04 Removal and Resignation of the Master Trustee. The Master Trustee may resign on its motion or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Obligations then Outstanding or, if no Event of Default shall have occurred and be continuing, by an instrument in writing signed by the Obligated Group Representative. No such resignation or removal shall become effective unless and until a successor Master Trustee (or temporary successor trustee as provided below) has been appointed and has assumed the trusts created by the Master Indenture. Written notice of such resignation or removal shall be given to the Members of the Obligated Group and to each Holder by first class mail at the address then reflected on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee. A successor Master Trustee may be appointed by the Obligated Group Representative or, if no such appointment is made by the Obligated Group Representative within thirty (30) days of the date notice of resignation or removal is given, the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation is given, the Master Trustee, any Member of the Obligated Group or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as above provided.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Master Trustee howsoever appointed under the Master Indenture shall execute, acknowledge and deliver to its predecessor and also to each Member of the Obligated Group an instrument in writing, accepting such appointment under the Master Indenture, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor. The predecessor Master Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all material records relating to the trust or copies thereof and, on request, communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee, not later than ten (10) days after its assumption of the duties under the Master Indenture, shall mail a notice of such assumption to each registered Holder.

VI SUPPLEMENTS AND AMENDMENTS

6.01 Supplements Not Requiring Consent of Holders. Each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders enter into one or more Supplements for one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Master Indenture,
- (b) To correct or supplement any provision in the Master Indenture which may be inconsistent with any other provision in the Master Indenture, or to make any other provisions with respect to matters or questions arising under the Master Indenture and which shall not materially and adversely affect the interests of the Holders.
- (c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them subject to the provisions of the Master Indenture.
- (d) To qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.
- (e) To create and provide for the issuance of Indebtedness as permitted under the Master Indenture, so long as no Event of Default has occurred and is continuing under the Master Trust Indenture.
- (f) To obligate a successor to any Member of the Obligated Group as provided in the Master Indenture.
- (g) To comply with the provisions of any federal or state securities law.
- (h) So long as no Event of Default has occurred and is continuing under the Master Indenture and so long as no event which with notice or the passage of time or both would become an Event of Default under the Master Indenture has occurred and is continuing, to make any change to the provisions of the Master Indenture if the following conditions are met:
 - (i) the Obligated Group Representative delivers to the Master Trustee prior to the date such amendment is to take effect (i) evidence satisfactory to the Master Trustee to the effect that there exists for each Related Bond or Obligation, Credit Enhancement (as defined in the Master Indenture) and (ii) evidence satisfactory to the Master Trustee from each rating agency then rating each such Related Bond and Obligation that, on the date the proposed change is to take effect, each such Related Bond and Obligation rated by such rating agency will be rated based on such credit enhancement not lower than the rating applicable to such Related Bond or Obligation on the day prior to the effective date of such change; and
 - (ii) with respect to each outstanding Related Bond, an Opinion of Bond Counsel (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are not unacceptable to the Master Trustee) to the effect that the proposed change will not adversely affect the validity of any Related Bond or any exclusion from gross income for federal income taxation purposes of interest payable thereon to which such Bond would otherwise be entitled.
- (i) To make any changes relating (1) to the application of GAAP or the definition or determination of Book Value, Indebtedness (which for the avoidance of doubt includes all definitions incorporating the definition of Indebtedness, including, without limitation, Long-Term Debt Service Requirement, Balloon Long-Term Indebtedness, Long-Term Indebtedness and Short-Term Indebtedness), or Income Available for Debt Service, or (2) to the provisions of Article III hereof, in each case, that are necessary to address a change in GAAP that solely in and of itself would cause any Member of the Obligated Group to be in default of any of the covenants set forth in

Article III or to provide for similar financial and economic measures of the performance of the Members of the Obligated Group.

6.02 Supplements Requiring Consent of Holders. (a) Other than Supplements referred to in the Master Indenture and subject to the terms and provisions and limitations contained in this Article, the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding shall have the right, with the consent of each Credit Facility Issuer, from time to time, anything contained in the Master Indenture to the contrary notwithstanding, to consent to and approve the execution by each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture; provided, however, nothing in this section shall permit or be construed as permitting a Supplement which would:

(i) Effect a change in the times, amounts or currency of payment of the principal of, premium, if any, and interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation;

(ii) Except as otherwise permitted in the Master Indenture or an existing Supplement, permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or

(iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into a Supplement pursuant to this section, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary or assistant secretary or if it has no secretary or assistant secretary, its comparable officer, and the proposed Supplement and if within such period, not exceeding three years, as shall be prescribed by each Member of the Obligated Group following the request, the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in paragraph (a) above for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signer of such revocation in the manner permitted by the Master Indenture. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Master Trustee shall make and file with each Member of the Obligated Group a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as provided in the Master Indenture, no Holder shall have any right to object to the execution thereof, or 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 Master Trustee or any Member of the Obligated Group from executing the same or from taking any action pursuant to the provisions thereof.

VII SATISFACTION AND DISCHARGE OF INDENTURE

7.01 Satisfaction and Discharge of Indenture. If (i) the Obligated Group Representative shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and not theretofore cancelled, or (ii) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and money sufficient to pay the same shall have been deposited with the Master Trustee, or (iii) all Obligations that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the Members of the Obligated Group shall also pay or cause to be paid all other sums payable under the Master Indenture by the Members of the Obligated Group or any thereof, then the Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members of the Obligated Group and at the cost and expense of the Members of the Obligated Group, shall execute proper instruments acknowledging satisfaction of and discharging the Master Indenture. Each Member of the Obligated Group, respectively, agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with the Master Indenture or such Obligations.

VIII CONCERNING THE HOLDERS

8.01 Evidence of Acts of Holders. (a) In the event that any request, direction or consent is requested or permitted under the Master Indenture of the Holders of any Obligation securing an issue of Related Bonds, the registered owners of such Related Bonds then outstanding shall be deemed to be such Holders for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of such series of Related Bonds then outstanding held by each such owner of Related Bonds bears to the aggregate principal amount of all Related Bonds of such series then outstanding; provided however that if any portion of such Related Bonds is secured by a Credit Facility that is also secured by a separate Obligation issued under the Master Indenture, the principal amount of the Obligation that secures the Related Bonds deemed outstanding for purposes of any such request, direction or consent shall be reduced by the amount of Related Bonds that are secured by such Credit Facility for the purpose of any such request, direction or consent and the Holders of the Related Bonds that are secured by such Credit Facility shall not be consulted or counted.

(b) As to any request, direction, consent or other instrument provided by the Master Indenture to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes of the Master Indenture and shall be conclusive in favor of the Master Trustee and the Members of the Obligated Group, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained pursuant to the Related Bond Indenture.

(d) Nothing in this section shall be construed as limiting the Master Trustee to the proof specified in the Master Indenture, it being intended that the Master Trustee may accept any other evidence of the matters in the Master Indenture stated which it may deem sufficient.

(e) Any action taken or suffered by the Master Trustee pursuant to any provision of the Master Indenture upon the request or with the assent of any person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

(f) In the event that any request, direction or consent is requested or permitted under the Master Indenture of the Holders of an Obligation that constitutes a Guaranty, for purposes of any such request, direction or consent, the principal amount of such Obligation shall be deemed to be the stated principal amount of such Obligation.

IX MISCELLANEOUS PROVISIONS

9.08 Notices. BY THEIR PURCHASE OF THE SERIES 2020A BONDS, THE HOLDERS THEREOF SHALL BE DEEMED TO HAVE CONSENTED TO THE AMENDMENTS CONTAINED IN THIS SECTION 9.08 (WHICH ARE DOUBLE UNDERLINED FOR ADDITIONS AND STRUCK THROUGH FOR DELETIONS) AND WAIVED NOTICE OF SUCH AMENDMENT, IF ANY IS REQUIRED BY THE MASTER INDENTURE. SUCH AMENDMENT WILL BE EFFECTIVE UPON THE RECEIPT OF DASNY'S CONSENT AND THE CONSENT OF NOT LESS THAN 51% IN AGGREGATE PRINCIPAL AMOUNT OF OBLIGATIONS OUTSTANDING.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if by hand or overnight courier or ~~by fax~~ by Electronic Means, if followed by mail as provided hereafter, and if given in writing, mailed by first class mail, postage prepaid and addressed: (i) if to any Member of the Obligated Group, addressed to the Obligated Group Representative at its principal place of business as specified in the Master Indenture, (ii) if to the Master Trustee, addressed to it at the address specified in the Master Indenture and (iii) if to any registered Holder, addressed to such Holder at the address shown on the books of the Master Trustee kept pursuant to the Master Indenture.

(b) Any Member of the Obligated Group, or the Master Trustee may from time to time by notice in writing to the other and to the registered Holders designate a different address or addresses for notice hereunder.

(c) So long as any Member is subject to regulation by the Department of Health of the State of New York, the Master Trustee shall, upon the issuance of any Obligations, notify the Commissioner of the Department of Health of such issuance at the address specified in the Master Indenture.

With regard to Electronic Means, the Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Obligated Group shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Obligated Group whenever a person is to be added or deleted from the listing. If the Obligated Group elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Obligated Group understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Obligated Group shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Obligated Group and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Obligated Group. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Obligated Group agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third

parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Obligated Group; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

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Appendix G

Proposed Forms of Approving Opinions of Co-Bond Counsel

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February 11, 2020

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

Re: \$466,305,000 Dormitory Authority of the State of New York
NYU Langone Hospitals Obligated Group Revenue Bonds,
Series 2020A

Ladies and Gentlemen:

We have acted as co-bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$466,305,000 aggregate principal amount of its NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A (the “Series 2020A Bonds”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), including, without limitation, as amended by the Health Care Financing Consolidation Act, constituting Chapter 83 of the Laws of 1995 of New York (constituting Title 4-B of Article 8 of the New York Public Authorities Law), which authorized the Authority to issue bonds pursuant to the New York State Medical Care Facilities Finance Agency Act, as amended, constituting Chapter 392 of the Laws of 1973 of New York, as amended (constituting Chapter 6 of Title 18 of the New York Unconsolidated Laws), the Authority’s NYU Langone Hospitals Obligated Group Revenue Bond Resolution adopted December 11, 2019 (the “Resolution”) and the Series 2020A Resolution Authorizing NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A, adopted December 11, 2019, including the Bond Series Certificate executed and delivered concurrently with the issuance of the Series 2020A Bonds related thereto (collectively, the “Series 2020A Resolution”). The Resolution and the Series 2020A Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has entered into a Loan Agreement with NYU Langone Hospitals (the “Institution”), dated as of December 11, 2019 (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the purposes permitted in the Loan Agreement and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price of and interest on the

Series 2020A Bonds, as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the owners of such Series 2020A Bonds.

The Series 2020A Bonds are secured by, among other things, funds and accounts held under the Resolutions and a pledge of payments to be made under the Loan Agreement. In addition, the Series 2020A Bonds are secured by payments to be made by the Institution on its Obligation No. 21, dated as of February 1, 2020 (“Obligation No. 21”), issued by the Institution under the Amended and Restated Master Trust Indenture, dated as of November 25, 2014 (as amended and supplemented, the “Master Trust Indenture”), by and between the Institution and The Bank of New York Mellon, as master trustee (the “Master Trustee”). Obligation No. 21 is secured by, among other things, a security interest in Gross Receipts (as defined in the Master Trust Indenture) and the Mortgages previously granted to the Master Trustee by the Institution.

In such connection, we have reviewed the Resolutions, the Loan Agreement, Obligation No. 21, the Master Trust Indenture, the Tax Certificate and Agreement, dated as of the date hereof (the “Tax Certificate”), by and between the Authority and the Institution, opinions of counsel to the Authority, the Trustee and the Institution, certificates of the Authority, the Trustee, the Institution and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on both (A) the opinion of General Counsel of NYUHC/Senior Counsel of the School of Medicine of New York University regarding (i) the current qualification of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”), (ii) the intended operation of the facilities to be financed and refinanced by the Series 2020A Bonds as substantially related to the Institution’s charitable purpose under Section 513(a) of the Code, and (iii) New York University’s intended use of the Institution’s facilities to be financed and refinanced by the Series 2020A Bonds as substantially related to New York University’s charitable purpose under Section 513(a) of the Code, and (B) the opinion of General Counsel of New York University regarding the current qualification of New York University as an organization described in Section 501(c)(3) of the Code. We note that such opinions are subject to a number of qualifications and limitations. Failure of the Institution or New York University to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its respective status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Institution or New York University within the meaning of Section 513 of the Code, may result in interest on the Series 2020A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2020A Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2020A Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2020A Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2020A Bonds has concluded with their issuance, and we disclaim any obligation to update

this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2020A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2020A Bonds, the Resolutions, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or subject to the lien of the Resolutions or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated January 29, 2020 (the "Official Statement") or other offering material relating to the Series 2020A Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.
2. The Series 2020A Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions and will be entitled to the benefit of the Resolutions and the Act.
3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2020A Bonds, of the Revenues and any other amounts (including the proceeds of the sale of the Series 2020A Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Loan Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the Institution, constitutes the valid and binding agreement of the Authority in accordance with its terms.

5. Interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2020A Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020A Bonds.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

February 11, 2020

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

Re: \$466,305,000 Dormitory Authority of the State of New York
NYU Langone Hospitals Obligated Group Revenue Bonds,
Series 2020A

Ladies and Gentlemen:

We have acted as co-bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$466,305,000 aggregate principal amount of its NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A (the “Series 2020A Bonds”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), including, without limitation, as amended by the Health Care Financing Consolidation Act, constituting Chapter 83 of the Laws of 1995 of New York (constituting Title 4-B of Article 8 of the New York Public Authorities Law), which authorized the Authority to issue bonds pursuant to the New York State Medical Care Facilities Finance Agency Act, as amended, constituting Chapter 392 of the Laws of 1973 of New York, as amended (constituting Chapter 6 of Title 18 of the New York Unconsolidated Laws), the Authority’s NYU Langone Hospitals Obligated Group Revenue Bond Resolution adopted December 11, 2019 (the “Resolution”) and the Series 2020A Resolution Authorizing NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A, adopted December 11, 2019, including the Bond Series Certificate executed and delivered concurrently with the issuance of the Series 2020A Bonds related thereto (collectively, the “Series 2020A Resolution”). The Resolution and the Series 2020A Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has entered into a Loan Agreement with NYU Langone Hospitals (the “Institution”), dated as of December 11, 2019 (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the purposes permitted in the Loan Agreement and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price of and interest on the

Series 2020A Bonds, as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the owners of such Series 2020A Bonds.

The Series 2020A Bonds are secured by, among other things, funds and accounts held under the Resolutions and a pledge of payments to be made under the Loan Agreement. In addition, the Series 2020A Bonds are secured by payments to be made by the Institution on its Obligation No. 21, dated as of February 1, 2020 (“Obligation No. 21”), issued by the Institution under the Amended and Restated Master Trust Indenture, dated as of November 25, 2014 (as amended and supplemented, the “Master Trust Indenture”), by and between the Institution and The Bank of New York Mellon, as master trustee (the “Master Trustee”). Obligation No. 21 is secured by, among other things, a security interest in Gross Receipts (as defined in the Master Trust Indenture) and the Mortgages previously granted to the Master Trustee by the Institution.

In such connection, we have reviewed the Resolutions, the Loan Agreement, Obligation No. 21, the Master Trust Indenture, the Tax Certificate and Agreement, dated as of the date hereof (the “Tax Certificate”), by and between the Authority and the Institution, opinions of counsel to the Authority, the Trustee and the Institution, certificates of the Authority, the Trustee, the Institution and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on both (A) the opinion of General Counsel of NYUHC/Senior Counsel of the School of Medicine of New York University regarding (i) the current qualification of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”), (ii) the intended operation of the facilities to be financed and refinanced by the Series 2020A Bonds as substantially related to the Institution’s charitable purpose under Section 513(a) of the Code, and (iii) New York University’s intended use of the Institution’s facilities to be financed and refinanced by the Series 2020A Bonds as substantially related to New York University’s charitable purpose under Section 513(a) of the Code, and (B) the opinion of General Counsel of New York University regarding the current qualification of New York University as an organization described in Section 501(c)(3) of the Code. We note that such opinions are subject to a number of qualifications and limitations. Failure of the Institution or New York University to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its respective status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Institution or New York University within the meaning of Section 513 of the Code, may result in interest on the Series 2020A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2020A Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2020A Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2020A Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2020A Bonds has concluded with their issuance, and we disclaim any obligation to update

this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2020A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2020A Bonds, the Resolutions, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or subject to the lien of the Resolutions or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated January 29, 2020 (the "Official Statement") or other offering material relating to the Series 2020A Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.
2. The Series 2020A Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions and will be entitled to the benefit of the Resolutions and the Act.
3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2020A Bonds, of the Revenues and any other amounts (including the proceeds of the sale of the Series 2020A Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Loan Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the Institution, constitutes a valid and binding agreement of the Authority in accordance with its terms.

Very truly yours,

McGlashan Law Firm, P.C.

Appendix H

Proposed Form of Agreement to Provide Continuing Disclosure

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PROPOSED FORM OF AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NYU LANGONE HOSPITALS OBLIGATED GROUP
REVENUE BONDS, SERIES 2020A**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of February 11, 2020, is executed and delivered by NYU Langone Hospitals (the “Obligated Person”), The Bank of New York Mellon, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC is not obligated hereunder to provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a)(i) and 2(d) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a)(i) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Quarterly Report, Audited Consolidated Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Quarterly Report, Audited Consolidated Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” means a (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means collectively, the Quarterly Reports, the Annual Reports, the Audited Consolidated Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“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 payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Quarterly Filing Date” means the date, set in Section 2(b)(i), by which the Quarterly Report is to be filed with the MSRB.

“Quarterly Report” means a Quarterly Report described in and consistent with Section 3(b) of this Disclosure Agreement.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means The Bank of New York Mellon and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (c)(vi)(1) through (c)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (c)(vii)(1) through (c)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement

SECTION 2. Provision of Annual Reports and Quarterly Reports.

(a) Annual Reports.

(i) The Obligated Person shall provide, (i) annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 150 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending August 31, 2020, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“EMMA”) System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(ii) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iii) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iv) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(b) Quarterly Reports.

(i) The Obligated Person shall provide an electronic copy of the Quarterly Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 60 days subsequent to the last day of each of the first three quarters in each fiscal year, and not later than 90 days subsequent to the last day of the fourth quarter in each fiscal year. Promptly upon receipt of an electronic copy of the Quarterly Report and the Certification, the Disclosure Dissemination Agent shall provide the Quarterly Report to the MSRB through the EMMA System for municipal securities disclosures. The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(ii) If on the fifteenth (15th) day prior to the Quarterly Filing Date, the Disclosure Dissemination Agent has not received a copy of the Quarterly Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Quarterly Report pursuant to Section 2(b)(i). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Quarterly Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Quarterly Report and Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Quarterly Report and Certification for such fiscal quarter are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Quarterly Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iii) If the Disclosure Dissemination Agent has not received a Quarterly Report and Certification by 6:00 p.m. Eastern time on the Quarterly Filing Date (or, if such Quarterly Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Quarterly Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Quarterly Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date and Quarterly Filing Date;
- (ii) upon receipt, promptly file each Annual Report and Quarterly Report received under Section 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(a)(iv) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. Principal and interest payment delinquencies;

2. Non-Payment related defaults, if material;
 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 5. Substitution of credit or liquidity providers, or their failure to perform;
 6. Adverse tax opinions, IRS notices or events affecting the tax-exempt status of the securities;
 7. Modifications to rights of securities holders, if material;
 8. Bond calls, if material;
 9. Defeasances;
 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 11. Ratings changes;
 12. Tender offers;
 13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person or any other member of the Obligated Group;
 14. Merger, consolidation, or acquisition of the Obligated Person or any other member of the Obligated Group, if material;
 15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
 16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
 17. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation reflecting financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(a)(iii) or Section 2(b)(iii) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual/quarterly financial information as required” when filing pursuant to Section 2(a) or Section 2(b) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”

2. “change in obligated person or obligated group;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;”
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data;”

(viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(d) The Obligated Person may adjust the Annual Filing Date and Quarterly Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date and Quarterly Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement

will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Reportss.

(a) Annual Report

(i) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Official Statement for the Bonds as described in “APPENDIX A — CERTAIN INFORMATION CONCERNING NYU LANGONE HOSPITALS” herein relating to the following: (1) utilization statistics of the type set forth under the headings “Utilization — NYULH Historical Utilization Statistics”; (ii) revenue and expense data of the type set forth under the heading “Summary of Historical Financial Information – Summary of Historical Revenue and Expenses of NYULH”; (iii) data of the type set forth under the headings “Liquidity and Investments” (relating to the Obligated Person’s days cash on hand); (iv) sources of patient service revenue of the type set forth under the heading “Payor Mix — NYULH Percentage of Net Revenue By Payor”; together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(ii) Each Annual Report shall also contain Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(a)(iv).

(b) Quarterly Reports. Each Quarterly Report shall contain the following information:

(i) the unaudited consolidated financial statements of the Obligated Person including the balance sheet as of the end of such quarter, the statement of operations, changes in net assets and cash flows, but excluding footnotes,

(ii) utilization statistics of the Obligated Person for such quarter, including aggregate discharges per facility, patient days, average length of stay, average daily census, emergency room visits, ambulatory surgery visits and home care visits (if applicable), and

(iii) discharges of the Obligated Person and any other Member of the Obligated Group by major payor mix for such quarter

(c) Any or all of the items listed in this Section 3 may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

(d) Any Annual Financial Information or Quarterly Report containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

Event: (a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modifications to rights of the security holders, if material;
8. Bond calls, if material;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person or any other member of the Obligated Group;

Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the Issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent.

The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under Section 4 hereof. DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page left intentionally blank]

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

NYU LANGONE HOSPITALS,
Obligated Person

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK MELLON
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): NYU Langone Hospitals
Name of Bond Issue: NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A
Date of Issuance: February 11, 2020
Date of Official Statement: January 29, 2020

<u>Maturity</u>	<u>CUSIP No.</u>
July 1, 2048	64990GYA4
July 1, 2050	64990GYB2
July 1, 2053	64990GYC0

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE [ANNUAL/QUARTERLY] REPORT

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): NYU Langone Hospitals
Name of Bond Issue: NYU Langone Hospitals Obligated Group Revenue Bonds, Series 2020A
Date of Issuance: February 11, 2020

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an [Annual/Quarterly] Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of February 11, 2020, by and among the Obligated Person, The Bank of New York Mellon, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the [Annual/Quarterly] Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Obligated Person

cc: Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. _____ "Incurrence of a Financial Obligation of the obligated person, if material;" and
17. _____ "Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person reflecting financial difficulties."

_____ Failure to provide annual/quarterly financial information as required.

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street , Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of February 11, 2020 by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of February 11, 2020 by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

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